Fromageries Bel

REGISTRATION DOCUMENT

including the Annual Financial Report
and the Non-Financial Performance Report

2018

Sharing smiles

SUMMARY

Fromageries Bel

A French limited company (société anonyme) with share capital of €10,308,502.50
Registered office: 2 allée de Longchamp, 92150 Suresnes
SIREN No. 542,088,067 – Nanterre Trade and Companies Register

2018

REGISTRATION DOCUMENT 2018

including the Annual Financial Report and the Non-Financial Performance Report

The original French version of this translated Registration Document was filed with the Autorité des marchés financiers (AMF) on April 3, 2019, in accordance with Article 212-13 of the AMF General Regulations. It may be used in support of a financial transaction provided that it is accompanied by an Information Memorandum approved by the Autorité des marchés financiers. This Registration Document was prepared by the issuer and its signatories are liable for its content.

This report serves as the Registration Document of the company Fromageries Bel, filed thereunder with the *Autorité des marchés financiers* pursuant to Article 212-13 of the AMF General Regulations, including:

- the Annual Financial Report issued pursuant to Article L. 451-1-2-1 I and II of the French Monetary and Financial Code;
- Fromageries Bel's Management Report approved by the Board of Directors pursuant to Articles L. 225-100 *et seq.* and Articles L. 225-102-1 *et seq.* of the French Commercial Code (according to the "Grenelle II" law of July 2010, as amended by the "Warsmann" law of March 2012); and
- the Chairman's Report prepared in accordance with Article L. 225-37 of the French Commercial Code.

The cross-reference tables between the paragraphs of the Registration Document (Annex I to EU Regulation No. 804/2004) and those of the Financial Report provided for in article L. 451-1-2 of the French Monetary and Financial Code, as well as those of the Management Report provided for in Articles L. 225-100 *et seq.* and Articles L. 225-102-1 *et seq.* of the French Commercial Code (according to the "Grenelle II" law of July 2010, as amended by the "Warsmann" law of March 2012) are contained in chapter 8.

For the purposes of this report (hereinafter the "Registration Document"), unless otherwise stated, the terms "Fromageries Bel" or "the Company" refer to the Fromageries Bel company and the terms "Group" or "Bel Group" refer to the Fromageries Bel company and its consolidated subsidiaries.

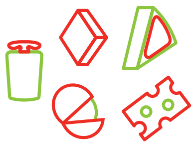
PRESENTATION OF ACTIVITIES

1

1.1 GROUP PRESENTATION

A GLOBAL PLAYER
IN HEALTHY DAIRY AND FRUIT SNACKING

KEY FIGURES



19
BILLION PORTIONS SOLD

over 30
INTERNATIONAL AND LOCAL BRANDS

12,600
EMPLOYEES

over 30
ENTITIES

3 values
DARE, CARE, COMMIT

€3,312 M
IN SALES

€96 M
IN NET PROFIT - GROUP SHARE

€160 M
IN OPERATING PROFITS

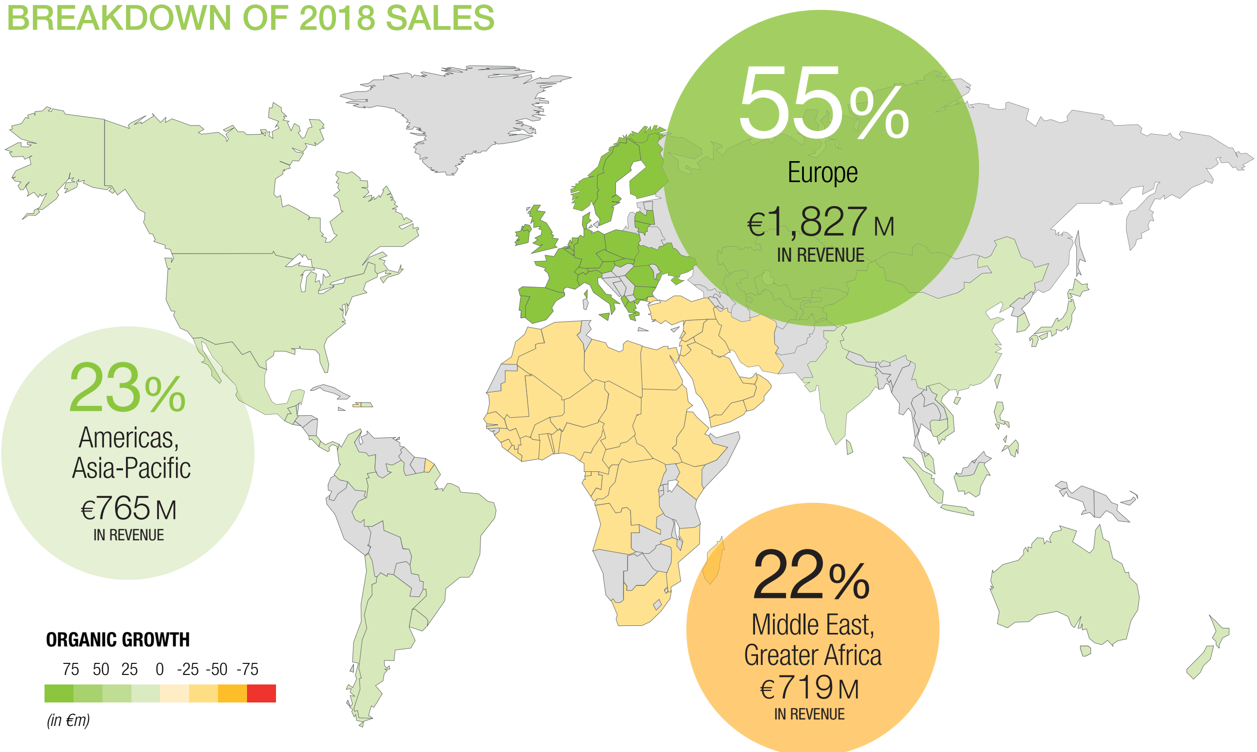
4.8%(2)
OPERATING MARGIN

- €135 M
CHANGE IN CASH FLOW

€2,495 M
TOTAL CAPITAL INVESTED

(1) Other financial and accounting information, as well as the detailed financial statements, can be found in chapter 5 and in the table on the following page.
(2) Operating margin corresponds to operating income divided by net sales.

BREAKDOWN OF 2018 SALES



MISSION: CHAMPION HEALTHIER AND RESPONSIBLE FOOD FOR ALL.

"BIG BEL" – THE GROUP'S STRATEGIC PLAN

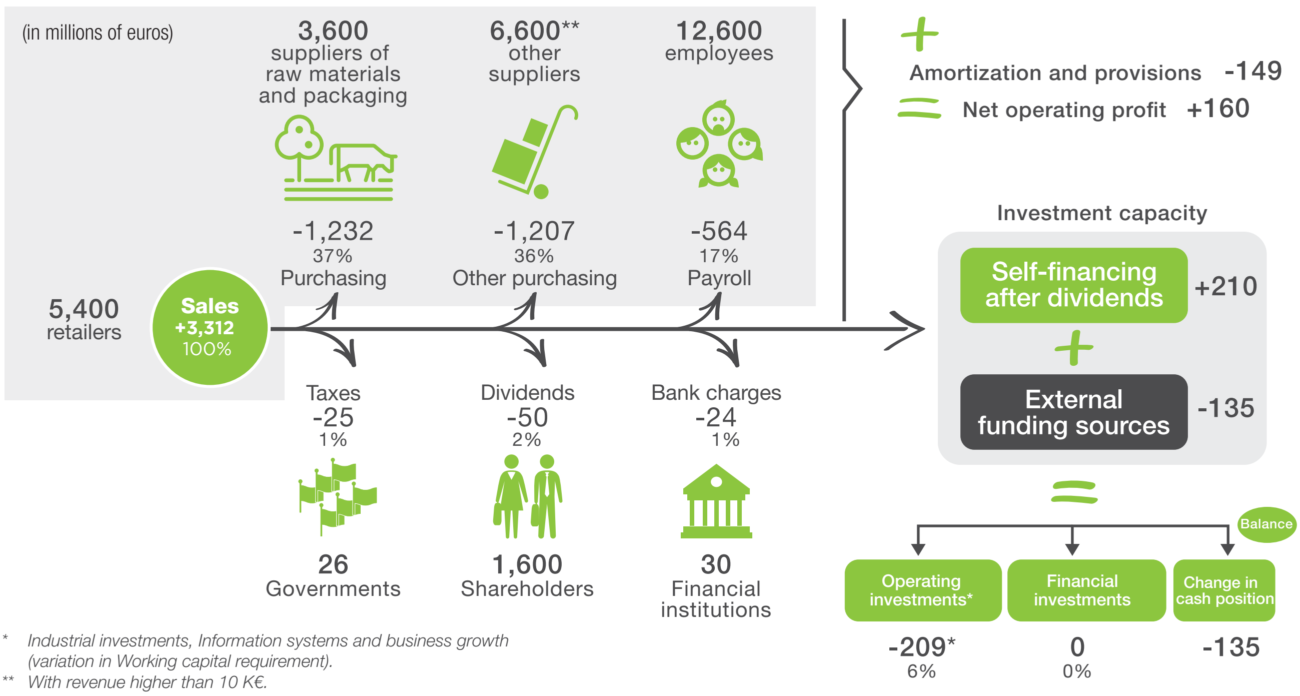
Developing a sustainable growth model that creates value for the Company, for its stakeholders, and for its ecosystem

4 strategic pillars

- Building **positive brands**
- Accelerating **positive innovation to support growth**
- Developping **in key geographies**
- Adapting **to tomorrow's distribution channels**

WE CARE IN EVERY PORTION.

CREATING SHARED VALUE



* Industrial investments, Information systems and business growth (variation in Working capital requirement).

** With revenue higher than 10 K€.

KEY FINANCIAL INFORMATION [1]

(in millions of euros)		2018	2017	change (%)
REVENUE		**3,312**	**3,346**	**-1.0%**
Gross margin [3]		909	981	-7.3%
Gross margin (as a % of revenue)		27.4%	29.3%	
OPERATING INCOME		**160**	**215**	**-25.6%**
of which:	Current operating income	204	226	-9.7%
	Other non-current income and expenses	(44)	(11)	300.0%
OPERATING MARGIN [2]		**4.8%**	**6.4%**	
NET INCOME		**100**	**186**	**-46.2%**
of which:	Group share	96	180	-46.7%
	Non-controlling interests	4	6	-33.3%
	Diluted per share (in euros)	14.21	26.50	-46.4%
TOTAL EQUITY INVESTED		**2,495**	**2,347**	**6.3%**
of which:	Equity – Group share	1,648	1,629	1.2%
	Non-controlling interests	92	85	
	Gross financial debt	755	632	
Cash flows				
From operating activities		251	281	
From investing activities		(174)	(130)	
From financing activities		(212)	17	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(135)**	**168**	

(1) The other financial and accounting information, as well as the detailed financial statements, are presented in Chapter 5.
(2) Operating margin is the ratio of operating income divided by revenue.
(3) For 2017, some expenses mainly logistics and marketing have been reclassed from the lines "Sales and marketing expenses" to the lines "Cost of products and services sold" and "Administrative and general overhead expenses".

1.1.1 Group profile

Bel is an international family-owned business currently led by the fifth generation of family managers. At over 150 years old, the Bel Group is a historical player on the cheese market and world leader in portioned cheese. It established itself as a major player in healthy snacks by acquiring Mont-Blanc Materne (MOM) in 2016 and integrating the Pom'Potes, GogoSqueeZ, Materne and Mont-Blanc brands into its portfolio.

The Group's mission "Champion Healthier and Responsible Food for All" guides the 12,600 Bel employees in rolling out a sustainable and profitable model that places the consumer and shared valued creation at the heart of its decisions. Bel aims to harness its business and positive innovation momentum to promote healthy food that is accessible to all, based on a positive model throughout its value chain, "from farm to plate", and thereby offer its consumers a range of healthy snacks and meal solutions that enable everyone to enjoy the benefit from the goodness of dairy and fruit products.

Its business model is based on the geographical breakdown of its activities, and on the development of strong and innovative brands. These include international cheese brands like The Laughing Cow, Kiri, Mini Babybel, Leerdammer and Boursin; local market-leading brands; and recently purchased ones that are strong in the healthy snacks segment, like Pom'Potes and GogoSqueeZ.

The Group's portfolio features over 30 brands sold in more than 130 countries.

1.1.2 A sustainable growth model

Since its beginnings, Bel has remained committed to combining quality and food safety with pleasure for consumers around the world, so that they can experience unique moments with the goodness of dairy products, and now healthy dairy and fruit snack products.

This commitment, optimism and aim to share with the widest number is embodied in the Group's signature: "Sharing smiles", which characterizes the employee culture, the personality of its brand and the sustainable Bel model.

For Bel, competitiveness and sustainability go hand in hand. The Group is a signatory of the United Nations Global Compact, and has been committed to a sustainable development approach since 2003. It reports on its progress in applying the Compact's ten principles each year. To go even further, the Group structured its sustainable growth approach in 2016, putting corporate social responsibility at the heart of its model.

In this way, the Group has stated its aim to leverage shared value creation to accelerate growth. It has defined positive innovation as an open model based on dialog and partnership with stakeholders to create a positive impact on its entire value chain and ecosystem.

In 2018, the Group expanded its corporate mission "Champion healthier and responsible food for all". This new mission anchors responsibility, nutritional superiority and accessibility as the main basis for development in the Group's product offering.

To build this sustainable company project and develop its offer, the Group is relying on its program "We care in every portion" and shares a continuous progress approach with its employees and stakeholders that structures its action around four strategic pillars, reflected in indicators to be met by 2025 (see section 3.1 "A policy with a central place in the Group's strategy"):

- working for the well-being of all;
- committing to sustainable farming;
- promoting caring nutrition;
- reducing the environmental footprint.

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

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

- the Code of Business Practices was designed to guide employees facing ethical issues in the workplace (see section 3.2.1 "Placing ethics and vigilance at the heart of the Group's activities");
- the upstream international dairy charter co-signed by WWF France frames the Group's commitments to improve the sustainability of dairy production in all its milk supply regions by 2025; (see section 3.3.1 "Action for a sustainable upstream dairy");
- the "Bel Nutri+" nutritional profile system defines the Group's ambitions to continuously improve the nutritional value of Bel products (see section 3.4.2 "Ensuring the nutritional quality of products");
- the Responsible Communications Charter lists principles to be followed in all types of communication (advertising, packaging, digital), especially when they directly target children under 12 years old (see section 3.2.4 "Providing fair and helpful information to consumers");
- the Sustainable Purchasing Charter presents Bel's commitments to its suppliers. It also defines what the Group expects from them in return, in terms of major social issues such as business conduct, respect for human rights and children's rights, and the fight against corruption (see section 3.2.1 "Placing ethics and vigilance at the heart of the Group's activities")(see section 3.2.3 "Promoting good social and environmental practices with partners");
- sixteen indicators guide Group employee actions that further Bel's sustainable growth model (CSR scorecard).

1.1.3 History and significant events of 2018

Origins in the heart of the Jura region

In 1865, Jules Bel set up his Comté cheese ripening and trading business in Orgelet, in France's Jura region. Following his death in 1904, his son Léon Bel took over the business.

The emerging cheese industry took off after World War I, and Léon Bel saw the potential of cheese spread, which is tasty, affordable, easy to carry and easy to store. He set out on an industrial adventure, creating "Fromageries Bel" as a limited company in 1922.

More than just a cheese brand

In 1921, he registered "The Laughing Cow" brand, a product that was totally new in France at the time due to its original recipe, creamy texture, triangular shape and single-serving format.

From the outset Léon Bel also had the idea of giving this product a personality, that of a red cow mimicking human behavior and laughing. He commissioned famous animal illustrator Benjamin Rabier to draw this character. Ever since, The Laughing Cow's original and endearing personality has helped it maintain a close relationship with consumers, both young and old, throughout the world.

Cheese maker and advertiser

Léon Bel was not just a cheese maker. He was a pioneer in the art of communication. In 1923, at a time when publicity alone seemed enough to promote a product, The Laughing Cow took to the streets with funny advertising posters, developing an affectionate relationship with consumers through its original association with everyday objects. In 1950, The Laughing Cow entered consumers' homes through films and advertisements on television, radio and in the cinema, later amassing an on-line community of fans who keep asking why The Laughing Cow… is laughing.

Since its inception in 1921, The Laughing Cow, its image, packaging and advertising have been constantly modernized to satisfy consumers' new aspirations.

For over 90 years, it has not only been a part of the food landscape, but has entered the culture as well.

Development of Fromageries Bel

The Laughing Cow was launched industrially and commercially in 1924 when Léon Bel installed the first cast iron kneading machine and portion machines in the Lons-le-Saunier plant. Two years later, he built a new modern plant in Lons-le-Saunier.

From 1929 onwards, Léon Bel extended his business into foreign markets, setting up his first factories in the UK and Belgium. At the same time, he broadened the range of products with, in particular, Bonbel and Babybel. He also launched the first fat-free cheese "Forbon", a dietary product ahead of its time.

In 1937, Léon Bel's son-in-law, Robert Fiévet, was appointed Chief Executive Officer of Fromageries Bel. He went on to become Chairman following Léon Bel's death in 1957, and was responsible for Bel's national and international growth, shaping the Group's history until 1996.

International expansion

Processed cheese had all the necessary qualities to become an internationally distributed, daily food, particularly in terms of homogenization and conservation.

Starting in 1929, following the creation of Fromageries Bel's first foreign subsidiary (Bel Cheese in the United Kingdom), nothing could stop the growth of Bel products in Europe, North America, Africa, the Near and Middle East and Asia-Pacific.

This success was driven by the innovation so dear to Bel. After The Laughing Cow, other brands were launched, such as Bonbel (1932), Babybel (1952), Apéricube (1960), Kiri (1966), Mini Babybel (1977) and Cheez Dippers (1995).

The Group's international expansion is based on three growth drivers:

- product development, using the Group's historical international brands and specific national brands;
- regional expansion, by creating distribution subsidiaries worldwide and setting up plants located as closely as possible to areas of consumption. In 2014, Bel inaugurated its new Mini Babybel plant in Brookings, South Dakota, in the United States, the brand's top global market, to support its US growth. In 2015, Bel opened its first plant in sub-Saharan Africa in Abidjan. This innovative plant produces The Laughing Cow for the Ivorian market. Bel now operates in 30 countries and has 32 production sites;
- acquisition-led international growth. Examples include the acquisitions of Dutch group Leerdammer in 2002, the Boursin brand in January 2008, a controlling interest in Moroccan dairy producer Safilait in 2015 as well as the MOM Group in 2016.

Healthy snacking a new growth source

The Group is a market leader in cheese snacks, with its iconic, bold brands and portion format. Bel products not only meet a strong consumer trend for tasty, healthy and convenient snacks, but they create new habits as well. For example, Mini Babybel stands out in Europe and the United States as an alternative to sugary snacks. Cheez Dippers ("Pik & Croq" in French) diversify the snack offer by combining cheese and breadsticks. Apéricubes make cheese a highlight of get-togethers in Europe and Asia.

Building on these successful experiences and its ability to diversify products to meet new consumer expectations, Bel chose to go beyond cheese in 2015. It acquired a majority stake in Safilait, a Moroccan firm that processes, packages and markets dairy products under the Jibal brand, in addition to fresh and UHT milk.

The Group confirmed this strategic positioning in 2016 when it took over Mont Blanc Materne (MOM) with the aim of creating a major global player in healthy snacks. MOM witnessed unrivaled growth in France and the United States anchored in its traditional brands, Materne and Mont Blanc sold in France. It also created the new category of fruit compote in squeezable pouches, with strong leadership positions for its Pom'Potes and GogoSqueeZ brands. The MOM acquisition was a unique opportunity to accelerate growth by building on Bel's international presence. Bel and MOM share an identity rooted in strong, innovative brands, and plan to build on their complementary products and industrial know-how to solidify their international leadership.

In 2018, Bel launched the construction of its first Canadian plant, in Sorel-Tracy, Quebec, with commercial production set to come onstream in early 2020 and focusing on production of Mini Babybel®.

Significant events of 2018

Launch of a program to accelerate the growth project

- In 2018, the Group launched a program to accelerate growth focused on strengthening its brands, boosting innovation and expanding in growth areas and via new distribution channels.
- The Group is developing its corporate mission to roll out its vision of an innovative and responsible Company in the healthy snacks market: "Champion Healthier and Responsible Food for All". This mission is guiding the Bel teams' actions in offering consumers, throughout the world healthier and responsible culinary solutions and snacks suitable for all occasions.
- To deliver its growth target, in 2018, the Group created a Growth and Strategy Department and focused its Executive Committee on a smaller number of five members.
- As part of its plan to boost growth and preserve its competitiveness, especially in France, the Group is implementing a new organization that will become effective in April 2019 and is focused on two segments: mature markets and growth regions. This new planned organization will involve job cuts, in particular at the head office in Suresnes under the framework of a voluntary departure plan.
- To support its efforts to improve competitiveness, Bel is implementing a global cost-saving plan. In all, the plan should help generate €120 million in savings at the Group level by 2020. These are primarily set to stem from the optimization of advertising and marketing spending, productivity gains, and to a lesser extent, a cut in overheads. The Group is set to reinvest some €40 million of the savings generated to underpin acceleration in its growth.

Accelerating positive innovation to support the development of responsible brands

- Bel is continuing to develop its positive innovation model, with three main focuses: its commitment to a sustainable upstream dairy industry, innovation and renovation of its products, and its distribution model.

  It shares its commitment to a sustainable upstream dairy industry via the Global Charter co-signed with WWF France. With this Charter, the Bel Group would like to pave the way for innovative practices built together with its dairy farmers.

  As part of these commitments, in 2018, Bel strengthened the original agreement signed with the Bel West Producers Association (APBO), which represents almost 850 milk producers and the entire milk collection for its cheese segment in France. The agreement offers producers economic visibility, securing their income for 2019 while promoting sustainable agricultural practices for the long term, in line with changing consumer expectations. In 2018, the majority of cheese products from the French plants were therefore produced with milk from cows with access to pasture grazing. At end-2018, all the producers involved successfully ensured their herds had been converted to GMO-free feed. This agreement, as well as the associated commitments, are valued with consumers via the brands' packaging and marketing campaigns.
- The Group is stepping up the deployment of renovations and innovations for increasingly natural and responsible products. In 2018, more than 40 recipe innovations and renovations were launched in the Group's various markets, among which:
  - The Laughing Cow recipe with added iron, calcium, vitamins and zinc, launched in many countries in the Africa and Middle-East region;
  - The Laughing Cow and Kiri recipes with reduced additives. In Europe, Laughing Cow now only has one additive which helps guarantee the product's melt-in-the-mouth characteristic. An additive-free Kiri recipe is also sold in Germany, Belgium and Italy;
  - in the Ivory Coast, a new The Laughing Cow "Délice de lait" format with added calcium and vitamins and D has been developed with nutritional experts to meet real nutritional needs of consumers;
  - the launch of Bel's first organic product with the Babybel brand in fourteen European countries.

- The Sharing Cities program is expanding, testifying to the real potential of this innovative and responsible distribution channel, jointly built to meet the genuine needs of street vendors. On December 31, 2018, the Sharing Cities program was active in seven cities Ho Chi Minh City (Vietnam), Hanoi (Vietnam), Abidjan (Ivory Coast), Kinshasa (Democratic Republic of Congo), Dakar (Senegal), Antananarivo (Madagascar) and Istanbul (Turkey) and had more than 7,500 of the Bel Group's partner street vendors, with more than 3,000 of these having access to a health service, more than 1,200 having followed professional training and more than 1,000 with bank accounts opened.

Brand development in growth regions

The Group is continuing to expand its brands in growth regions:

- The Kiri brand is extending its range with the launch of dairy-based desserts in squeezable pouches in Gulf countries and liquid milk in Morocco.
- MOM has launched room-temperature yogurt pouches under the Pom'Potes brand in China.
- The Laughing Cow has been launched in India.

1.1.4 Strategy

Bel Group's development is based on a business model that positions it as one of the global leaders in the branded cheese market and an international player in healthy snacking.

In 2015, the Group devised its "Big Bel" strategic plan that aims to accelerate growth and transformation in the next ten years by investing in the promising healthy snacks segment. This goal is reflected in accelerated research and development, launches outside of traditional markets and distribution channels, and stronger regional development in burgeoning markets. The Group is combining organic and external growth to achieve this objective. The acquisitions of Safilait in 2015 and MOM in 2016 are early achievements of Big Bel.

The transformation project rolled out in 2018 thanks to a new organization and a cost-saving plan, should help the Group bolster momentum in innovation and free up the resources necessary to step up brand development.

The success of the Big Bel program should enable the Group to achieve its aim to double in size in terms of revenue over 2015-2025.

Building positive brands

The Group's development model draws heavily on its brands. They convey Bel's values, always in sync with consumer expectations for food, namely healthy indulgence and fun with a dash of cheekiness.

The portion format is praised for being fun, convenient and easy to store. It also addresses societal issues such as food safety, balanced nutrition and the fight against food waste. As a suggested serving, it encourages portion control. Protected by their individual packaging, Bel's portions can be found all over the world. Together, the strengths of the portion format make it a driver of international growth.

Additionally, to meet consumer expectations and contribute to its responsible business model, the Group has initiated the sustainable transformation of its brands to offer even more responsible products by working on four key challenges essential for its value chain: sustainable farming, caring nutrition, environmental footprint and people well-being. With consumers now demanding greater transparency on the brands they choose, the Group's brands are strengthening visibility and awareness about their responsible commitments in their marketing actions.

The strength of the Group's brands, their distinctive product formats, and the constant improvement in quality and naturalness continue to offer substantial geographical growth prospects for the future.

Accelerating positive innovation

"Dare" is one of the Group's three values. Innovation is in Bel's very DNA and central to the growth of its brands. Bel constantly strives to ensure that innovation is a permanent mindset among all of its employees. The corporate mission "Champion Healthier and Responsible Food for All" provides a framework for the Group's innovation momentum to offer consumers throughout the world healthy snacks and responsible meal solutions, suitable for all occasions and designed from recipes that aim to guarantee better nutritional values than existing products. It is backed by the Group's responsible approach "We care in every portion", which makes positive innovation its action guide.

Changes in the organization will further reinforce the culture of innovation at the heart of its brands and markets within the Strategy and Brand Growth Department, is shaking up the Group's innovation. Bel aims to make its teams responsible at all hierarchical levels, while encouraging expectations, creativity, experimentation, cooperation and calculated risk-taking to face the challenges of sustainable growth.

Innovation also involves digitalization within the Company, to encourage collective intelligence, better understanding of consumer expectations, development of new distribution channels and exploiting data at the service of the Group's performance.

The Group's major brands and star products, such as The Laughing Cow, Apéricube, Babybel and Kiri, arose from this ability to innovate. The development of the Leerdammer and Boursin lines also reflects this mindset. MOM teams share this culture, making entrepreneurial spirit and innovation key factors of development.

Innovation can take various forms. For the Group, product innovation is characterized by:

- **Revitalizing existing product ranges:**
  - regular product launches add to Bel's offer and match existing dining trends or occasions to better meet consumer needs. The new flavors of Leerdammer, Boursin and Apéricube illustrate this.
- **Constantly improving recipes:**
  - The "We care in every portion" sustainable growth program provides a framework for continuous improvement so the brands are increasingly responsible. Their objectives for 2025 cover the entire value chain, from upstream dairy to packaging.
  - Recipes are improved with enhanced nutritional value. Fat and salt are reduced and essential nutrients such as calcium, vitamins and minerals are added.
  - Bel works with public authorities and submits new versions of its products to independent nutritionists for approval.
  - Packaging is modified to improve its features while reducing their environmental impact.
- **Expanding the product ranges:**

  The Bel Group is constantly developing original products to create new ideas for different occasions and eating habits, such as Boursin Aperitif and Babybel Mini Roulés to offer new brand experiences. In association with the corporate mission, the marketing, research and innovation, and industrial teams are working together to develop a range of healthy snacks and responsible culinary solutions for all consumers. The approach is steered by natural goodness, nutritional quality, environmental impact, functionality and accessibility.
  - The Marketing Department focuses on understanding and anticipating the changing needs and habits of consumers and customers. Excellence in this area is key to success and relies on innovative tools to identify future trends. This expertise is developed by observing consumer behavior, actively canvassing people's views on social media and the Internet, conducting social studies, or through sensory analysis.
  - The Research and Innovation teams have skills in cheese technologies and applied fundamental sciences (food engineering, microbiology, physics-chemistry, etc.).
  - The industrial department is the guarantee of the industrial know-how at the heart of Bel's DNA for 150 years, creating the conditions necessary for its innovations to materialize.
- **Expanding into new categories beyond cheese:**
  - The Group offers consumers unique brands that provide quality and pleasure, and offer solutions for various lifestyles and nutritional issues. As a leading maker of portioned cheese, Bel has shown its ability to meet growing consumer demand for healthy snacking products. To accelerate growth, the Group has entered new market segments aside from cheese with the aim of becoming a major global player in single-portion healthy snacks. The buyouts of Safilait in 2015 and MOM in 2016 illustrate this strategic shift towards healthy fruit and dairy snacks. In 2017, Pom'Potes innovated with the launch of a fruit-flavored dairy product in a squeezable pouch that can be stored at room temperature.

Developping in key geographies

The growth potential harbored in the Group's strong brand power, recognized product quality, and convenient formats allows it to capture new markets worldwide.

This growth is two-pronged:

1. rolling out brands in territories where Bel is already present, notably through:
   - innovative solutions (design, manufacturing processes, recipes, packaging),
   - an in-depth understanding of markets,
   - a bold approach to marketing and distribution,
   - industrial expertise that guarantees food safety and quality combined with production facility control;
2. expanding into new markets:
   - this requires an understanding of market attractiveness and the Group's ability to swiftly and solidly establish itself, particularly in areas with high population growth,
   - capturing these new markets requires a more active approach to make the Group's products accessible to a greater number of customers.

Adapting to tomorrow's distribution channels

With products distributed in more than 130 countries, access to consumers throughout the world is a strategic challenge for developing the Group's brands.

The increasing diversity of consumer eating habits, as well as the emergence of new distribution circuits and models and consumer expectations in terms of purchasing experience, are all new imperatives that mean distribution models need to be adapted constantly to keep up with new trends and promote the visibility and accessibility of the Group's products to a rising number of consumers.

Improving the visibility of the product range

To adapt to the reality of mass consumer goods distribution in the various countries where the Group is located, Bel aligns its route to market to each country with the aim of making its products ever more visible, in the widest number of food stores, with the best level of food safety guaranteed by a suitable logistics chain.

Bel operates in countries where distribution is organized around major food retail banners and also in those where distribution is fragmented with a multitude of independent players. When necessary, the Group relies on local players to market and sell its products.

Making the Group's products ever more accessible

To become a major player in healthy snacks, Bel needs to develop its offer and distribution in circuits that favor service, rapidity, convenience and proximity. The Group therefore aims to expand its brand presence to all channels favored by consumers to meet their needs in purchase criteria such as e-commerce, specialized organic food stores and on-the-go sales circuits.

Bel would like to align its offer with new consumer trends and ensure its products are present in the various healthy snacking sales points, thereby favoring more opportunities for its brands by multiplying occasions for consumption.

Developing consumption of products outside the home

Bel has proven sales development potential in out-of-the home circuits throughout the world. As an example, the Group has been very successful in Asia with its healthy snack range, culinary solutions and high-quality ingredients.

Bel would like to extend its offer to better meet professional needs in more countries and to market its products to major commercial catering companies, school canteens, residential homes and fast food caterers.

Creating the conditions for sustainable and profitable growth

Committed teams

The corporate mission "Champion Healthier and Responsible Food for All" guides the actions of 12,600 Bel employees in more than 30 countries. It provides meaning for the collective action by carrying the values of Bel. Care, Dare and Commit are the three values reflecting the Group's history, ambitions and commitments, bringing teams together around a common corporate and working culture.

The Big Bel project associates employees in building a sustainable and profitable business model based on a shared and engaging strategy for all. Commitment is at the heart of Bel's human resources policy, which promotes accountability, enthusiasm, employee initiative and skills development.

The new organization should contribute to even greater responsibility, which is key for boosting the execution of growth levers, especially by strengthening agility within the markets, cooperation between the teams and the Group's pioneering founding spirit.

Harmonizing human resource policies and sharing a common approach to managing performance and developing talent within all Group entities also encourages employee commitment worldwide.

A refocused management team

The Executive Committee has changed, with a smaller team of five members, led by Antoine Fiévet, Chairman and Chief Executive Officer, who is spearheading the "Big Bel" strategic project.

Creation of a Strategy and Brand Growth Department

A Strategy and Brand Growth department has been created to support the program to step up growth, and associates the commercial, marketing, strategic planning and main markets pooled into clusters. This new department will help strengthen the relevance, consistency and local impact of initiatives, thanks to a shared vision with the global brand teams.

A new organization and simpler, more efficient operating methods

The new organization that will be effective in April 2019 aims to make the Group's organizational model consistent with its plans for growth. It should make it possible, through stronger industrial, brand, and market synergies, to boost innovation, prioritize the allocation to meet priority growth imperatives, and thereby reinforce the Group's core brands on key markets.

The organization is built upon a global brand logic in line with global industrial platforms. It should encourage closer teams, to support the development of strong, responsible, and profitable brands.

A cost-saving plan to back acceleration in growth

A global cost-cutting plan is being rolled out. Savings are mainly set to stem from the optimization of advertising and marketing spending, productivity gains, and to a lesser extent, a cut in overheads. The savings generated are to be reinvested in supporting the acceleration in growth in 2019.

1.1.5 Bel and its business ecosystem

Bel's company ecosystem comprises all of its stakeholders: consumers, employees, suppliers, customers, shareholders, governments, institutions, and the communities in which Bel operates.

The Group strives to be open and attentive to this ecosystem in order to fast-track development and plan a sustainable future. Bel seeks independent, third-party expertise and advice to help it develop.

The Group affirms its sustainable growth model based on positive innovation, creating shared value with its stakeholders.

Consumers

Bel's brands attract millions of consumers worldwide each year. Bel is responsible for creating products that meet their expectations for food that is delicious, safe, healthy, and affordable.

The Group aims to help consumers who put their trust in its brands choose more responsibly. It provides clear, transparent information on ingredients and nutritional value.

Our increasingly digitized world is creating a new generation of more informed, discerning consumers who want to interact with the Company and its brands, and access information instantly. The Group leverages the many consumer contact points established by its brands, such as websites and social media, to listen more, understand their needs, and provide them with the information they need.

Employees

Bel has an inclusive employment model that balances the bottom line with staff development. Bel is particularly mindful of health and safety at every Group entity.

Bel is also convinced that healthy social dialog improves the workplace experience.

Bel's human resources policies and practices are harmonized at the Group level in areas such as payroll management, internal job transfers, talent development, security and labor relations. As an international Group, Bel pays particular attention to respecting the local culture of each of its sites when drafting its human resources policies.

Bel is an ambitious Company with high standards. It values and trusts its teams, encouraging employee initiative.

Dairy producers and other suppliers

Bel is eager to build lasting partnerships with all its suppliers, particularly dairy producers, and is committed to continuous improvement accordingly. Bel deals fairly and transparently with suppliers, and requires them to further the Group's commitments for progress.

The Group's purchases necessary for production primarily include:

1. raw food ingredients (*e.g.* milk, cheese, milk powder, butter, cream, fruit, etc.).

   In 2018, Bel collected almost two billion liters of milk from more than 2,500 producers, located close to its production sites and spread over 10 dairy supply regions for which France and the Netherlands represent more than half of volumes. It sources milk from producers and co-operatives based in countries where the Group manufactures its cheese from liquid milk (*e.g.* the US, France, Portugal, Slovakia, Ukraine, etc.).

   Dairy producers are essential partners for the Group to provide consumers the high-quality, sustainable products they expect.

   For many years, Bel has been building sustainable relations with its producer partners.

   In late 2018, Bel announced the renewal of its agreement with the Bel West Producers' Association (APBO). The professional body represents some 850 producers – almost all of the milk collected by Bel in France. The agreement offers producers economic visibility, securing their income for 2019 while promoting sustainable agricultural practices for the long term, in line with changing consumer expectations. Dairy production concerns differ from country to country. However, this innovative French initiative for a better milk valuation will inspire the Group's co-constructed, value-creating approach shared by all of its dairy sources worldwide, and help create a more sustainable upstream dairy.

   The global charter of commitments co-signed with the World Wildlife Fund (WWF) France for a sustainable upstream dairy integrates economic, social and environmental aspects: a sustainable production model; animal welfare; access to grazing; sustainable & local animal feed, environmental footprint and nutritional quality and food safety. These commitments are also being applied gradually to other dairy ingredients purchased by the Group, such as cream, cheeses butter and milk powder.

   In addition to its range of cheeses produced with conventional milk, in 2018, Bel embarked on cheese production based on organic farming in France.

   European factories source their cheese, milk powder, butter and cream from the European Union, US plants from the United States, and other factories internationally;

   As for fruit, and more specifically apples, which are the main ingredient in its fruit compotes, MOM collected close to 100,000 metric tons in France and the United States from producers, cooperatives and private fruit growers in 2018.

   In France, all apple suppliers apply Global Gap certified fruit production and/or eco-responsible orchards.

   In the USA, all apple producers are required to obtain USDA GAP (Good Agricultural Practices) certification.

   In order to minimize its environmental footprint, MOM works with apple producers located close to its production sites whenever possible;

2. The raw materials required for packaging of finished products (cardboard, paper, aluminum and plastic).

   Purchases are centralized or, for certain types of packaging, made locally and coordinated at Group level.

   To reduce the environmental impact of its packaging, the Group rolls out action plans for cradle-to-grave improvements at every stage of the product lifecycle. Bel's approach to eco-friendly design is based around five themes:

   - reducing the quantity of packaging materials;
   - systematically prioritizing paper-based materials;
   - exclusively using recycled materials or certified virgin materials to ensure that packaging does not contribute to deforestation;
   - setting the goal of 100% recycle-ready packaging, or using biodegradable materials in countries that do not yet practice waste collection, by 2025;
   - encouraging and facilitating recycling.

   One of the Group's commitments is to make packaging part of the circular economy.

   Bel has also identified environmental issues concerning the supply of two materials that account for more than 80% of its packaging volume: cardboard and aluminum. Under its "Zero Deforestation" commitment, Bel is working to ensure that the paper-based material it uses systematically incorporates recycled fibers or has Sustainable Forest Management certification (see section 3.5.4 "Limiting the risks of negative biodiversity impact and deforestation"). Bel has joined the Aluminium Stewardship Initiative, a global initiative seeking to establish new standards for responsible aluminum procurement and certification, from bauxite extraction to aluminum recycling.

   Packaging must also be designed and manufactured to minimize environmental impact upon disposal, allowing and encouraging recycling and reuse (see section 3.5.6 "Making packaging part of the circular economy").

Customers and distributors

In all countries where it does business, the Bel Group aims to achieve optimal product circulation, presence and visibility through all local distribution networks. Commercial activity in a given geographic region can be developed via both the Group's subsidiaries and through distributors, if not importers, in places where the Group has no subsidiary.

The Group's commercial policy is adapted to each country and network to meet the needs of each market effectively. However, it takes into account the international dimension of its clients and integrates coordination between the various players where necessary.

In markets where the Group operates via distributors or importers that sell its products, it generally signs long-term framework agreements that are reviewed annually. They also include provisions for sales and marketing tailored to local channels. Bel's entities dedicated to managing, training and monitoring importers and/or retailers enable the Group to maintain close contact with retailers, even when it does not have a subsidiary in a country.

Communities in which Bel is active

The Group is mindful of the need to contribute to the vitality of the communities in which it is based. They benefit through direct and indirect job creation, since Bel sources its supplies locally where specifications allow.

Bel encourages site management teams to listen to local stakeholders. It also seeks to forge partnerships with local organizations (see section 3.2.5 "Contributing to the vitality of host regions").

1.1.6 Industrial protection

The products manufactured by Bel are sold worldwide. They are often highly differentiated and are the fruit of innovation and new technologies for which the Group owns industrial property rights in numerous countries.

The territorial coverage of the rights depends on the importance of the products and the markets in question.

The Bel Group owns patents and has developed significant know-how and technologies relating to its products, production processes, product packaging, design, and proprietary processes vital to its activities. When it does not own the patents, it has the required certificates for exploiting the technologies necessary for its business.

1.1.7 Competitive position

The Bel Group's core business is the production and distribution of cheese (primarily portioned) and of cheese and fruit snacks. The Group applies its strategy in two ways:

- in niche markets, the Group aims for a leadership position in its segments, generally representing a small share of the snacks market. These include markets in Western Europe, Northern and Eastern Europe, and North America;
- in mass markets, where the offering is more concentrated, the segments in which the Group operates represent the core market. These include Africa and the Middle East.

Traditional industry players are the "cheese" divisions of large international food companies, international dairy specialists and major dairy co-operatives. Additionally new, often regional, players are joining the fray and can hold strong local positions due to their size in their markets.

The overall trend in 2018 was still towards the consolidation and international expansion of market players.

1.2 MARKET TRENDS

In general, the healthy snacks market has continued to grow steadily worldwide, drawing on fundamental trends:

- **pleasure:** experiences involving all the senses and the interest in creative cooking, sophisticated foods, and ethnic or fusion cuisine;
- **health and fitness** are becoming a major issue for both consumers and governments. The trend covers a wide range of benefits from alternative nutrition to specific health perks. Health and fitness benefits have been addressed in response to long-term societal changes such as increased obesity, interest in fitness, and malnutrition. Against this backdrop of mindful consumption, the Group strives to offer consumers healthy snacking solutions;
- **corporate responsibility** is now a key element in consumer choices. Beyond the basic expectation of food quality and safety, consumers now want brands that are produced "responsibly". They scrutinize product contents, with a growing demand for natural ingredients. Supply channels and packaging are also measured against the CSR yardstick. All around the world, consumers want locally produced foods and a responsible approach for the entire product value chain, from farmer to consumer;
- **convenience** in easy-to-use portion or pouch formats for an on-the-go lifestyle;
- **product safety and traceability** are major concerns. Although experts agree that food is increasingly safe, a growing number of consumers consider food risks to be very high. Bel adheres to the same quality and food safety standards for all of its products, implementing quality control processes throughout the production chain. In 2018, more than 85% of the Group's production sites were certified according to GFSI standards *(Global Food Safety Initiative* – food quality and safety).

Bel is committed to ensuring that its product ranges meet the above four expectations while ensuring consumer satisfaction in each market. It is important to note that these trends vary in importance in each country.

Still, the Group believes that an underlying trend exists: balancing taste with health, guilt-free indulgence. This is no longer considered contradictory, but rather expected of products. In the future, healthy eating to reach the "state of complete physical, mental and social well-being" enshrined in the World Health Organization's constitution will become increasingly important. The identity and personality of the Group's brands reflect this desire to simultaneously deliver the taste, nutritional and emotional benefits that consumers seek. The Laughing Cow, for example, brings fundamental dairy nutrition to families in a fun and cheerful way. Mini Babybel, with its cheeky and playful personality, is a tasty and healthy snack for everyone. Kiri provides children and their parents all the simple deliciousness of milk and cream. Leerdammer offers all the goodness of hard cheese and is simply "irresistible". The MOM Group created the pouched fruit category with a wide offer including organic and unsweetened products.

Trends affecting production, revenue and inventories in 2018

The beginning of 2018 was affected by very tense tariff negotiations in Europe and the Americas. A price war between major distributors and the need to increase prices due to rising commodities costs caused temporary supply interruptions at some chains early in the year.

For several years now Bel Group has also been committed to more responsible milk production. In France, in strict application of the Charter drawn up by the *États Généraux de l'Alimentation* debates held in 2017, Bel and APBO (see section 1.1.3 "History and significant events of 2018") signed an agreement in December 2017 that planned for:

- the guarantee of an annual average benchmark price for the whole of 2018 for the milk bought from APBO producers, set at €350 for 1,000 liters; a unique agreement in the profession and in the relation between milk producers and processors;
- the deployment by all APBO producers of farming practices that set these producers apart, including a GMO-free diet for dairy herds and the enhancement of grazing (commitment to a minimum of 150 days in fields per year);
- compensation for implementing these practices in the form of monthly premiums for a total of €21 per 1,000 liters produced.

The agreement offers producers economic visibility, securing their income for 2018, while sustainably promoting responsible agricultural practices in line with changing consumer expectations. It implicated all member producers.

The results of this first year show the ability of Bel and the APBO producers to build the foundations of a profitable and sustainable model, and the agreement was renewed for the whole of 2019. On 6 December 2018, during commercial negotiations, a first distributor, Intermarché and Netto, chose to play in full its role in the approach targeted by the *États Généraux de l'Alimentation.*

In countries in the MEGA regions, cheese markets were in decline in 2018, especially in countries where resources are linked to oil prices. Although the decline in purchasing power of populations prompted the Group to adapt its offer, sales narrowed further in these regions during 2018.

The Group's production sites are located very close to consumption areas, giving them the flexibility to adapt production levels to different markets.

Having anticipated the slowdown, the Group kept inventory levels under control.

1.3 MARKETS AND ACTIVITIES IN 2018

This section reviews the Group's activities in 2018, according to the organization in place until April 2019. As of this date, the Group's activities will be carried out according to two geographical segments: global markets on the one hand and new geographies on the other.

The Group's full-year revenue was down 1.0% to €3,312 million compared with €3,346 million in the previous year. Excluding negative forex effects of 2.5%, the Group's organic growth stood at +1.5% for the full year. Organic growth in brands' revenue was 2.7% while revenue for unbranded and industrial products was down by 15%.

Europe

In a still strained economic backdrop, the Group's sales in Europe stood at €1,827 million in 2018, vs. €1,856 million in 2017.

Despite interruptions in the supply of flagship brand products throughout the year, 12-month revenue showed a modest organic decline of 1.3% with a deterioration in the majority of markets, accentuated by a lower valuation of sub-products and the food service activity.

In a backdrop of sharp competition between retailers, which again led to intense pressure on selling prices, the Group implemented a robust price increase strategy aimed at passing on higher raw materials costs. In France more specifically, the Group suffered considerably from supply interruptions that affected the majority of brands, and mostly The Laughing Cow and Mini Babybel. At MOM, the French market also suffered from high raw material prices following poor weather conditions in spring 2017, which made commercial negotiations very difficult in 2018.

In a European cheese market growing by 2.6% in value terms and down 0.5% in volume terms, Bel saw its market share narrow slightly. Sales in Portugal, Central Europe, the Netherlands, Spain and Austria resisted well with growth in volume and value terms, whereas business suffered from supply interruptions in the French, German and Belgian markets.

The strategy to prioritize strong brands and their positioning in a healthy snack offer continued to prove efficient with growth of 4.2% in volume terms in the dips segment (cheese and breadsticks). Leerdammer cheese slices fared quite well, especially in Germany, and together with a pro-active innovation strategy also helped underpin sales volumes.

The Laughing Cow was down slightly in its main markets, especially Spain and France, due to supply interruptions and lower demand. A new range of snack foods has been launched in Spain, combining Pik et Croq, the dips format of The Laughing Cow and a fruit juice.

Kiri grew on the back of the dips format (+6.1%), primarily via the launch in Italy in early 2018, in Germany and in Austria.

In the fruit compote market, Pom'Potes confirmed its growth capacity, posting a 10% rise in sales, primarily in France. The brand celebrated its 20th birthday during the year having been launched in France in 1998.

In a backdrop of price war, innovation boosted sales in value terms for Mini Babybel (+2.2%), with the launch of "Mini Rolls" in Spain and in Germany at the start of the year, growth in a combined cheese-and-crackers product in Italy, Germany, Spain, Greece and Portugal as well as a significant breakthrough in the new Organic range in around ten European countries.

The year saw Bel tend towards more natural products to meet the rising expectations of consumers. The Group launched its first organic product with the Mini Babybel brand in around ten European countries. It also valued its commitment to grazing in France and the Netherlands in its core brands.

The surge in raw materials prices over the year took a toll on the sales margin. At the same time, the zone undertook a selective decline in advertising and marketing spending, without undermining momentum in priority brands, and good control of overheads that were reduced to an all-time low level.

Current operating profit in the zone stood at €114 million in 2018 vs. €145 million in 2017, affected especially by exceptionally high raw materials prices over most of the year and negative forex, which took a toll on operating margin.

Middle East, Greater Africa

Revenue from the Middle East, Greater Africa zone stood at €719 million in 2018 versus €740 million in 2017.

In a disadvantageous backdrop affected by the downturn on cheese markets in Near and Middle Eastern countries, a fall in consumption in Algeria and a deteriorated economic environment in the Middle East and certain Sub-Saharan African countries, the region posted organic sales growth of 3.6% over the year.

This performance again showed the strength of a solid model in the zone, driven by increasingly innovative and strong brands that are more accessible, with no deterioration in their nutritional qualities. A pro-active innovation policy, the development of an offer better suited to consumer purchasing power and significant price hikes in countries affected by currency devaluations (Iran, Turkey) underpinned sales growth.

The core The Laughing Cow and Kiri brands, in portions or in tubs, remain sources of fresh growth with offers better suited to consumer purchasing power. The development of new dairy products under the Kiri brand (UHT milk in Morocco and dairy-based desserts in pouches in the Gulf and Middle Eastern countries) helped boost sales.

The Laughing Cow brand was rolled out in tub format in the Middle East, Egypt, Algeria and Morocco, in portion format for The Laughing Cow Creamy in the Middle East and Morocco and in small tub formats in Iraq.

Product offers better suited to consumer purchasing power in certain markets were also developed, made with dairy and non-dairy raw materials without impairing the products' nutritional qualities. These brands include La Nouvelle Vache in Algeria, Saudi Arabia and Yemen, the launch of a specific The Laughing Cow offer in Egypt and a The Laughing Cow sachet format in sub-Saharan Africa, especially the Ivory Coast.

Local brands also underpinned the growth momentum in this region with the Les Enfants brands in Morocco and the Gulf, Jibal in Morocco and Rouzaneh in Iran.

The Moroccan market maintained its leading position within the zone and recorded further same-forex sales growth of 4.7% in a highly competitive dairy and cheese market. The Group also significantly strengthened its positions in Middle Eastern countries with a rise of 12% in sales.

Consumer purchasing power has generally continued to deteriorate in countries dependent on oil exports and countries affected by economic austerity policies. Higher dairy raw material prices, primarily imported, continue to make cheese products less affordable and higher selling prices to pass on higher raw materials costs were moderate, except in Egypt and the Lebanon, whereas the devaluation of the Turkish and Iranian currencies was offset by sharp price increases. The region is still affected by instability and difficult secular situations in Libya and the Yemen.

Currency effects were very negative in the Middle East, Greater Africa zone with significant currency depreciations over the period.

In this backdrop, promotional activity and competition intensified for winning market share.

Operating profit for the period stood at €15.3 million in 2018 versus €42 million in 2017.

Americas, Asia-Pacific

Revenue in the region totaled €765.4 million in 2018, vs. €750 million in 2017, up 6.2% on a same-forex basis.

The Americas, Asia-Pacific zone confirmed its growth momentum.

Growth in the Americas was boosted by the GogoSqueeZ (+14.4%), Boursin (+9.9%) and Mini Babybel (+2.2%) brands.

The Group expanded its sales in the healthy snacks market with offers suited to consumer demands. Mini Babybel offers a range combining cheese and crackers, with The Laughing Cow confirming the success of its Dips format while the fruit pouch GogoSqueeZ continued to grow thanks to an extension in the range and new formats targeting teenagers.

In the US, in a cheese market up by a slight 1.3%, Mini Babybel confirmed its success with a 4.4% increase in sales in value terms. Boursin recorded outstanding growth in volumes (+16%) whereas The Laughing Cow incurred a fall in sales (-7,8%). Local brands were in decline.

In Canada, in a robust and highly competitive market following the Comprehensive Economic and Trade Agreement (CETA), the Group maintained its positions. In the compote market, GogoSqueeZ posted outstanding growth of 45% in value, thereby confirming the brand's development potential in this market, providing an additional growth driver for the Group in the Americas.

In Latin America, in a geopolitical backdrop affecting the economy and purchasing power, sales were down 10%.

Markets in the Asia-Pacific zone continued to expand, gaining 6% (10% same-forex), in a growing cheese and dairy market. Laughing Cow (+14%) and Kiri in portions (+13%) remained growth drivers within the region.

After 2017 suffered from distribution problems, sales in the Japanese market rose by 9%. This performance was not only driven by growth of Kiri in portion format, but also by the novel initiative "Kiri Excellence" to underpin the development of food service in the market. In Vietnam, The Laughing Cow extended its marketing and successfully launched the dips format.

In Australia-New Zealand, The Laughing Cow (+15%) boosted growth in sales volumes in the market (+7%).

Due to negative forex, operating profit stood at €30 million in 2018 vs. €28 million in 2017.

Non-recurring events that impacted the Group's main businesses and markets in 2018

Excluding the elements described in the previous paragraphs, no non-recurring events impacted the Group's main businesses and markets in 2018.

1.4 TRENDS LIKELY TO AFFECT PRODUCTION, SALES AND INVENTORIES IN 2019

In 2019, prices of dairy raw ingredients are likely to remain high, at levels pretty similar to those of 2018. In mature markets and especially in Europe, trade negotiations at the start of the year are key and alliances between major international banners could again lead to interruptions in supply of the Group's products. Demand for healthy snacks in the Asian and North-American markets should continue to rise, with the Group aiming to expand further and win market share in these countries.

The Group will also continue to adapt its product offering in markets where consumer purchasing power is suffering from economic crises and the devaluation of local currencies.

Engaged in a transformation plan that should enable it to step up growth, the Group will continue its efforts regarding industrial productivity and careful resource management to ensure financing for its growth.

1.5 PROPERTY, PLANT AND EQUIPMENT

1.5.1 Industrial plant

Bel operates production sites in most of the regions in which it has a commercial presence.

Its production system revolves around plants serving both local and export markets. It has large regional and international facilities (ten plants represent close to 80% of total production) and smaller units serving local markets.

The Group's policy is to own its own production plants while sometimes calling on subcontractors (in France, Canada, the United States, Germany, Australia and Japan).

As of, December 31, 2018, Bel's 28 active* production sites were located as follows:

Areas	Number of sites	Countries	Main sites
Europe	17	France	Dole
			Lons-le-Saunier
			Croisy-sur-Eure
			Sablé-sur-Sarthe
			Évron
			Mayenne
			Vendôme
		Spain	Ulzama
		Portugal	Ribeira Grande
			Vale de Cambra
		The Netherlands	Wageningen
			Dalfsen
			Schoonrewoerd
		Poland	Chorzele
		Slovakia	Michalovce
		Ukraine	Shostka
		Czech Republic	Zeletava
Middle East, Greater Africa	8 (o/w, 7 are active)	Egypt	10th of Ramadan City (Cairo)
		Iran	Gazvin
		Syria	Damascus (*activity suspended)
		Turkey	Corlu
		Morocco	Tangier
			Fqih Ben Salah
		Algeria	Koléa
		Ivory Coast	Abidjan/Yopougon
Americas, Asia-Pacific	5 (o/w 4 are active)	United States of America	Leitchfield (KY)
			Little Chute (WI)
			Brookings (SD)
		Canada	Sorel Tracy (under construction)
		Vietnam	Song Than 3 - Binh Duong Vietnam Province

The 4 MOM production sites were located as follows:

Areas	Number of sites	Countries	Main sites
France	2	France	Boué Chef-du-Pont
United States of America	2	United States of America	Nampa (ID) Traverse City (MI)

1.5.2 Investments

Main Group investments in the past three years

Bel's investment budget chiefly meets five requirements:

- growth: production capacity and new products;
- productivity: cost reduction;
- continuous improvement: reducing natural resource use, protecting the environment and lowering emissions;
- continuity: maintaining industrial equipment and safety requirements;
- developing IT solutions tailored to operational requirements.

The budget is drawn up within a framework of spending control. Gross investment expenditure, excluding R&D expenses, was €177 million in 2018 compared with €152 million in 2017.

The Group's investment budget is drawn up in line with its CSR strategy. All investment projects exceeding €500,000, regardless of how they are financed (*e.g.* equity, debt, finance lease, subcontracting, etc.), are subject to both financial and social ratings. Below a certain social rating, the Investment Committee demands a corrective improvement plan and may reject the project.

The Group's Industrial and Technical Department updates a steering plan for all plants at least once a year, taking into account planned changes in activity (existing products and new products), technological developments and productivity improvements, and environmental and safety requirements.

Principal investments in progress

The Group continued work relating to investments undertaken in previous years.

In 2018, the main projects undertaken involved:

- developing production capacity (new Mini Babybel factory under construction in Canada, new site for Kiri milk in Morocco, compote cups in France, etc.);
- developing new products (Mini Babybel Roulés, Kiri blocks in Asia, new Boursin pack, etc.);
- adapting, maintaining and restructuring industrial equipment;
- respecting and protecting the environment.

RISK FACTORS AND INSURANCE

2

2.1 GENERAL RISK MANAGEMENT POLICY

General risk management policy

Bel pursues an active general risk management policy that aims to safeguard as effectively as possible its assets and objectives, as well as its employees, suppliers, consumers and shareholders.

This policy is based on Enterprise Risk Management (ERM) that is structured, steered and led by the Internal Audit and Risk Department.

The department reports to the General Manager responsible for financial and legal affairs and information systems.

Risk management is an arrangement dedicated to controlling operations in order to:

- protect people and assets and secure our capital;
- take safer decisions;
- ensure that prevention measures and responses are suitable and effective, in the event a crisis does occur.

More specifically, ERM aims to:

- identify, analyze and assess risks that would result in major losses for the Group, prevent it from achieving its objectives, or threaten its assets or values if they occurred;
- ensure these risks are dealt with within accepted risk limits;
- provide a comprehensive vision of major risks to management, Group General Management and to the Audit Committee;
- contribute to structural Group decisions by shedding light on operational risk;
- guide Group crisis management.

The ERM approach is based on a shared methodology and a common language deployed across the entire Group. The methodology includes a risk universe and assessment scales for impact, probability and the degree of control. The Business/functional managers and the Managing Directors of subsidiaries (including MOM) identify and evaluate the main risks that could impair their objectives on their scope of responsibility over the next three years. Then they ensure that those risks are controlled. This analysis may be done in workshops with their Executive Committees or in interviews with the support of the Risk Management department. The ERM approach enables the consolidation and then a hierarchical classification of risks, and provides a global vision of the main risks at the Group level. This vision is validated by the Executive Committee. Risk management covers all kinds of risks, including operational, financial, strategic, human and legal risks, or those related to the Group's image. This approach also allows us to adapt to the changing regulatory environment. It was supplemented in 2017 and 2018 by a risk mapping exercise dedicated to fighting corruption and to respecting human rights and the environment (see section 3.2.2 "Establishing stronger monitoring in the fight against corruption and violations of human rights, individual health and safety, and the environment"). The risk universe used in the risk management approach also covers non-financial risks.

In 2018, the materiality analysis was updated to include both internal and external stakeholders. This update aimed to confirm priority challenges and those of the future, relevant for both the Group and its external stakeholders. The materiality matrix is presented in chapter 3 "Corporate social responsibility".

Following this risk mapping and the materiality analysis of non-financial issues, the Group was able to identify its primary non-risks. These are identified by an asterisk in paragraphs 2.2 "Risks related to the external environment" and 2.3 "Risks related to the business", and are consolidated in chapter 3 "Corporate Social Responsibility". In view of all of these works, the Group considers that there are no other significant risks except those presented hereafter.

However, there may be other risks that the Group is currently not aware of or considers immaterial at this time.

The Group's risk management system is described in sections 4.3.2 "The Company's internal control environment", 4.3.3 "Managing major risks".

Crisis management

The Group may be required to deal with crisis situations. Bel has therefore drawn up a crisis management and communication procedure that sets out the general principles, preliminary measures and roles of various parties in the event of a crisis.

This procedure is deployed and applied by Group entities.

The system's effectiveness is tested during crisis management simulation exercises.

2.2 RISKS RELATED TO THE EXTERNAL ENVIRONMENT

2.2.1 Risks related to the geopolitical and environmental context

Risks related to the geopolitical environment and regional distribution of the Group's business

Description of the risk	Treatment of the risk
The Group's worldwide industrial and commercial presence exposes it to certain risks that could impact its business, reputation, employees, financial position, results and assets.	The Group's regional diversification strategy is intended to cushion the impacts of these risks by limiting the effects of complex local situations and maintaining the possibility of offsetting them with more favorable situations in other markets. However, geopolitical events in North Africa and the Near and Middle-East continue to have an impact on the Group's commercial activities and results in this region. The marked deterioration in the political, social and security situation forced the Group to reduce or slow its business in one or more of these countries, potentially affecting its growth in the region. Protecting Group employees working in these countries is our main concern. The Group provides them with the means, procedures and services to ensure their safety. Having signed the United Nations Global Compact, Bel is committed to protecting the basic rights of its employees in the workplace in all countries where it operates and is particularly vigilant in countries where there is a significant risk of human rights abuse (see section 3.2.2 "Greater vigilance in the fight against corruption, respect for human rights and the environment").

Risks related to the sustainability of natural resources and global warming

Description of the risk	Treatment of the risk
As a food manufacturer, the Group is highly exposed to the sustainability of natural resources and the consequences of global warming, and to the growing scarcity of fresh water worldwide in particular. The growing frequency of extreme weather events such as heat waves, drought and flooding compounds underlying trends such as rising temperatures and changing rainfall patterns. These phenomena have severe consequences for the agricultural sector and food security at the global level. Some agricultural practices may also have an impact on natural resources or global warming, in particular the use of animal feed or raw materials that may be linked to deforestation.	Because of the danger of water scarcity, the Group conducts an annual risk analysis (according to the criteria of the Food *and Agriculture Organization and the Water Risk Filter) to assess the level of water stress in the areas where it is based. In 2018,* more than half of its production sites were located in regions where the water resource was identified as being at risk. The Group is developing ways of reducing its water consumption to address this problem. Priority action plans are implemented for any production site exposed to periodic drought exceeding a warning threshold (see section 3.5.3 "Sustainable use of water"). Elsewhere, in order to reduce its dependency on fossil fuels and its greenhouse gas emissions, the Group is developing programs to reduce energy consumption and to use renewable energies (see section 3.5.2 "Reducing greenhouse gas emissions"). Bel also aims to limit risk concerning biodiversity and deforestation associated with its supply chain (see section 3.5.4 "Limiting biodiversity and deforestation risks"). Finally, to limit the use of new resources, the Group aims to fit as far as possible into a circular economy for its packaging and in the fight against food waste (see sections 3.5.5 "Fighting food waste" and 3.5.6 "Making packaging part of a circular economy").

2.2.2 Risks related to markets

Risks related to the economic environment in the Group's core markets

Description of the risk	Treatment of the risk
Bel is a food manufacturer and its sales are influenced by the global economic climate in its core markets. During periods of significant economic slowdown, consumption may be reduced, thereby taking a toll on consumer purchasing power and hence on revenue growth.	The geographical diversity of the sites and markets where the Group operates aims to spread out its risks, to limit their effects and to develop an offer of accessible products.

Risks related to commodity price volatility

Description of the risk	Treatment of the risk
Price volatility in the raw ingredients Bel uses to make its products is likely to have a material impact on its results. The influence of milk prices on volumes produced, as well as weather and global and regional demand fluctuations, all affect the price of milk-based raw ingredients (milk, powder, butter and cream). In 2018, we experienced a significant mismatch between the huge shortfall in supply of milk fat and the excessive supply of protein. Average prices for butter and skimmed milk powder (SMP) in Europe, the United States and Oceania are shown below.	The Group very regularly conducts market reviews in order to best estimate the impact of expected price volatility for the year and to learn from them for Company management. Aside from the agreements reached with customers and retailers, the Group's ability to pass on changes in the prices of raw ingredients is dependent on economic conditions and on local political and regulatory conditions for certain markets. In some countries, price increases are subject to approval by the authorities. To ensure both the lasting nature of its milk supply and the sustainability of milk producers that supply it, the Group undertakes a number of actions for a sustainable upstream dairy (see section 3.3.1 "Taking action for a sustainable upstream dairy"). In addition, the Group is now committed to the healthy snacks sector and has diversified its supply to become present in both dairy and vegetable-based raw materials, including fruit (see section 3.3.2 "Using vegetable fat within strict limits" and 3.3.3 "Delivering the goodness of fruits").

Risks related to competition

Description of the risk	Treatment of the risk
Bel conducts its business in intensely competitive markets where large international cheese groups and many local producers operate. In Western Europe, the Group is present in relatively mature and highly competitive markets. In the rest of the world, a few international dairy and/or cheese groups with front rank positions in some product ranges are looking to strengthen their positions and penetrate new markets where Bel is present. Local cheese producers are also very active. In addition, a number of retail chains have developed their own brands that compete with Bel products.	The Group's stated goal of becoming a major player in healthy snacks aims to reduce its exposure to competition from dairy groups alone. The healthy snack category is very important and is growing by more than 5% worldwide. Competition is also very strong, but Bel has many strengths to gain *a* stronger position in these business lines. The MOM acquisition contributes significantly to this.

Reputational risk

Description of the risk	Treatment of the risk
The reputation of Bel and its brands is considered a strategic asset in its expansion and value. The mind share of Bel brands is based on quality, food safety and connecting with consumers. The brands' international communication policies, which include digital media, increase their reputational risk. The Group's reputation could be weakened at any time by risk situations such as an unfavorable event affecting one of its products or sites, an inappropriate communication and promotion strategy, or even uncontrolled public dissemination of harmful information. The success of Bel's brands depends in part on their positive image with consumers. Any damage to the image of the Group and its brands could adversely affect sales, business or growth.	Bel closely monitors its brand communication. The Group's brands are strengthening their communication on issues that may help consumers make informed decisions. They seek to capitalize on the trust that they have forged with consumers to guide them towards balanced and more environmentally-friendly choices. The Group also takes care to ensure that its messages accurately reflect its practices (see section 3.2.4 "Providing fair and useful information to consumers"). Furthermore, the Group's risk management system has been strengthened with the introduction of digital and local press monitoring and media training for its spokespeople in crisis situations. A responsible public relations policy has also been shared with the Group's spokespeople to ensure a coordinated and managed approach, based on listening and respect, is applied when engaging with external stakeholders. Bel joined the European Union transparency register in 2014. (see section 3.2.3 "Promoting good social and environmental practices with its partners").

2.2.3 Risks relating to corruption, violation of human rights and tax evasion

Description of the risk	Treatment of the risk
The location of its production, export and distribution activities naturally exposes the Group to external risks of corruption or human rights violations, despite its constant concern and longstanding commitments on these subjects (see section 3.2.2 "Strengthened vigilance in the fight against corruption and to ensure respect for human rights and the environment"). These risks may concern employees as well as relations with local communities and the Group's partners, in particular farmers.	In accordance with the requirements of the Sapin II and Duty of Vigilance laws, in 2017 and 2018, the Group carried out an in-depth mapping of related risks, concerning both its own activities and those of its suppliers, enabling identification of these risks and the creation of appropriate action plans (see section 3.2.1 "Making ethics and vigilance the heart of the Group's activities" and 3.2.2 "Greater vigilance in the fight against corruption, respect for human rights and the environment"). Bel is also working on actions towards ever more sustainable dairy production, in particular with the goal of helping dairy producers improve their quality of life and their yields (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy"). In tax terms, the Bel Group has a measured and well-controlled tax policy. It is not present in countries considered as tax havens. The Group has implemented a solid price transfer policy and negotiates prior agreements for transfer prices with various tax administrations so as to secure the largest inter-company transactions. The Group works with a tax department whose work is described in paragraph 4.3.4 "Procedures for preparing and processing the Company's accounting and financial information"

2.3 RISKS RELATED TO THE BUSINESS

2.3.1 Risks related to products

Quality, food safety and product regulation risks

Description of the risk	Treatment of the risk
Food safety is of utmost importance for Bel. Any alleged or proven food safety risk for the Group's products could harm its reputation, business and results. The risk of contamination depends on the type of product concerned, but it exists at every stage of the production cycle, from raw ingredient purchases to retailers and consumers. Upstream risks are mainly chemical and physical in origin (foreign bodies) or related to fraud (origin/composition), and could affect the Group's raw ingredients, inputs and packaging among other things. Downstream risks are mainly bacteriological for the most fragile products (dairy cheeses). Furthermore, like all agri-food products, Bel products could be exposed to contamination by tampering. Any crisis affecting the dairy industry and the natural qualities of milk could also adversely impact Bel's business through negative media coverage, even if the crisis is not directly linked to its activities.	The Group has a monitoring structure in place to identify any emerging risks that directly or indirectly affect its production, as far upstream as possible. After weighing potential risks, it applies the most suitable, efficient measures to date, depending on the seriousness of the risk. Bel has implemented an organization, reporting to the Group's technical and industrial department, responsible for leading, coordinating and ensuring the effectiveness of all the processes and systems dealing with: • food safety and product regulations; • quality; • certifications, management systems and health crisis management; • technological coordination. See section 3.4.1 "Guaranteeing optimal food quality and safety" It recommends policies to be implemented, guarantees the coherence of the systems and reporting at various levels, assists Group structures, and audits the organizations to assess the systems' effectiveness. Its role is to warn the Chief Executive Officer and the Executive Committee of any major situation relating to its three fields of activity. **Food safety and product regulations** In terms of food safety and product regulations, this organization is responsible, via the Regulations network, for: • the Group's food safety policies and preventive strategy, and the coordination of related actions; • the processes for anticipating food safety risks and preventing crises as well as managing alerts and crises; • creating a monitoring system based on reporting by the subsidiaries; • participating in professional associations or government groups dedicated to food safety. It also ensures that regulations applying to products are followed, particularly in relation to composition, labeling, packaging, advertising, consumer information including nutrition information, and customs procedures. It defines: • the monitoring plans implemented by the industrial entities; • the quality of the traceability system (upstream, downstream, and components/constituents). It is responsible for: • implementing policies, in particular in terms of the food safety risk analysis process during production (e.g. HACCP and hygiene standards) at Group, supplier and subcontractor sites; • implementing the food defense policy integrating processes for: – preventing risks of intrusion, – the risk of tampering; • implementing the food defense policy integrating processes for: – preventing risks related to raw materials, – monitoring plans implemented by production sites; • creating and steering a reporting system that continually assesses control of food safety processes.

Quality, food safety and product regulation risks (continued)

Description of the risk	Treatment of the risk
	Quality The organization is also responsible for defining the Group's quality policy and checking its implementation at every stage, from product design to final consumption. Its main roles through the quality network at the corporate/regional and production site level are: • defining the Group's quality policy and ensuring its implementation after validation; • defining the rules and *best practices* as well as the quality regulations to be applied, and guaranteeing their implementation; • defining and enforcing process and product risk analysis; • determining and deploying product conformity control measures (detection of foreign bodies, etc.); • assisting with the implementation of certification standards; • determining the means for qualifying products and processes; • auditing the quality of organizations, whether internal (production sites) or external (subcontractors, suppliers and service providers); • managing complaints and customer quality perception assessment tools (retailers or consumers) using the Salesforce tool (We Care project); • analyzing performance, conducting quality reporting and implementing continuous improvement processes, using the SAP quality management module (Quartz project) to guarantee consistency of information, consolidated control and optimal integration of information required for product traceability; • training and assisting the Group's teams and the industrial sites. Providing suitable training media, including statistical and problem solving tools. **Regulatory framework** The Group's health, safety and traceability approach is governed by a very strict regulatory framework. A "Bel reference guide" is drawn up following a detailed analysis of all the food quality/safety and hygiene regulations in all countries where the Group makes or imports products. The so-called Hygiene Package of regulations issued by the European Commission took effect in the European Union on January 1, 2006. This regulation includes a number of legislative texts. It establishes a single and transparent policy for food hygiene and safety in all European Union countries, and concerns all operators throughout the food chain "from farm to store". To the greatest extent possible, the Group applies the strictest rules – mostly European Regulations – to all its stakeholders, from the production of raw ingredients to the consumer. Bel adheres to even stricter standards in certain cases: for example, it monitors 23 allergens instead of the 14 required by European Regulations. In its quest for harmonization, food safety and excellence, Bel shares its reference guides with all its production sites worldwide as well as with its suppliers and retailers. Bel and MOM's Quality and Regulations teams analyze any gaps in their respective Quality and Regulations measures, and progressively implement actions necessary to guarantee their alignment.

Risks related to innovation and consumer expectations

Description of the risk	Treatment of the risk
Bel's products are subject to consumer tastes and expectations, in particular in terms of nutritional quality and naturalness. The Group's sales and results could be adversely affected were it to fail to anticipate, identify and understand changes in consumers' tastes and eating habits.	The Group is developing a diversified portfolio of products to cater to various tastes and meet consumers' needs and expectations. Bel listens to its consumers so that it can adapt to their eating habits (see section 3.1 "Approach at the heart of the strategy"). In addition, the Group aims to offer consumers products that meet their needs in terms of nutritional and natural quality, while responding to public health challenges (see section 3.4.2 "Ensuring the nutritional quality of products"). Bel would also like to favor better eating habits and healthier lifestyles with its consumers (see section 3.4.3 "Fostering better eating habits and healthier lifestyles").

2.3.2 Risks related to strategy and organization

Risks related to the Group's growth strategy

Description of the risk	Treatment of the risk
The Group's strategy is to strengthen its position through acquisitions and organic growth. Any growth project taking place in a changing environment exposes Bel to consolidation risks and market changes. The expected goals may prove difficult to reach and force the Group to adjust its strategies. The investments that the Group makes as part of its external growth lead to a goodwill entry on the assets side of the balance sheet (goodwill assets). If the assumptions on which the investments were based did not materialize, and the value of goodwill assets fell, the Group would be forced to record impairment losses which can be significant.	Prior to any major investments, analyses are carried out to assess the quality of the growth opportunities and to measure expected growth and cost synergies. A risk appraisal is always performed. If the acquisition is made, integration matters are overseen by the Group's General Management. Thus, in 2016, the MOM acquisition was overseen by a Monitoring Committee meeting monthly.

Risks related to suppliers

Description of the risk	Treatment of the risk
The Group's production requirements are met by external suppliers (mainly dairy raw ingredients and packaging). These supplies are provided by a limited number of operators in the market (see section 1.1.5 "Bel and its business ecosystem"). Bel could encounter difficulties in finding alternative sources if some of its suppliers were to fail to meet their obligations, in particular for raw materials, which might affect its results and business. Moreover, Bel is now faced with sustainable farming challenges and risks associated with its supply chain.	The Group's Purchasing Department has developed a policy aimed at limiting the risk of supply disruption by securing a large share of the Group's needs in goods and volumes through annual and multi-year framework agreements with a limited number of strategic suppliers. The Group has launched a risk management policy for packaging by establishing contingency plans. To meet the challenges associated with sustainability in the milk industry, Bel has developed a global Charter for a sustainable upstream dairy and defined a base of commitments out to 2025. In France, the Group renewed its partnership with the APBO (*Association des Producteurs de Lait Bel Ouest*, or "Bel West Producers' Association") in the form of an unprecedented agreement for better milk use (see section 3.3.1 "Taking action for a sustainable upstream dairy"). Finally, Bel has implemented a Charter for responsible purchases and an assessment of its suppliers, especially in terms of respect of human rights and the fight against corruption. In 2018, Bel also undertook a mapping of its supplier risks. (See section 3.2.3 "Promoting good social and environmental practices with partners").

Risks related to dependence on customers

Description of the risk	Treatment of the risk
The Group markets its products in some areas (Europe, North America, etc.) to a limited number of major customers that tend to group together in local or international buying alliances.	Our diversified portfolios of brands, marketed in areas or countries that also have diversified distribution circuits, mitigates the observed risk of concentration on Europe and North America.

Risks related to human resources, health and safety of Group employees and labor relations

Description of the risk	Treatment of the risk
The Group faces the risk of accidents, actual or near, at the workplace, during commutes and on business trips. To further its growth ambitions, Bel has to attract, retain, and develop talented employees, at every level of the Company and with every technical, managerial, and personal skill set. Bel is also concerned with employee diversity, in order to fight against all forms of discrimination, meet its social responsibility imperative, and respond to the diverse issues facing today's world. In addition, under the framework of its new organization project, Bel may face risks related to labor relations (see paragraph 3.2.10 "Maintaining a positive company climate".	The Human Resources and Industrial Operations Departments are responsible for developing the strategy that ensures the effectiveness of all procedures designed to protect employee health and safety. Testifying to their visible commitment to Safety, the members of the Executive Committee have had training in Leadership Safety as have all of the Bel managers. Unit managers guarantee the operating roll-out of health and safety measures for everyone present on the sites, in offices, on the roads or on a missions, with the help of their managers and the Group's safety network (see section 3.2.7). Bel is also introducing programs in favor of employee diversity (see paragraph 3.2.8 "Promoting equal opportunity and diversity within the Group") and attracting, retaining, and developing employees (see paragraph 3.2.9 "Developing our employees' talents") To meet social challenges, Bel aims to maintain a positive company climate with its employees (see section 3.2.10 "Maintaining a positive company climate").

Risks related to information systems

Description of the risk	Treatment of the risk
The Group relies on data from integrated IT systems to make decisions concerning operational management and traceability. Although these applications are monitored and constantly upgraded, any failure of the applications or communication networks could penalize the profitability of operations as well as some decision-making. Bel is also exposed to cyberattacks and hacking that can lead to data loss, theft or leaks.	To mitigate these risks, the Group makes use of specialist operators to manage its critical infrastructure (IT systems and telecommunication networks). The contracts governing the Group's relationship with these firms were established to ensure a high level of availability and security commensurate with maintaining centralized applications in operational condition. These contracts and their associated services are reviewed on a regular basis, and the business recovery procedures to be implemented in the event of a major incident at the Group's processing center are tested periodically. At the same time, the Group has systems and procedures in place to control and manage fraud risks, hacking attempts and the spread of computer viruses. Procedures and tools are updated constantly to mitigate threats that arise from changes in technology. Various measures aim at reducing the Group's exposure to the risk of cyberattack. There is an increased focus on IT system security with priority given to cybersecurity projects. Strategy is rolled out more quickly at the management level, and there are also changes in governance. These security measures are audited and tested, and awareness campaigns are held. Additional information is provided in section 4.3.4 "Procedures for preparing and processing the Company's accounting and financial information".

2.3.3 Industrial and environmental risks

Risk of total or partial destruction of a strategic production site

Description of the risk	Treatment of the risk
The Group has 32 operational production sites. Any incident – particularly if caused by the more frequent occurrence of extreme weather events, in some cases related to global warming – could lead to a total or partial site shutdown and affect the production and marketing of the products made there.	To protect its production facilities, Bel regularly optimizes them and puts prevention and business continuity plans in place. To cover these risks, the Group has also taken out damage and operating loss insurance policies to cover risks that are presented in section 3.1 "General risk management policy".

Risk of environmental impact

Description of the risk	Treatment of the risk
The Group's activities can cause environmental risks to its ecosystem: greenhouse gas emissions in particular related to the dairy upstream, water resource use, in particular in certain areas under hydric stress, risks of a negative impact on biodiversity and deforestation through its supply chain.	To respond to these issues, the Group specifically evaluated the risks mentioned in the environmental risk mapping exercise (see paragraph 3.2.2 "Ensuring stronger monitoring in the fight against corruption and respect for human rights and the environment". As part of this work, the Group implements continuous improvement plans or encourages these plans when it is not directly in charge. This approach is detailed in paragraph 3.5 "Reducing the environmental footprint".

2.3.4 Legal risks

Risks related to trademarks and intellectual property

Description of the risk	Treatment of the risk
Bel owns trademarks, designs and models, domain names and copyrights around the world. The Group makes considerable efforts to protect and defend its portfolio of trademarks worldwide. Given the reputation of its brands, Bel is objectively exposed to the risk of counterfeiting and unfair competition.	Trademark registrations worldwide are updated every year. The Group also conducts global monitoring of its major brands to ensure that no similar or infringing trademarks are registered by third parties. If products or trademarks that are counterfeit or that harm its rights are discovered, all of the Group's legal resources in the country or countries concerned are put into action to halt the counterfeiting or unfair competition. Furthermore, the unequal legal protection of intellectual property and unequal treatment of unfair competition in the legal systems of some countries may lead to a more limited recognition of and respect for the Group's rights. In these cases, the legal resources it can call upon may not be effective enough to combat counterfeiting and unfair competition. The Group has introduced an Intellectual Property Policy to raise employee awareness of intellectual property issues and the dangers of counterfeiting. The Group Legal Department is tasked with ensuring the protection and effective defense of its trademarks and domain names. It centralizes the entire portfolio of trademarks, models, domain names and legal disputes and implements a coherent global protection and defense strategy. The defense of Bel's intellectual property rights is not confined to word marks and domain names but also extends to figurative marks (e.g. packaging, decoration, shapes), advertising, websites, etc. Any difficulties encountered in protecting and defending its intellectual property rights – mainly its trademarks – and combating counterfeiting, could affect the Group's business and results.

Risks related to the GDPR

Description of the risk	Treatment of the risk
In May 2018, a new European Regulation came into force in its member countries aimed at strengthening protection of personal data and consolidating the duties and responsibilities of the entire chain of players that use personal data. Non-compliance with the GDPR is heavily sanctioned.	Bel implements the measures necessary to ensure compliance with the General Data Protection Regulation, especially in terms of the personal data of its consumers and employees. Bel has drawn up a map of risks in each European country and implemented suitable tools and procedures to reduce these risks.

Legal and litigation risks

Description of the risk	Treatment of the risk
The Group faces legal risks and/or administrative procedures in all of its businesses and in its international markets. These risks can arise from legal and regulatory frameworks, business operations or contracts with suppliers and customers.	As of December 31, 2018, and up to the date of this Registration Document, the Group reviewed the main legal and/or administrative proceedings in progress or planned in the normal course of its business. Provisions were made for probable and quantifiable costs that could arise from these proceedings. The main legal and administrative proceedings are described in Note 7 to the consolidated financial statements *in* section 5.5.1 "Consolidated financial statements as of December 31, 2018". There are no other governmental, legal or arbitration proceedings in progress, including any proceedings of which the Group is aware, whether pending or threatened, that are likely to have, or have had, material impacts on the financial position or profitability of the Company and/or the Group in the past 12 months.

Risks related to regulations

Description of the risk	Treatment of the risk
Because it is present in many countries, Bel is subject to regulations established by governments or international organizations that apply to its food manufacturing, sale and import/export activities. In particular, it is subject to health, safety and environmental standards, customs systems and quality controls. The Group must comply with a host of mutating laws and regulations that are becoming increasingly restrictive. Any changes to these laws and regulations and any administrative decision can have a material impact on the Group's business and financial results. Numerous regulations may also indirectly limit the sale of its products. Regulatory pressure is also intensifying, particularly as regards competition law in the food sector. As a result, the Group could be subject to investigations and proceedings with regard to anti-competitive practices.	The Group takes the measures it deems appropriate to ensure compliance with regulations, particularly as regards competition law. It develops awareness initiatives for the employees concerned and plans to pursue training in this area. These measures are set out in the Code of Best Business Practices provided to all Group employees (see section 3.2.1 "Placing ethics and vigilance at the heart of the Group's businesses"). Bel operates in many markets and may hold substantial market share in some countries. It cannot therefore completely rule out having to respond to investigations relating to competitive positioning.

2.4 FINANCIAL RISKS

Description of the risk	Treatment of the risk
In the course of its business the Group is exposed to various financial risks relating to liquidity, exchange rates, interest rates, counterparties and commodities.	The Group Treasury Department, which reports to the Group Finance Director, has the necessary skills and tools to manage the reduction of market risks. It reports monthly to the Group Finance Director and regular presentations are given to the Audit Committee. Additional quantified information, particularly in relation to the Group's exposure to these various risks after they have been managed, is presented in Note 4.15 to the consolidated financial statements, "Financial instruments", in section 5.5.1 of this Registration Document.

2.4.1 Liquidity risk

Description of the risk	Treatment of the risk
Under the framework of its operating activities, operating flows are generally sufficient to self-finance operations and organic growth; However, as part of its strategy, the Group may need to use debt to finance acquisitions, or to manage its cash flow cycle, especially for working capital requirements or when dividends need to be paid. Under its debt framework, the Group regularly raises or renews existing or new financing. Liquidity risk is primarily caused by the maturity of its debts, and by the existence in certain financing contracts of the obligation to respect financial covenants, mainly Net Debt/EBITDA (calculated on the basis of current operating profit - threshold of 3.5). If these commitments are not met, lending establishments could note a case of default and demand early redemption of the amounts financed. Finally, the majority of financing contracted by Fromageries BEL SA, contains a change of control mechanism providing lenders and bond holders an early redemption right in the case of a change in control. In countries where the pooling of surpluses and financing needs is not allowed, subsidiaries invest their surpluses in money-market funds denominated in their local currency and, if needed, finance themselves primarily in local currency. However, some subsidiaries may have no alternatives to local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss. In a backdrop of systemic financial crisis, the Group may not be capable of accessing the financing or refinancing necessary, or to access this at very disadvantageous conditions that would be likely to have a significantly negative impact on its financial situation.	The Group has implemented an active policy to manage its liquidity based on: • concentration of liquidity via a cash pooling convention at the Fromageries Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or financing local needs. In countries where the pooling of surpluses and financing needs is not allowed, subsidiaries invest their surpluses in money-market funds denominated in their local currency and, if needed, finance themselves primarily in local currency; • a diversification of its financing sources: bank credit lines, a Schuldschein financing, a EURO PP, a public bond issues, a NEU CP program and in 2018, the setting up of a NEU MTN program; • maintaining significant non-drawn RCF lines: €820 million maturing in 2023; • spreading out maturities depending on provisional cash flows and needs; • still significant liquidity: €328 million, of which €288 million concentrated *via* cash pooling with Fromageries BEL SA. Surplus liquidity is invested in the form of money-market UCITS or deposits, either short-term or with almost immediate liquidity. Neither Fromageries Bel nor its subsidiaries are subject to a rating published by a credit ratings agency. Net debt is set out in Note 4.14.

2.4.2 Exchange rate risk

Description of the risk	Treatment of the risk
Fromageries Bel and its subsidiaries are exposed to transactional exchange rate risks due mainly to sale and purchase undertakings in currencies other than their functional currencies. Fromageries Bel also holds assets, earns income, and incurs expenses and obligations, either directly or via its subsidiaries, in a wide basket of currencies. Because the consolidated financial statements are presented in euros, the value of assets, liabilities, income and expenses will be impacted by fluctuations in the euro.	Management policy is to hedge very probable risk in foreign currency transactions using firm or optional derivative financial instruments to reduce sensitivity to unfavorable currency fluctuations. Hedging policy for foreign exchange exposure The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all French, European, North American and Japanese entities. The Group Treasury Department provides these entities with the necessary currency hedges. The dollar, sterling and zloty are the main currencies exposed to transaction risk. Hedges do not exceed a horizon of 18 months. The hedging policy is set out in Note 4.15. The Group Treasury Department provides these entities with the necessary currency hedges. For subsidiaries in countries where there are no financial hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies. However, local currency devaluations can have a significant impact on the profitability of the concerned entity.

2.4.3 Interest rate risk

Description of the risk	Treatment of the risk
The Group is exposed to interest rate risk on its financial liabilities and on its liquidities.	Most of the Group's financing is arranged by Fromageries Bel, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines. As of December 31, 2018, most investments were at floating or adjustable rates. Most of the rates for gross debt are now fixed (Details in Note 4.15).

2.4.4 Counterparty risk

Description of the risk	Treatment of the risk
The Group is exposed to counterparty risk, primarily bank risk, under the framework of its financial operations management.	All cash investments and financial instruments are set up with major counterparties in accordance with safety, diversification and liquidity rules. Most of the counterparties are banks from the bank financing pool and are mostly French *or* foreign but operating chiefly in Paris. Counterparty risk is monitored regularly and is reported monthly. The Group's counterparty risk management could nevertheless fail to protect it from the material impact of systemic failure.

2.4.5 Risks related to commodities markets

Description of the risk	Treatment of the risk
Although it is exposed to volatility in commodity prices, the Group, and the dairy industry in general, does not make use of a hedging market offering sufficient liquidity. Only the US market has a hedging market, although it is limited to local production and consumption. Europe is only just starting to develop hedging markets.	The US subsidiaries make use of this market as part of budgetary hedging through the use of firm or optional derivatives. France started a few firm hedging operations in 2018 (details in Note 4.15).

2.5 INSURANCE AND RISK COVERAGE POLICIES

Insurance and risk coverage

Bel follows a centralized risk coverage approach encompassing all of its subsidiaries. Certain local legal constraints or specific regional exclusions may mean that policies have to be arranged locally.

An international insurance program is underwritten by leading insurers. The Group exercises operational control in terms of negotiating policies, monitoring capital and covering risks.

Bel maintains strict control and centralized management of industrial risks under the authority of the Industrial Technical Division controlled by the Industrial Environment Security Division, in liaison with the Risks Division and the Insurance Division placed under the authority of the Financial Division.

Following a comparative analysis phase in 2017, the gradual integration of MOM's policies into the Group's master insurance program started in 2018 and is set to continue.

Damage to assets, operating losses and transport

Coverage of major hazards, particularly the risk of fire, explosion and natural events likely to generate a consequent operating loss, is negotiated for the entire Group with first-tier insurers. Coverage is renewed annually on January 1, except in the case of multi-year contracts (preferred for major risks via a partnership policy with the Group's insurers).

Coverage amounts are determined by assessing risks (*e.g.* vulnerability, protection, partitioning) and maximum possible loss (MPL), taking into account the replacement value of assets and an appropriate indemnification period for each site. The insurers set various liability sub-limits, particularly for the risk of natural events.

Preventive audits of the industrial sites are regularly performed by experts within and outside the Group.

Automatic fire sprinkler systems will continue to be installed, and will eventually cover all strategic production sites.

Civil liability

The main contracts covering liability (particularly the Group's civil liability, business liability and product liability) and environmental damage are arranged as part of a general insurance program, taking account of the specific features of frontline contracts entered into locally, mainly in the United States and Canada.

Additional policies

Some risks, such as corporate officers' liability and customer credit risk, are also managed centrally. In the case of customer credit risk, subsidiaries are invited to endorse a master policy to cover their local customer risks.

CORPORATE SOCIAL RESPONSIBILITY

3

To address climate change and demographics issues, and to help responsibly feed more than nine billion people by 2050, the Group needs to grow without increasing pressure on our planet's resources or the environment, by building long-lasting relationships with its partners.

The Group believes that its responsibility is not limited to its direct impacts, but extends along its entire value chain, from farming upstream to the recycling of its packaging, via the manufacturing and consumption of its products.

As part of its mission of "Champion Healthier and Responsible Food for All", redefined in 2018, the Group reaffirmed its commitment to make lasting changes to its growth model and its product offer through its program, "We care in every portion".

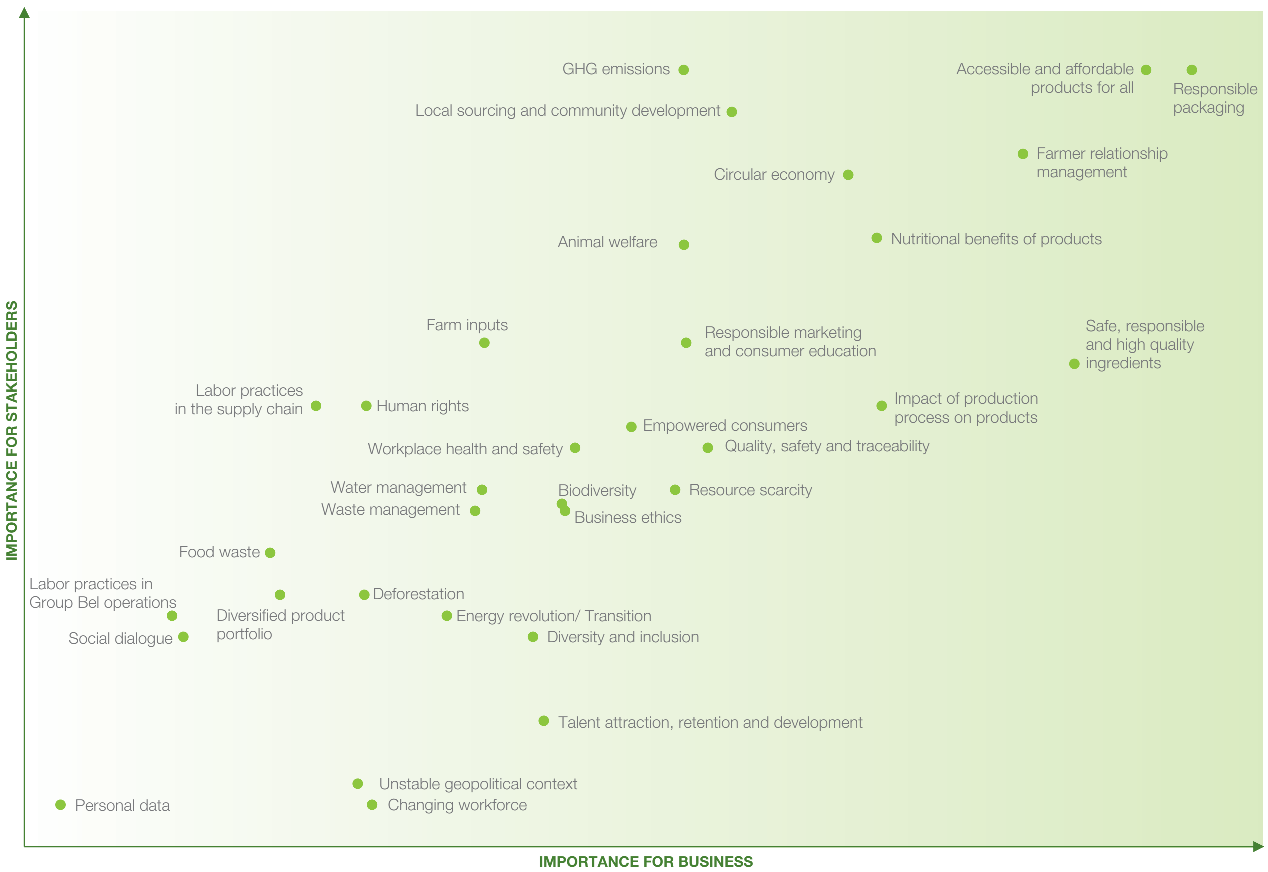
In addition to risk mapping (see chapter 2 "Risk factors and Insurance"), an updated analysis of the materiality of non-financial risks was carried out in 2018. Its aim was to confirm the urgent and emerging issues that are relevant to the Group and to its external stakeholders. The analysis involved a panel of internal and external stakeholders who represent the diversity of the Group's ecosystem and was carried out in three stages:

- online survey;
- interviews;
- workshop.

The results of these two projects (see below) confirmed the relevance of the pillars of the "We care in every portion" program and of the Group ambitions defined for 2025:

- working for the well-being of all;
- committing to sustainable farming;
- promoting caring nutrition;
- reducing the environmental footprint.

RESULTS OF THE BEL GROUP'S MATERIALITY ANALYSIS



SUMMARY TABLE - BEL GROUP NON-FINANCIAL REPORT

Non-financial risks	Remediation policies	2018 achievements
Risks relating to corruption, human rights abuses and tax evasion	– Code of Best Business Practices; – Internal and external alert system (see paragraphs 3.2.1 and 3.2.2)	*Refer to the actions described in paragraphs 3.2.1 and 3.2.2*
Risks related to human resources, health and safety of Group employees and labor relations	– Health and safety programs (see paragraph 3.2.7); – Diversity and talent development programs (see paragraphs 3.2.8 and 3.2.9); – Labor relations (see paragraph 3.2.10).	

BEL'S OBJECTIVES	KPI	2025	2018
Work towards Zero accident.	Bel AFR (Accident Frequency Rate).	3.0	6.6
Promote gender diversity & inclusion.	Share of women in top management.	40%	21%**
Develop our employees' talent.	Employees attending training during the year.	100%	75%

Non-financial risks	Remediation policies	2018 achievements
Risks related to suppliers	Sustainable Purchasing Charter, supplier assessments and supplier risk mapping (see paragraph 3.2.3);	

BEL'S OBJECTIVES	KPI	2025	2018
Promote social and environmental practices among our suppliers.	Average "Ecovadis" supplier score (/100).	55.0	50,8**

Program and commitments for a sustainable upstream dairy (see paragraph 3.3.1.

BEL'S OBJECTIVES	KPI	2025	2018
Contribute to better life quality and working conditions of farmer partners.	Farmer access to innovative societal schemes.	100%	34%*
Foster non-GMO feeding of the cows providing our milk.	Milk collected from non-GMO fed cows.	100%	16%*

Non-financial risks	Remediation policies	2018 achievements
Quality, food safety and product regulation risks	– Organization and dedicated processes (see paragraph 3.4.1).	*See actions described in paragraph 3.4.1*

** Excluding MOM. ** Excluding MOM and Safilait.*

Non-financial risks	Remediation policies	2018 achievements
Risks related to innovation and consumer expectations	– Product offers that meet consumer needs (see paragraph 3.4.2); – Programs to promote better eating habits and healthier lifestyles (see paragraph 3.4.3).	

BEL'S OBJECTIVES	KPI	2025	2018
Continuously improve the nutritional quality of our products.	Children portfolio meeting "Bel Nutri+" ambition (Bel nutritional profiling system).	80%	65%**
Foster healthy consumption habits and lifestyle.	Key countries where a program is implemented for consumers ("Educanut").	10	4
	Key subsidiaries where a program is implemented for employees ("Healthy smiles").	30	25

Non-financial risks	Remediation policies	2018 achievements
Risk of environmental impact from operations	– Environmental policy (see paragraph 3.5.1)	
Risks relating to the sustainability of natural resources and global warming	– Programs to reduce energy consumption and use renewable energy (see paragraph 3.5.2); – Programs to limit the risks of negative biodiversity impact and deforestation (see paragraph 3.5.4); – Circular economy approach to packaging and fight against food waste (see paragraphs 3.5.5 and 3.5.6).	

BEL'S OBJECTIVES	KPI	2025	2018
Work towards 100 % recyclable-ready and/or biodegradable packaging.	Recyclable-ready and/or biodegradable packaging.	100%	92%*
Reach Zero deforestation in our supply chains.	Forest footprint.	0	
Reduce our global carbon footprint to meet COP 21 targets.	Greenhouse gas emissions vs 2008	-17%	-10%*

** Excluding MOM. ** Excluding MOM and Safilait.*

3.1 A POLICY WITH A CENTRAL PLACE IN THE GROUP'S STRATEGY

For more than 15 years, Bel has been committed to corporate social responsibility (CSR), starting with its signing of the United Nations Global Compact in 2003. Since this time, Bel has constantly worked to carry out its activities ethically, reducing its environmental footprint and developing an increasingly responsible product range, while building long-lasting and honest relationships with its stakeholders.

To make even further progress, Bel reorganized its policy in 2016 to place sustainable development at the heart of its business model. This clearly expresses the Group's desire to create value for the Company, its stakeholders and its ecosystem over the long term.

Creating shared value with its ecosystem

In practical terms, for Bel this means helping to have a positive impact throughout its value chain, not only for its activity, but also for its entire ecosystem: its consumers, employees, suppliers and other partners.

The Group strongly believes that each brand, each production site, and each employee is responsible for incorporating this value in the decisions that affect the life of the Company.

Ambitious targets for 2025

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

Bel's view is that everyone must play their part in lastingly improving our children's and grandchildren's futures. The Group has therefore aligned its business strategy and commitments with the Sustainable Development Goals (SDG) defined by the United Nations (UN) (see Appendix 1).

For each pillar of the "We care in every portion" program, the Group has identified quantified objectives to guide its actions as it works toward its 2025 vision. These four pillars also form the Foundation for the in-depth transformation of the Group's brands begun in 2017, which enables Bel to offer its consumers increasingly responsible products, from the farm to the plate.

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

Taking ownership of CSR issues at every company level

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

The Board of Directors as the commitment watchdog

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

The Executive Committee as the promoter of strategic CSR priorities

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

To support the roll-out of this ambitious plan, Bel has also introduced two additional Executive Committee meetings each year devoted to CSR. The purpose of these meetings is to validate strategic decisions, decide on necessary investments, and set priorities for teams and adjust them in light of changes in the Group's business environment.

The Investment Committee as the guarantor of sustainable growth

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

The Committee ensures that Bel's new investments comply with its CSR commitments. It evaluates projects according to economic and financial performance criteria, as well as non-financial criteria corresponding to the major challenges facing the Group, whether employee-related, environmental or social. If this financial evaluation as analyzed by the CSR Department appears to have a potentially negative impact on these major issues, the project needs to be reworked until a satisfactory assessment is reached. Moreover, discussions and studies are under way to give even more weight to CSR issues in the assessment of these investment projects.

Specific committees to guide priority issues

The CSR Executive Committee meetings are supplemented by specific steering committees dedicated to priority issues for the Group's sustainable growth model, such as the Sustainable Farming Committee (see paragraph 3.2 "Committing to sustainable farming"). Their purpose is to assist Bel with fulfilling its commitments and with their operational deployment in the Group's activities.

Hacker and activist networks to support with their operational deployment

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

- a network of "hacker" employees representing various Group functions whose primary role is to co-construct CSR policies and support their implementation in their areas of expertise;
- a network of "activist" employees within all of the Group's subsidiaries apply the Group's commitments locally to provide responsible and innovative products to consumers and share good practices between countries.

A vision shared with all employees

The Group's first "Sustainable Development Week" was held in 2017 at the head office to show employees tangible examples of the commitments of its "We care in every portion" program. In 2018, the Group took advantage of World Food Day to share, explain and showcase all its commitments under the Caring Nutrition pillar. This event was held in various Bel subsidiaries, which were also able to highlight their local initiatives.

Finally, a new network was created at the Group's head office: the "Hummingbird" network [1]. This network brings together volunteers who, beyond their professional responsibilities, would like to make big or small changes at the head office through simple actions. For example, their first action was aimed at reducing waste and encouraging recycling.

Highlights of **2018**

- Definition of the Group's new mission statement, which confirms the central role of positive innovation in its growth strategy.
- Updating of the materiality analysis conducted in 2014 with a panel of internal and external stakeholders.
- Deployment of operational road maps aimed at meeting the scorecard objectives.
- Celebration of World Food Day with awareness-raising programs in the Group's subsidiaries.

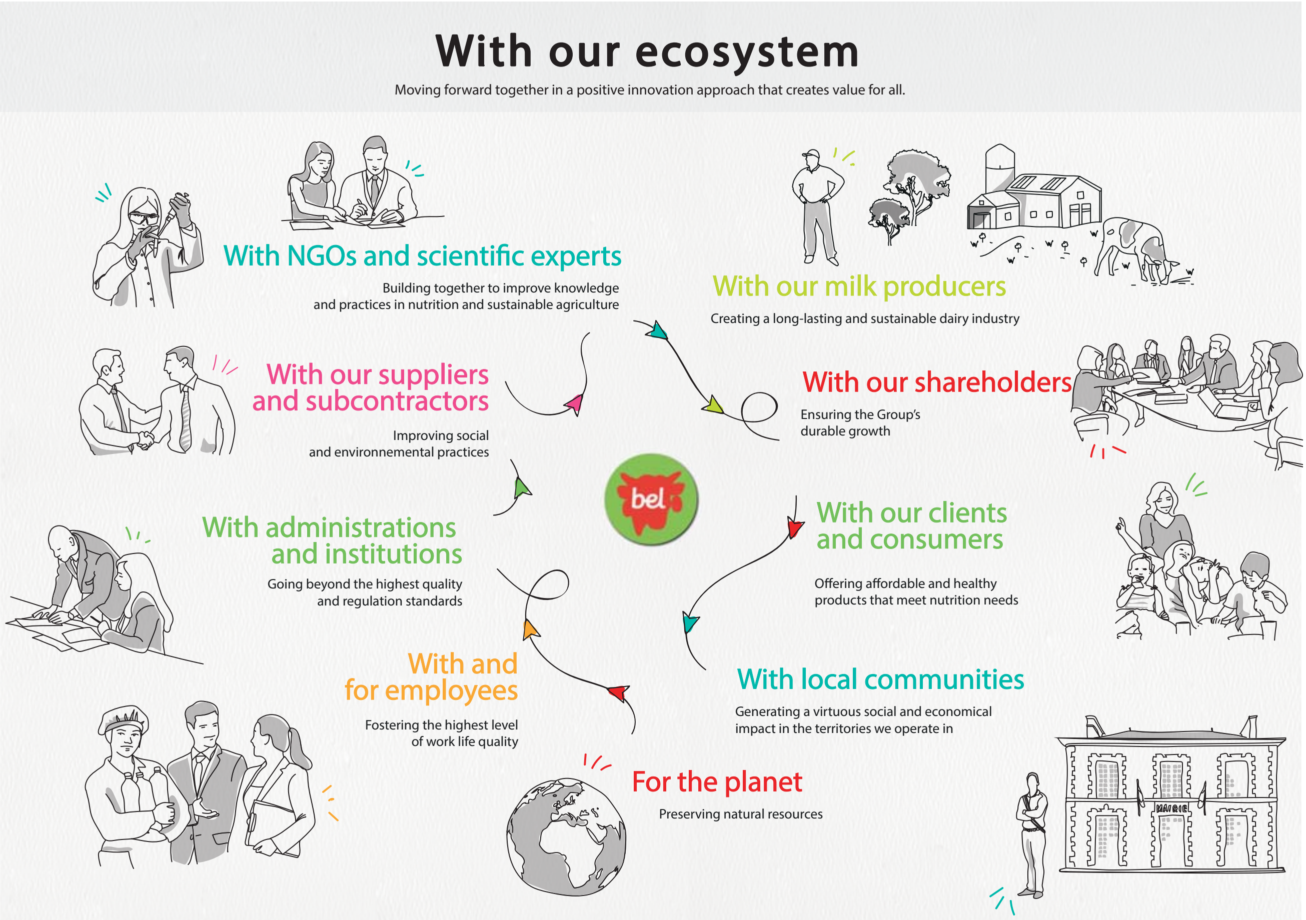
Priorities for **2019**

- Rolling out a system to assess Innovation and Renovation projects to ensure they are aligned with the Group's sustainable growth model.
- Updating the process for assessing investment projects to improve the integration of CSR commitments in all projects.
- Defining and implementing a system to monitor the Group's "positive brands".

(1) Named after a Native American legend.

3.2 WORKING FOR THE WELL-BEING OF ALL

Bel has a wide range of stakeholders due primarily to the international sale of its brands and the location of its production sites. The various departments listen to, hold discussions with and consult their own stakeholders locally. This decentralized approach means that these exchanges can be taken into account at very operational levels.



In order to work for the well-being of all and to have a positive impact along its entire value chain, Bel has chosen to implement a model which creates shared value for its internal and external stakeholders, focused specifically on:

- consumers;
- employees;
- partners;
- the communities of the regions where it operates.

This approach is fully in line with the Sustainable Development Goals, and particularly Sustainable Development Goal 3, "Ensure healthy lives and promote well-being for all".

3.2.1 Placing ethics and vigilance at the heart of Group activities

Bel has always placed ethics at the heart of its business methods. Moreover, with its adoption of the "Sapin II" and "Due Diligence" laws, the French government has further increased the need to give business ethics a central place in the Group's activities around the world.

Rather than approaching it as a specific issue, the Group must establish an everyday ethics culture and practice at all levels. Bel expects its managers to have a positive influence on the attitudes, behavior and choices of all their teams. All employees, at all levels, are responsible for properly applying the principles set out in the Code of Best Business Practices, and the policies and charters supplementing it.

Overseeing ethics and vigilance at Bel

The Group's Ethics and Compliance Committee – created in 2012 – is supported by an Ethics Coordinator and a network of ethics officers who are appointed within the subsidiaries' HR departments to oversee the implementation of the various commitments and their operational applications. The Executive Committee has signed off on this governance scheme.

The Ethics and Compliance Committee is in charge of assessing and overseeing compliance policies – especially those pertaining to human rights; ensuring their effective deployment; and monitoring the corresponding training mechanisms. In addition, it can address any ethics alerts, including those that cannot be handled within the hierarchy. It can also be asked to issue an opinion on any compliance matters.

The role of the Ethics Coordinator is to oversee the definition and implementation at the local level of compliance actions – especially those relating to fighting corruption and respecting human rights and the environment – with the support of ethics officers. He reports regularly on his actions to the Ethics and Compliance Committee, which in turn reports on this work to the Audit Committee.

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

So that they can train Group subsidiary employees themselves, these ethics officers are specially trained in the Code of Best Business Practices to guarantee effective deployment of this code within all the subsidiaries and to ensure that employees are fully aware of its existence and are familiar with its content. To this end, the Group intensified the roll-out of its training program, targeting employees based on their managerial status, geographic location and business lines. At the end of 2018, nearly 400 employees had attended in-person training and an online anti-corruption module had been completed by 500 employees.

Since 2015, all Bel's employees have had access to an alert system that they can use to report any infringements of the principles enshrined in the Code of Best Business Practices. In 2018 this alert system was opened to partners with which the Group works and all third parties who maintain relations with the Group can now report any unethical incident of which they are a witness or victim. The alerts are process in accordance with legal provisions, especially in terms of whistleblower protections. The procedures for handling alerts are described in a special guide written for this purpose. All alerts are handled by the local ethics officer, who has a strict requirement to inform the Group ethics coordinator of the investigation results and the proposed response measures. When the alert cannot be handled locally (due to the type of alert or the identity of the individuals involved), the alert is handled directly by the Group's Ethics and Compliance Committee. In 2018, three alerts were submitted and processed in compliance with the measures laid out in this guide.

The Code of Best Business Practices as the Foundation for Group ethics

Seven key principles…

With the adoption of its Code of Best Business Practices in 2012, Bel wished to share with its employees and its suppliers the principles that it would like them to adhere to everywhere and in all circumstances.

The Code of Best Business Practices establishes the general framework for the professional conduct of every Bel employee. The seven principles that it establishes do not stand in place of national laws and regulations. The teams are still required to comply with these, and in cases where a country's regulations are stricter than an ethical rule stipulated in the Code, the national regulations prevail. The Code has been translated and distributed in the languages spoken at the Group so that it can be better appropriated by all employees. It is available in French and English on the Group's website.

A practical guide makes the Code of Best Business Practices easier to understand, providing examples of how to apply it day to day. The guide is available to employees on the Group's intranet, and regular awareness-raising sessions are also organized at both Group and local levels.

… shared with all employees…

In addition to the specific trainings on business ethics, a communications campaign was deployed at the Group level in 2017 to remind employees of the existence of the Code of Best Business Practices and the alert system through a film (translated into 20 languages and widely disseminated) and posters about the alert system in all Group subsidiaries.

… supplemented by specific policies

In order to adapt and clarify certain principles, the Code of Best Business Practices has been supplemented by policies dedicated to fighting corruption and to Group rules regarding gifts. In 2017 these policies were revised to take into account the provisions of the "Sapin II" law. They were integrated into the internal regulations of the French sites and are currently being incorporated within the equivalent of the foreign sites' internal regulations

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

Such is the case for the Sustainable Purchasing Charter (see paragraph 3.2.3 "Promoting good social and environmental practices with partners") and the Responsible Lobbying policy. Bel shares precise rules for carrying out its lobbying actions responsibly with all the internal and external representatives who act on behalf of the Group and its entities.

Voluntary ethics commitments since 2003

The Bel Group signed the United Nations Global Compact in 2003, well before it adopted its Code of Best Business Practices.

Since then, the Group has reaffirmed its commitments each year and reports on its progress regarding four fundamental principles: respect for human rights, respect for labor standards, the fight against all forms of corruption, and respect for the environment.

Bel pays particular attention to respect for children's rights given the positioning of most of its brands. The Children's Rights and Business Principles, drafted jointly by the UN Global Compact, UNICEF and *Save the Children*, are Bel's reference framework and are fully incorporated within its Code of Best Business Practices.

3.2.2 Establishing stronger monitoring in the fight against corruption and violations of human rights, individual health and safety, and the environment

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

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

The Group has decided to work on the plans simultaneously using a joint methodology.

A system based on risk mapping

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

Relating to the Group's own activities

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

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

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

This first study phase was supplemented by a thorough analysis of the Group's current policies and checklists that limit these risks, in order to adopt appropriate action plans. In connection with the roll-out of these initial action plans, the Group also reviewed the mechanisms governing ethics and compliance (see paragraph 3.2.1 "Placing ethics and vigilance at the heart of Group activities") in order to put in place a model organization commensurate with the importance of the issues.

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

In 2018, action plans were developed based on analysis of these self-assessment questionnaires, then deployed to the Group's subsidiaries (see paragraphs 3.2.2 "Fighting corruption" and 3.2.2 "Respecting human rights").

The gross risk mapping is updated regularly.

Relating to its suppliers' activities

Bel has always been particularly vigilant regarding risks related to its supply chain. In late 2017, the Group supplemented the evaluations performed by EcoVadis in 2009 (see paragraph 3.2.3 "Promoting good social and environmental practices with partners") with a mapping of suppliers focused on CSR risks relating to the environment, labor law, human rights and business ethics, and then with a mapping of corruption risks.

Fighting corruption

The Group supplemented its Code of Best Business Practices with a gift policy and an anti-corruption policy written to apply the provisions of the "Sapin II" law. They were incorporated within the French sites' internal regulations following consultation of the staff representative bodies and are currently being rolled out in all the Group's subsidiaries.

Relating to its internal stakeholders

As part of the risk mapping exercise, the Management Committees at the Group's subsidiaries were educated on the issues surrounding anti-corruption measures and the behaviors expected from all Group employees in this regard (see chapter 3.2.2 "Placing ethics and vigilance at the heart of Group activities"). In 2017 and 2018, workshops were held for the local management committees to analyze the self-assessment questionnaires and define the types of corruption risks for each subsidiary (see paragraph 3.2.2 "Establishing stronger monitoring in the fight against corruption and respect for human rights and the environment").

For each type of risk, the most exposed personnel were identified and the corrective measures to carry out are formalized in action plans. An e-learning module was also rolled out in late 2018 to target the 500 most exposed employees (see paragraph 3.2.1 "Placing ethics and vigilance at the heart of Group activities").

Relating to its external stakeholders

In 2018, the Group conducted a supplier risk mapping to define the purchasing categories, and, as a consequence, the suppliers, most exposed to the risk of corruption, for priority assessments under its evaluation mechanism, with consideration for a risk level based on a "Purchasing category/Country" pair (see paragraph 3.2.3 "Promoting good social and environmental practices with partners").

As regards its other external stakeholders, the Group has taken measures to ensure that it is informed if any of its distributors, customers or agents is convicted, politically exposed or added to an embargo blacklist (see 3.2.3 "Promoting good social and environmental practices with partners").

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

Finally, as part of its anti-corruption action plan, the Group once again sent its most significant partners its anti-corruption policy and included an anti-corruption clause in its terms and conditions of purchase. Moreover, the Group's alert system was opened to external stakeholders through the Group's website, with a redesigned user interface to give them more intuitive access to the system. This alert processing system is similar to the one used for alerts sent by internal stakeholders (see paragraph 3.2.1 "Placing ethics and vigilance at the heart of Group activities").

Dedicated controls

To ensure the effective implementation of such actions, Bel has added control points to check each of these actions to its existing internal control system. Under the responsibility of their general managers, the Group's subsidiaries conduct an annual self-assessment against a control protocol. In addition to the pre-existing controls that help manage this risk, specific anti-corruption controls were added to the mechanism.

The results are shared with the Audit Committee, the Ethics Coordinator and the departments concerned for actions and adjustments to corrective plans where applicable.

Fighting against violations of human rights and individual health and safety

In 2012, the Group launched a proactive human rights program with the adoption of its Code of Best Business Practices. Respect for human rights, including individual health and safety, is one of the seven principles set out and refers specifically to the Universal Declaration of Human Rights and International Labor Organization conventions. The network of ethics officers under the authority of the subsidiary directors is responsible for implementation and compliance at each of the sites (see paragraph 3.2.1 "Placing ethics and vigilance at the heart of Group activities").

Relating to its internal stakeholders

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

As part of its risk mapping in 2017, the Group ran a project aimed at detecting and measuring the risks of human rights violations, focusing particularly on the risks of modern slavery, forced labor, child labor, and violations of individual health and safety, freedom of association, or the right to collective bargaining. This work also raised the awareness of the local management committees about these issues. In 2018, similar to the work carried out to fight corruption (see 3.2.2 "Fighting corruption"), self-assessment questionnaires covering the risks listed above were completed by the Group's subsidiaries. Dedicated action plans were drawn up after analyzing these self-assessments. An e-learning course is to raise all Group employees' awareness of human rights will be rolled out in 2019.

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

In addition to mapping the risks of human rights violations and drawing up the resulting action plans, the Group continued to pursue its long-running social initiatives (see 3.2.6 "Building an inclusive employment model for employees").

Moreover, for many years, the Group has applied continuous improvement processes that aim to ensure its employees' health and safety (see paragraph 3.2.7 "Guaranteeing health, safety, and well-being at work).

Relating to its external stakeholders

Bel is especially attentive to the human rights practices of its suppliers. This topic is addressed in a dedicated assessment with "social" and "ethics" criteria under the EcoVadis evaluation framework (see paragraph 3.2.3 "Promoting good social and environmental practices with partners").

At the end of 2017, the Group conducted a supplier CSR risk mapping regarding the Environmental, Labor, Ethical, and Supplier/Procurement Chain criteria to define the most exposed purchasing categories. The abovementioned supplier corruption risk mapping is a specific off-shoot a CSR risk mapping that was updated in 2018. Both mappings use the same methodology, *i.e.* the level of risk associated with the "purchasing category/ country" pair (see paragraph 3.2.3 "Promoting good social and environmental practices with partners").

Respecting children's rights as an employer

Because of the positioning of most of its brands, the Group believes that protecting children's rights is a top priority. Its frame of reference is the Children's Rights and Business Principles document, drafted jointly by UNICEF, Save the Children and the UN Global Compact (for more information: www.unicef.org/csr).

Bel refers to International Labor Organization (ILO) Conventions 138 and 182 for its Best Business Practices and its Sustainable Purchasing Charter.

It was therefore natural that the Group focused on the risk of child labor during its risk mapping process, ensuring that recruitment and site access processes were sufficiently robust to limit any risk of child labor at Group subsidiaries. As a result, the Group guarantees that its permanent and non-permanent employees are of legal working age in the countries where they work.

Respecting the environment

Bel is aware that its environmental responsibilities extend from upstream agricultural activities to the consumption of its products by the end consumer and packaging waste recycling. As part of its risk mapping, the Group identified the major risks to the ongoing viability of its activities and the risks that weigh on its ecosystem (see paragraph 2.2 "Risks related to the external environment").

In its operations

In 2017 the Group performed an environmental risk mapping focused on its own activities, during which it assessed its risks relating to greenhouse gas emissions, climate change, water stress, biodiversity, deforestation and waste management.

To respond to these issues, the Group implements continuous improvement plans that aim, in particular, to reduce its energy consumption, greenhouse gas emissions (see paragraph 3.5.2 "Reducing greenhouse gas emissions") and water consumption (see paragraph 3.5.3. "Using water sustainably").

Along its entire value chain

Under its "We care in every portion" program, the Group has made commitments and begun deploying action plans to achieve its goal of reducing its environmental footprint along its entire value chain.

These action plans include work to reduce greenhouse gas emissions from dairy production, limit the impact of dairy production on water resources (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy"), limit the risk of negative biodiversity impact and deforestation in the supply chain, fight food waste from production to consumption and make Group packaging a part of the circular economy (see paragraph 3.5 "Reducing the environmental footprint").

3.2.3 Promoting good social and environmental practices with partners

The Group has always placed discussion with its stakeholders at the heart of its sustainable growth model (see paragraph 3.1 "A policy with a central place in the Group's strategy").

With producers, suppliers, subcontractors and distributors

For a procurement policy to be regarded as responsible, it has to include not only cost, quality and lead time requirements, but ethical, social and environmental considerations as well. It must make a positive contribution to all the parties in the supply chain.

In France, the sustainable upstream dairy model the Group wanted to implement led to an agreement with the APBO that was renewed for 2019 (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy"). This unique agreement is a very tangible illustration of the joint value creation that Bel has put at the heart of its sustainable growth model. The agreement gave producers economic visibility by securing their income for 2018 and 2019, while continuing to promote responsible agricultural practices in line with changing consumer expectations.

The Sustainable Purchasing Charter

The Sustainable Purchasing Charter is a reflection of the Group's strong commitment to promoting ethical business conduct with and by its suppliers. In addition to the commitments that Bel makes to its suppliers, the Charter presents what the Group expects from them in return in terms of major social issues such as commercial ethics, respect for human rights and children's rights, the fight against corruption, and respect for the environment.

This Charter is intended for all of Bel's suppliers (both existing and new). It is distributed at the start of the tendering process to obtain their commitment to abide by it; Bel inserts a special clause into its contracts with suppliers to ensure their compliance with the Charter and through a clause introduced in the Group's general terms and conditions of purchase.

Supplier assessment

Bel prefers to deal with suppliers whose practices appear to be consistent with its sustainable growth objectives.

Since 2009, the Group has been assessing the performance of the suppliers and subcontractors that it considers to be key given their business volume, the potential risk associated with the products/services supplied, or their location. This assessment, carried out in cooperation with EcoVadis, a sustainable purchasing specialist, is based on 21 criteria grouped into four themes: Environment, Employees, Ethics and Suppliers/Supply chain. Following the assessment, suppliers are given a score for each theme and an overall score out of 100 (the highest score being 100).

The suppliers assessed during the past three years account for 65% of the Group's purchases by value, excluding milk producers. Although dairy producers are the Group's core suppliers, they are not evaluated by EcoVadis, because the methodology is not adapted to them. However, they do receive support from programs that fall under the Global Sustainable Upstream Dairy Charter framework (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

The average score obtained by Bel's portfolio of suppliers is rising constantly and is consistently above the average score for the panel assessed by EcoVadis. This demonstrates their commitment to continuous improvement, aided by the Purchasing teams who work alongside them.

	2016	2017	**2018**
Number of Bel suppliers assessed	487 (a)	505 (b)	508 (c)
Average score of Bel suppliers assessed	49/100 (a)	49.8/100 (b)	50.8/100 (c)
Average score of companies assessed by EcoVadis over the year	43.3/100	43.2/100	43.4/100
Rate of coverage of purchases by value (excluding collected milk)	64.5%	67.3%	65.0%

(a) Suppliers assessed between 2013 and 2016 - Data excludes MOM and Safilait.
(b) Suppliers assessed between 2014 and 2017 - Data excludes MOM and Safilait.
(c) Suppliers assessed between 2015 and 2018 - Data excludes MOM and Safilait.

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

In 2017, AIM-Progress and EcoVadis launched a sector initiative providing AIM-Progress member companies with visibility over the suppliers assessed by EcoVadis, in order to reduce the number of duplicated assessment requests and to encourage transparency in value chains [1].

This initiative has two components:

- Bel and six other AIM-Progress members using the EcoVadis platform share their supplier assessments on the platform;
- AIM-Progress members not using EcoVadis regularly receive a list of suppliers assessed by these seven companies, giving them the opportunity to ask the suppliers to share these assessments.

(1) For more information about the EcoVadis AIM-PROGRESS initiative: www.aim-progress.com or www.ecovadis.com.

In order to ensure that its purchasing teams use the same tools and practices, MOM began using the EcoVadis solution in 2017 to assess its suppliers' CSR performance and has adopted the same assessment score management rules as Bel's purchasing teams. In 2018, the suppliers assessed during the past two years accounted for 61.1% of MOM's purchases by value, excluding milk and apple producers, with an average score of 53.2/100.

Supplier risk mapping

As part of its risk mapping project, the Group mapped CSR risks in late 2017 and corruption risks in 2018. These efforts yielded an up-to-date vision of the purchasing categories and geographic areas in need of special attention (see paragraph 3.2.2 "Establishing stronger monitoring in the fight against corruption and respect for human rights and the environment"). This mapping is based on external data that make it possible to closely and effectively monitor any additional assessments that should be given priority.

To support this process, the level of CSR/Corruption risk associated with the Group's suppliers was determined by analyzing the purchasing category/country relationship, which highlights the suppliers to receive priority assessments. The suppliers who have a high CSR risk account for less than 7% of total purchases, while suppliers with a high corruption risk make up less than 2%.

Subcontracting

Subcontractors allow brands to develop their presence in new regions. They produce around 6% of the total volume sold by the Group. In 2018, seven major Group subcontractors (producing more than 1,000 metric tons per year) accounted for nearly 91% of the subcontracted volume. Bel requires that all these subcontractors be assessed by EcoVadis with the same management rules as other suppliers. The average score for subcontractors is 49.7/100 and none of the subcontractors assessed present a high risk (EcoVadis score under 25/100).

Buyer training

Since 2014, Bel has offered its central and local buyers an e-learning course on CSR and sustainable purchasing. Nearly all of the Group's buyers have completed this training.

Distributors, customers and agents

In line with the provisions of the "Sapin II" and "Due Diligence" laws (see paragraph 3.2.2 "Stronger monitoring in the fight against corruption and to ensure respect for human rights and the environment"), the Group has taken measures to ensure that it is informed about its stakeholders (Know Your Customer) and that it is notified if any of its distributors, customers or agents is convicted, politically exposed or added to an embargo blacklist.

These measures aim to cover all the distributors, customers and agents (excluding the European Union and North America) with which the Group works. When appropriate, the logistics service providers and banks in some countries are also covered by these measures.

With other partners

Bel believes that sustainable growth depends on co-construction with external partners specializing in issues that are key for the Group.

This is why the Group updated its materiality analysis in 2018 with significant contributions from its external stakeholders (see chapter 3 "Corporate social responsibility").

Associations and non-governmental organizations (NGOs)

To support its commitment to sustainable agriculture, Bel has been working since 2012 with WWF France, a respected environmental NGO. This long-term partnership has allowed the Group to introduce very practical actions with its partner producers to foster a sustainable upstream dairy (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

It has also highlighted the importance of working on animal feed, especially soy meal and PKE (Palm Kernel Expeller, a by-product of palm oil extraction) in order to limit its environmental impact. This is why Bel joined the RTRS (*Round Table on Responsible Soy*) in 2014 and the RSPO (*Roundtable on Sustainable Palm Oil*) in 2015 to support the creation of sustainable supply channels for these two raw materials (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

The Group also supports various nutritional education programs, such as the FLVS, which coordinates the VIF - *Vivons en Forme* program in France, to help educate consumers about healthy living (see paragraph 3.4.3 "Fostering better eating habits and healthier lifestyles").

Industry working groups

The Group is a member of CELAA (*Club du recyclage de l'Emballage Léger en Aluminium et en Acier*) in France and AREME (*Association pour le Recyclage des Emballages légers en MEtal*) in Belgium, which are initiatives that encourage the sorting and recycling of small aluminum and steel packaging (see paragraph 3.5.6 "Making packaging part of the circular economy").

Bel continues to play an active role in the voluntary European movement EU Pledge, looking at advertising aimed at children (see paragraph 3.2.4 "Providing fair and helpful information to consumers").

Public authorities and institutions: a responsible lobbying policy

The Group has established precise rules for its actions targeting public authorities (see paragraph 3.2.1 "Placing ethics at the heart of the Group's activities").

The Group prefers to participate in the work of the professional organizations to which it belongs. However, it also takes direct steps with the public authorities if it considers this to be legitimate and useful; legitimate if the interests at stake affect the many employees or consumers who put their trust in Bel, and useful because Bel believes that, in a democracy, it is best if all of the stakeholders affected get to express their views when public decisions are made.

Bel shares precise rules for carrying out its lobbying actions responsibly with all the internal and external representatives who act on behalf of the Group and its entities; these rules are assembled in Bel's responsible lobbying policy.

This policy was revised to take into account the provisions of the Sapin II law and is currently being rolled out. Strict adherence to this policy has brought about a dedicated control point in the Group's internal control systems.

Bel also joined the European Union Transparency Register in 2014 and the Office of the Commissioner of Lobbying of Canada's Registry of Lobbyists in 2015. In 2019, the Group will publish on France's *Répertoire de la Haute Autorité pour la Transparence de la Vie Publique* (HATVP) a report on its actions to defend its interests in 2018 in France.

Banks and financial institutions

In 2017, the Group signed a new partnership with the International Finance Corporation, a member institution of the World Bank Group (see paragraph 3.2.5 "Contributing to the vitality of host regions") as part of its "Sharing Cities" program.

When it renewed its main line of credit in 2017, the Group chose to factor in environmental and social impact criteria, based on achieving three goals from its Sustainable Development Strategy by 2025. This agreement makes Bel one of the first groups to voluntarily index a line of credit to its sustainable development performance.

This commitment is a virtuous performance obligation as the Group undertakes, should it fail to achieve its objectives, to implement corrective measures by directly investing in, or financing, associations or non-governmental organizations.

3.2.4 Providing fair and helpful information to consumers

Responsible and transparent communication

Bel believes that each of its brands must respond transparently to all the concerns of its consumers and is fully credible to communicate about topics relating to responsibility. Thus, the Group's brands are strengthening their communication on issues that may help consumers make informed decisions. They seek to capitalize on the trust that they have forged with consumers to guide them towards balanced and more environmentally-friendly choices. The Group also takes care to ensure that what they say faithfully reflects these practices.

Bel adopted a Responsible Communication Charter in 2009, encouraging the Group to promote healthy eating habits (*e.g.* suitable portion sizes and active lifestyles) across all of its communication channels. This charter covers advertising in all its forms, corporate public relations, packaging, websites, digital and other channels. This charter will be updated in 2019 to adapt it to changes in the expectations of the Group's stakeholders, especially its consumers. All the Group's marketing teams and media partners receive dedicated training about these commitments.

Bel also joined the voluntary European movement EU Pledge in 2016, to bolster its responsible approach to communication aimed at children. Under this initiative, Bel pledges not to advertise any of its products that do not meet specific nutritional criteria to children under the age of 12 via television, the press or digital channels. To strengthen this commitment, a policy on communicating responsibly to children will be deployed Group-wide in 2019.

Since 2016, the Group has also had a process to bolster its communications validation process for all of brands by defining a single approval process and implementing a digital tool. This new tool is called "Validcom" and will now be used to validate all communication materials (packaging, television commercials, in-store promotions, digital channels) for the Group's entire brand portfolio. Marketing personnel receive special training on the process and the tool every year.

Providing consumers with the information they want…

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

Sustainable farming

The Group strives to be ever more transparent in communicating to its consumers about the upstream dairy sector, especially the origin of raw materials, production methods and the monitoring of commitments under the Global Sustainable Dairy Upstream Charter (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

In Portugal, for example, the key information relating to the *Leite de vacas felizes* program is described on product packaging and detailed information about the program is provided on its website. Furthermore, some Leerdammer and Babybel lines highlight the farming conditions of the cows whose milk was used to produce them (pasture grazing and GMO-free feeding, respectively).

Caring nutrition

In order to give its customers what they want, Bel systematically provides clear and relevant information on all of its products, including the origin of the ingredients used in its recipes, their nutritional value, their traceability, and the health and safety standards met by finished products (see paragraph 3.4.1 "Promoting caring nutrition").

Environmental footprint

The Group is currently communicating about packaging waste management: waste sorting instructions are provided in countries where recycling channels exist and eco-friendly advice is given in other countries.

For example, when the new 100% recycle-ready Leerdammer sliced cheese packs were launched, a dedicated communication campaign was run to help consumers with their waste sorting efforts.

Bel also shares the objectives and results of its programs to reduce the consumption of water and energy used to make its products (see paragraph 3.5 “Reducing the environmental footprint”).

… on varied and complementary media

Easier-to-read packaging

Product information can be found on packaging at the time of purchase. The Group is gradually rolling out a simple and uniform visual marking system on all of its packaging to make it easier to read. This provides all the key information, including nutritional information, packaging disposal instructions and consumer service contact details.

All products sold by the Group in countries where consumer call centers already exist (including in Japan, the UK, the USA, Vietnam, Algeria and Morocco) display the phone number on their packaging.

Providing additional information on other media

Given the surface area available on packaging, Bel wishes to develop simple links between packaging and the other communications media used by its brands (*e.g.* websites and mobile apps). Digital tools are used to provide more in-depth and educational explanations of topics that may be complex for the layman.

The Bel Group describes its sustainable growth model in these words: “We care in every portion” and set outs the ambitious commitments associated with it on its corporate website and those of its brands. This provides consumers with transparent data so that they can monitor the Group’s attainment of its objectives year after year. A QR Code was added to the packages of certain Kiri lines in Europe in 2018 so that consumers can have easy access to the information they are looking for. This system will gradually be deployed to the other Group brands.

In addition, the Babybel brand has developed a virtual reality video that gives viewers a look at how its cheese is made, from the farm to the end of the production line at the plant. The video was shared with its clients (distributors, out-of-home dining) and consumers, in particular with in-store events and contests.

Protecting consumers’ private data

The Group procedure for processing personal data establishes the principles to be followed to protect consumer’s private data. The procedure was revised and corresponding processing tools were put in place to comply with the General Data Protection Regulation (GDPR).

3.2.5 Contributing to the vitality of host regions

Production sites close to consumers

The Group has chosen to locate its production sites close to its consumers. This strategy has many positive impacts, as it helps Bel to better understand consumers’ expectations by being as close as possible to them and to participate in the development of the regions where it sells its products, while reducing shipping and therefore its environmental impact.

To go even further, the Group has designed a mobile plant made of shipping containers that can be installed and disassembled in just a few weeks. This allows Bel to produce locally in markets that are new for the Group, before replacing it with a larger site if the results are satisfactory. The first plant of this type was installed in Abidjan (Ivory Coast) in 2016.

Contributing to the socio-economic development of host regions

The Group systematically sources liquid milk, its number one raw ingredient, from producers located as close as possible to its industrial sites. This geographic proximity enables the Group to contribute meaningfully to the socio-economic dynamics of the regions where it operates.

Bel conducted a pilot study to measure the direct, indirect and induced impacts of the Évron production site in France on the surrounding area and the value created for its stakeholders. This study was conducted with a partner specializing in the calculation of the socio-economic footprint of organizations, and assesses the direct, indirect and induced contribution that this industrial site makes to the surrounding area. It showed that every Bel job on the Évron site created or maintained 4.5 induced or indirect jobs in France.

Developing innovative and inclusive distribution models

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

The Group signed a partnership in 2017 with the International Finance Corporation, a member institution of the World Bank Group, in order to increase the impact of the program, particularly in the field of health. Through this partnership, in 2018 Bel funded campaigns to conduct vision screening on 31,000 children attending public school in Abidjan and health and hygiene awareness campaigns targeting 26,000 people in Madagascar to reduce the risk of disease.

As of December 31, 2018, the "*Sharing Cities*" program was active in seven cities [(1)] and more than 7,500 street vendors had partnered with Bel. Of these, 3,000 had received access to healthcare, more than 1,200 had received professional training and over 1,000 had opened bank accounts.

Helping children in all of the Group's host regions

Through sponsorship by the Bel Foundation

The Bel corporate foundation was created in 2008 to promote healthier diets for children. The Foundation organizes its work around two types of actions:

- supporting tangible, lasting projects by forming partnerships with associations based in the places where the Group operates;
- supporting the volunteering efforts of the Group's employees by awarding 10 grants each year. Since 2008, the Bel Foundation has supported over 260 projects in 41 countries, backed by 190 associations and 97 employee teams for a total amount of more than €2.7 million.

In 2018, in observance of its tenth anniversary, the Bel Foundation organized a Solidarity Week at its corporate headquarters and invited employees to vote for their favorite project.

The Foundation reports on its activities in its annual report, which is available at http://www.fondation-bel.org/fr/publications.html.

Through nutritional education programs

The Group provides nutritional education programs for children worldwide as part of its Educanut project and its involvement in the Scaling Up Nutrition movement (see paragraph 3.4.3 "Fostering better eating habits and healthier lifestyles").

Through collective agreements

In recent years, the Group has signed several collective agreements aimed specifically at improving the daily lives of children:

- local agreements give parents time off for their young or sick children;
- since 2015, an agreement in France enables:
  - the donating of leave to another employee whose child is seriously ill or is the victim of a serious accident,
  - the philanthropic rounding up of wages (voluntary micro-donations from employees' wages matched by the Company) in particular for the "*Un enfant par la main*" association, designed to finance the purchase of bicycles to allow students to get to middle school in Senegal,
  - philanthropic leave to allow employees to participate in short-term humanitarian projects abroad related to children and/or food.

3.2.6 Building an inclusive employment model for our employees

Human Resources policy

Bel has an inclusive employment model that reconciles its economic and financial performance with the development of its staff. Particular attention is paid to employees' health and safety, as well as to preparing for the future by proposing a business model that attracts the talented people the Company needs for its development.

Bel's human resources policies and practices are harmonized at the Group level in areas such as payroll management, internal job transfers, talent development, safety and labor relations.

Because the Company is international, a subsidiarity principle is applied to many issues related to human resources. Therefore, all human resources policies are developed to respect the specific aspects of local cultures.

Workforce

As of December 31, 2018, the Group employed 12,637 people in over 30 countries. Bel's workforce (permanent and fixed-term employment contracts in effect on December 31, 2018) was reduced by 111 people, a 0.9% drop compared to December 31, 2017.

(1) In 2018, the Sharing Cities program was active in the following cities: Ho Chi Minh City (Vietnam), Hanoi (Vietnam), Abidjan (Ivory Coast), Kinshasa (Democratic Republic of the Congo), Dakar (Senegal), Antananarivo (Madagascar) and Istanbul (Turkey).

Workforce by operational region* (a)	2016	2017 (b)	2018
Europe	6,749	6,554	6,573
Of which France	*3,966*	*3,823*	*3,776*
Americas, Asia-Pacific	1,660	1,643	1,725
Middle East, Greater Africa	4,684	4,551	4,339
TOTAL GROUP	**13,093**	**12,748**	**12,637**
Of which Safilait (Morocco)	1,198	1,140	1,115
Of which MOM	1,210	1,216	1,244

(a) Active permanent contracts and fixed-term contracts on December 31.
(b) The 2017 workforce figures have been updated with respect to the data published in the 2017 Registration Document to reflect changes after the end of the period.

Workforce by status (a)	2016 (c)	2017 (d) (e)	2018
Managers (b)	2,023	2,414	2,521
Non-managers	8,662	9,189	10,118

(a) Active permanent contracts and fixed-term contracts at December 31.
(b) The definition of "manager" is based on a standardized grading system applied to all subsidiaries: grades 1 to 7 as well as Management Committee members are considered to be managers whether they manage a team or not.
(c) Data excludes MOM and Safilait.
(d) The 2017 workforce figures have been updated with respect to the data published in the 2017 Registration Document to reflect changes after the end of the period.
(e) Excluding Safilait and including MOM.

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

In a particularly demanding market environment, Bel is constantly adapting its business lines and its human resources to match its needs to maintain its competitiveness and fuel its growth. The Group hired 1,524 people in 2018. The majority of departures were voluntary (resignations and retirements).

In 2018, Bel launched an organizational overhaul to adapt and simplify its work methods and structures, especially those of the staff at its corporate headquarters. The project aims to bring its organizational model in line with its sustainable growth plans. It should enable the Group to strengthen its innovation mechanism and free up resources to accelerate the development of its core brands on the cheese and dairy products market, as well as on the promising healthy snacking segment.

The implementation of this new organizational vision will lead to a reduction in the workforce in France, primarily at the head office. To this end, Bel has a drawn up a plan that calls for 160 voluntary departures and the creation of 116 new positions. Bel is committed to ensuring that this reorganization project is carried out in accordance with its values to support the employees concerned with the changes in their career trajectories.

Hires and departures	2016 (a)	2017 (b)	2018
Number of new hires	1,317	1,607	1,524
Number of departures	1,506	1,960	1,691
Of which redundancies/dismissals	*186*	*163*	*171*

Redundancies/dismissals by operational region	2016 (a)	2017 (b)	2018
Europe	63	63	53
Of which France	*37*	*41*	26
Americas, Asia-Pacific	77	60	59
Middle East, Greater Africa	46	40	59
TOTAL GROUP	**186**	**163**	**171**

(a) Excluding Safilait but including MOM.
(b) Including MOM and Safilait.

The Group's average rate of job insecurity is 12.2% (calculated excluding temporary staff). This rate represents the number of fixed-term positions compared to the total number of staff (fixed-term + permanent + temporary staff).

This average masks significant local differences. For example, in Iran (part of the Middle East, Greater Africa region), where Bel employs 351 people, a fixed-term contract is standard legal practice and is not a sign of job insecurity.

Rate of job insecurity [a]	2016	2017	2018
Europe	3.9%	4.9%	6.6%
Of which France	*2.1%*	*2.2%*	2.6%
Americas, Asia-Pacific [b]	11.8%	13.3%	28.6%
Middle East, Greater Africa	20.0%	20.2%	14.3%
GROUP	**10.2%**	**11.0%**	12.2%

(a) Proportion of fixed-term contracts to all contracts (in full-time equivalent jobs).
(b) Layoffs in the United States are not included in this figure.

3.2.7 Guaranteeing health, safety and well-being at work

Several years ago, Bel put continuous improvement processes in place tailored to the diversity and complexity of the situations encountered.

Making safety the top priority

Health and safety are an absolute priority for Bel, for both its employees and any other person working within the Company. Bel has therefore introduced a health and safety policy that aims to achieve "zero accidents", by preventing and controlling risk and through a continuous improvement process.

Since 2012, the Group has monitored the frequency rate of all workplace accidents leading to medical treatment involving not only its employees but also any other people on its sites (*e.g.* visitors, subcontractors and temporary staff), regardless of whether or not they led to lost time. This indicator exceeds French regulatory requirements for mandatory monitoring of the accident frequency rate, which covers accidents involving lost time suffered by Bel employees. This more stringent monitoring reflects the Group's commitment to health and safety.

As a result, Bel's accident frequency rate has been in constant decline since 2014. The Group's goal is to reach a frequency of "3" by 2025, with the ambition of achieving a zero-accident rate.

	2016	2017	2018
Bel accident frequency rate [a] Bel AFR Accidents with and without lost time for all persons present on Bel sites	8.2	6.7 [c]	6.6 [e]
Accident frequency rate [a] AFR1 Accidents with lost time for Bel employees	4.3	5.0 [d]	4.1 [e]
Accident severity rate [b] for Bel employees	0.09	0.18 [d]	0.15 [e]

(a) Number of workplace accidents per million hours worked.
(b) Number of days not worked due to accidents suffered by Bel employees per 1,000 hours worked.
(c) Including Safilait (industrial site) but excluding MOM.
(d) Including Safilait (industrial site) and MOM.
(e) Including MOM and Safilait.

The Group is taking many measures to achieve this, including investments to improve the safety of workstations at its sites. Furthermore, 19 industrial sites earned OHSAS 18001 certification.

People's behavior, however, remains a major factor in preventing accidents and occupational illnesses. This is why the Group has set up a Behavior Safety Visits (BSV) program on all of its sites. During these inspections, employees or subcontractors are observed at their workstations by two people, followed by a constructive discussion between the inspectors and the person "inspected". The goal is to change behaviors and improve communication on safety and trust between employees and managers. Over 18,000 BSVs were conducted in 2018 (see paragraph 2.3.2 "Risks related to the strategy and organization").

To go even further, in 2017 the Group partnered with a specialized external service provider to survey all of its employees and external personnel on its sites to evaluate their perception of the safety culture at Bel. As a result, local action plans were deployed in 2018.

Reducing discomfort and preventing occupational illnesses

Bel is taking action to prevent musculoskeletal diseases by reducing load lifting and uncomfortable postures. The Group has also identified at least three sources of discomfort that may affect employees working in its plants: noise, night work and repetitive tasks.

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

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

Providing an organization conducive to well-being at work

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

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

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

	2016	2017	**2018**
% of employees receiving at least three weeks of leave per year	94%	97%	95%

The Group is also looking at new ways of organizing working hours. In 2015, it signed an agreement to introduce telecommuting for all employees working at the head office in order to promote their well-being by reducing their home/office commute. All employees are therefore entitled to work from home once a week, or twice a week if they are over the age of 55 or pregnant, unless the nature of their job prevents this.

To ensure that its employees do not exceed the working hours established by law and that they adhere to minimum rest periods, 100% of the Group's industrial sites are equipped with a system to track working time.

While there are many causes of absenteeism, it may in some cases be directly correlated with unhappiness at work. This is why the Group hopes to lastingly reduce unhappiness through its various actions.

Illness absenteeism rate	2016 [(a)]	2017 [(a)]	**2018 [(b)]**
Hours of absence due to illness/theoretical working hours	2.21%	2.00%	2.11%

(a) Excluding Safilait and MOM.
(b) Including Safilait but excluding MOM.

3.2.8 Promoting equal opportunity and diversity within the Group

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

Gender

For non-managers, the low proportion of women can be explained by the cultural contexts of the Group's sites, the organization of shifts, or even local regulations (*e.g.* night shifts).

The Group nevertheless still believes that the average breakdown of men/women non-managers, all regions combined, could be improved.

Breakdown by gender	2016 [(a)]	2017 [(b)]	**2018**
Total employees	68%/32%	67%/33%	69%/31%
Non-managers	70%/30%	70%/30%	72%/28%
Managers	59%/41%	58%/42%	57%/43%

(a) Excluding Safilait and MOM.
(b) Excluding Safilait but including MOM.

Breakdown of new hires by gender	2016 [(a)]	2016 [(a)]	**2017 [(b)]**
Men	918	1,041	933
Women	399	566	591
TOTAL NEW HIRES	**1,317**	**1,607**	**1,524**

(a) Excluding MOM and Safilait.
(b) Including MOM and Safilait.

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

The Group therefore rolled out a "Diversity & Inclusion" program in 2016 to improve this proportion. One of its objectives is to have 30% of these positions occupied by women by 2020 and 40% by 2025. In addition to a comprehensive approach, specific objectives have been set for each type of profession, and individual action plans have been defined to achieve them. For example, nearly 60 women on staff participated in a new leadership training program for female employees. Furthermore, awareness campaigns have been run in 10 subsidiaries each year to coincide with International Women's Day on March 8 since the project was introduced.

Gender breakdown by grade [a]	2016	2017	2018
Board of Directors [b]	5/2	5/2	5/2
Executive Committee [b]	7/0	7/0	4/1
Grade 1 [b]	22/4	24/5	27/4
Grade 2	74%/26%	79%/21%	74%/26%
Grade 3	68%/32%	68%/32%	67%/33%
Grade 4	60%/40%	58%/42%	59%/41%
Grade 5	61%/39%	58%/42%	56%/44%
Grade 6	56%/44%	54%/46%	52%/48%
Grade 7	52%/48%	52%/48%	52%/48%

(a) Excluding MOM and Safilait.
(b) Absolute values.

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

Bel also classifies a wage gap of 5% or more in the same country for equivalent grades as a wage discrimination problem. For managers in France, the only sample group that is representative on a Group scale, this gap is currently 0.97%.

	2016	2017	2018
Average ratio of women's salaries to men's salaries [a]	0.97	0.97	0.97

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

Multiculturalism

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

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

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

Generational diversity

People aged 55 or above represent 10% of Bel employees. Bel is keen to offer them security as their careers reach an end, paying special attention to their working conditions, and to capitalize on the knowledge they have acquired.

In France, Bel signed a new three-year agreement on the hiring of young people and retention of older employees and employment and skills management planning (see paragraph 3.2.8 "Promoting equal opportunity and diversity within the Group").

	2016 [a]		2017		2018	
Employee breakdown by age	%	Total	%	Total	%	Total
age 55 and up	11%	1,198	10%	1,303	10%	1,330
45 to 54 years	27%	2,866	26%	3,346	27%	3,409
35 to 44 years	35%	3,735	34%	4,312	34%	4,326
26 to 34 years	24%	2,591	27%	3,417	25%	3,216
25 years and under	3%	309	3%	365	3%	356
TOTAL	**100%**	**10,699**	**100%**	**12,743**	**100%**	**12,637**
Mean age		42 years old		41 years old		42 years old

(a) Excluding MOM and Safilait.

Disability

Bel encourages the inclusion of people with disabilities in its teams. In 2011, the Group signed a partnership agreement with AGEFIPH [1] in France, and a first Disability Agreement in 2014.

With the signing of a second Disability Agreement in 2017 by the management and employee representatives in France, the Group reaffirmed its wish to be a committed player in the employment and inclusion of people with disabilities. This agreement seeks to maintain the rate of employment of disabled people at the Group's production sites in France while raising it at non-production sites.

Bel also works with numerous institutions in France that provide work to people with disabilities (protected and adapted sectors).

Rate of employment of people with disabilities	2016	2017	2018
France [a]	7.86%	7.18%	7.23%

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

3.2.9 Developing our employees' talents

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

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

Development plans adapted to each employee category

Bel strives to help its employees develop through individual development plans, accessible year-round, which allow them to continuously develop their skills through training, mentoring and work placements.

Group training courses are organized in four areas:

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

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

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

Individual performance reviews	2016	2017	2018
% of eligible managers [a] receiving an individual performance review (annual basis)	86%	90%	96%

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

The Group completed its very first *Talent Accelerated Program* in 2018. This training and personalized coaching program is designed for 100 high-potential managers at all company levels. The final phase of the training program enabled the participants to sharpen their agile methodology practices *via* a hackathon intended to generate innovative solutions in critical areas for the Group.

(1) An association in France providing funding and assistance to help people with disabilities into the workplace.

Training

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

Employee training	2016 (a)	2017	2018
Percentage of employees who attended at least one training course during the year	77%	79%	75%
Average number of training hours per employee	26	22	21

(a) Excluding Safilait but including MOM.

Versatility and internal job transfers

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

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

3.2.10 Maintaining a positive company climate

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

Information about managerial compensation is presented in chapter 4 of the Registration Document.

Employee benefits

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

	2016 (b)	2017 (c)	2018
% of employees (a) with health coverage	93%	86%	93%
% of employees (a) with death and disability coverage	94%	88%	92%

(a) Permanent or fixed-term employees.
(b) Excluding MOM and Safilait.
(c) Including MOM and Safilait.

Internal equality and external competitiveness

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

Recognition of individual and group performance

Individual performance is recognized based on merit. Variable remuneration of grade 1 to 6 managers and Vice-Presidents (*i.e.* 78% of managers) represents at least 8% of their fixed compensation. At least 10% of this variable compensation is contingent on meeting non-financial objectives linked to the Group's CSR policy.

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

	2016 [(a)]	2017 [(b)]	2018
% of employees who have a compensation system based on the overall performance of the subsidiary or Group	100%	67%	66%

(a) Excluding Safilait but including MOM.
(b) Including MOM and Safilait.

Employee shareholding

Since 2007, Bel has offered bonus share award plans, subject to performance conditions, to some of its employees (see paragraph 6.2.3 “Stock options – performance shares”).

Labor relations

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

Organization of labor relations

The employee representation bodies within the Company, whose members may be elected or appointed by employees, take different forms depending on the country, including works councils, staff delegates and Committees for Health, Safety and Working Conditions (CHSWC).

In its Code of Best Business Practices, Bel recognizes its employees’ right to be represented – within the framework of the laws and regulations that apply to them – by their trade union(s), or other kinds of staff representation, during collective bargaining on working conditions.

In 2018, 85% of employees had access to employee representation.

Furthermore, in 2019 the Group will organize the first meeting of its future European labor relations committee for all of its European subsidiaries.

Review of the collective agreements signed by Bel in 2018

In 2018, Bel signed nine collective agreements worldwide, five of which were in France.

In addition, 15 agreements signed in France over the last four years were still in effect in 2018.

Theme	Country	Details
Remuneration, employee benefits and benefits in kind	France	One agreement covering profit-sharing
	Slovakia	One agreement covering remuneration and employee benefits
Organization and flexible working hours	France	Four agreements covering diversity, occupational discomfort, labor relations and a job protection plan
	Ukraine	One agreement covering working time and employee benefits
	Vietnam	One agreement covering working conditions
	Slovakia	One agreement covering working time

Highlights of 2018

- Intensified roll-out of the ethics training program.
- Expansion of the ethics alert program to all third parties who maintain relations with the Group.
- Completion of a mapping of corruption risks in the Bel supply chain.
- Addition of a new city (Istanbul) to the “Sharing Cities” program.

Priorities for 2019

- Deploy a Group-wide policy on communicating responsibly to children.
- Organize the first meeting of the future European labor relations committee.

PEOPLE WELLBEING

BEL'S OBJECTIVES	KPI	2017	2018	2020	2025	PROGRESS
Work towards Zero accident.	Bel AFR (Accident Frequency Rate).	6.7*	6.6	5.5	3.0	On-plan
Promote gender diversity & inclusion.	Share of women in top management.	18%**	21%**	30%	40%	Off-plan
Develop our employees' talent.	Employees attending training during the year.	79%	75%	90%	100%	Off-plan
Promote social and environmental practices among our suppliers.	Average “Ecovadis” supplier score (/100).	49.8**	50.8**	50.0	55.0	On-plan
Provide transparent information to our consumers.	Products with information on Sustainable farming, Caring nutrition and Environmental footprint.				100%	Plan to finalize

* Excluding MOM   ** Excluding MOM and Safilait

On-plan   Off-plan   Plan to finalize

3.3 COMMITTING TO SUSTAINABLE FARMING

Bel has certain responsibilities as a global healthy dairy and fruit snack food player, including the choice of raw materials that are used in its products.

Bel has chosen sustainable farming because its activities and their sustainability depend on the land, the people who work the land, the people who care for herds and their future. Bel's priority is to reconcile virtuous agricultural practices – especially animal husbandry practices – that have a positive impact for humans, the environment and, more globally, the entire ecosystem within which the Group operates, in order to address climate change and population issues. This approach is in line with Sustainable Development Goal 12 "Sustainable Consumption and Production".

On this basis, the Group has introduced binding actions to promote sustainable farming, starting with two key raw materials in its portfolio: milk and vegetable fat.

The "Sustainable Farming Committee," composed of representatives from core Group departments (purchasing, marketing, finance, CSR, etc.) was set up to monitor the deployment of these commitments. Its role is to:

- review local road maps and ensure they are consistent with the Group's ambitions;
- monitor the progress of programs and actions in the various regions.

Furthermore, for several years, the MOM Group, which was purchased by Bel in 2016, has been applying a number of actions that are a perfect fit for Bel's goal to commit to sustainable farming.

These actions focus primarily on the origin of apples, developing its own orchards in France, and promoting sustainable farming practices.

3.3.1 Taking action for a sustainable upstream dairy

A binding world charter covering six themes

Milk is the basic ingredient for cheese making. Bel collects nearly two billion liters of milk from approximately 2,500 producers in its ten dairy sourcing regions worldwide each year.

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

To put this commitment into writing, in 2018 Bel defined a charter of commitments for a sustainable upstream dairy at the Group level that was co-developed by WWF France. This charter covers economic, social and environmental aspects and is structured around six themes:

- farmer sustainability;
- animal welfare;
- pasture grazing;
- sustainable and local animal feed;
- environmental footprint;
- nutritional quality and safety.

Each of these has been developed into actions and ambitious goals to be met by 2025 and are presented in Bel's Global Sustainable Upstream Dairy Charter. The Group has included the goals that it considers to be most significant in its CSR scorecard. However, all of the Charter's themes will be implemented and monitored.

In 2018, each of the Group's 10 dairy sourcing regions defined its own road maps to meet the objectives by 2025. This charter also includes commitments regarding other dairy raw materials purchased by the Group, such as cheese, butter and milk powder.

To take further action, the Group launched the "Bel Pilot Farm" program to identify innovative dairy farms and spread their best practices relating to the six themes addressed in the charter. An initial meeting with a panel of international external experts led to the selection of best practices in pilot sourcing regions.

In 2018, a Babybel cheese made in France with organic milk also produced in France was launched in 14 European countries. It is the first Bel product to receive the Organic Agriculture certification.

Farmer sustainability

Most of the milk used in Bel products is directly collected from its partner producers every two or three days. The Group relies on this direct, regular link to develop long-lasting relations with dairy producers, even in a fragile economic environment Dairy farmers' quality of life and working conditions are a major concern for Bel, for which a sustainable growth model is inconceivable without the long-lasting ties and trust of its partners (see paragraph 3.2.6 "Promoting good social and environmental practices with partners").

In 2018, to further advance the Global Sustainable Upstream Dairy Charter, Bel defined actions to promote more sustainable production models with the following objectives:

- continuing to develop a network of dairy farms near its production sites in order to strengthen local relations;
- helping dairy producers improve their efficiency, quality of life and yields through training programs, and by sharing good practices or supporting the development of "specific animal husbandry" technologies adapted to each country;
- exploring and encouraging financial solutions tailored to the specific circumstances of each country to help producers invest in the future.

Along these lines, Bel set a target for itself: 100% of the dairy producers who supply it with milk will have access to innovative social schemes to improve their quality of life and working conditions by 2025. In 2018, 34% of the Group's milk producers, which corresponds to 100% of French producers, all members of the APBO, have access to such schemes. In the other sourcing regions, programs to support farmers are being defined to provide an appropriate response to local needs.

Renewal of the agreement with the APBO

In France, the Group renewed its partnership with the APBO (*Association des Producteurs de Lait Bel Ouest*, or "Bel West Producers' Association") in the form of an unprecedented agreement for better milk use.

This unique agreement involves all of the 844 dairy farms that belong to the APBO and guarantees for another consecutive year an annual average reference price. The deployment of differentiating animal husbandry practices, including non-GMO feed for dairy herds and the development of grazing (commitment to 150 days minimum per year) continues and is rewarded with a bonus.

Animal welfare

The Group has made a commitment to promoting good practices in animal welfare and sharing strict common standards. High-quality milk production depends on good animal health and welfare. The Group therefore endeavors to address this sensitive issue with its partners to guarantee an environment and practices that are suited to the animals' physiological and behavioral needs.

It offers practical support to its dairy farmers:

- in France, all of the APBO dairy farmers have signed up to the Good Farming Practices Charter, which requires them to consider animal welfare, herd health, animal feed, milk quality, personal safety and environmental protection. Regular audits are conducted to check that they are meeting their commitments and encourage continuous improvements in their practices;
- in the Netherlands, 25% of the Group's dairy farmers use the Cow Compass tool to manage and improve livestock practices, especially in the areas of animal health and welfare;
- in the Azores (Portugal), all of Bel's milk producers are involved in the *Programa Leite de Vacas Felizes* initiative, which revolves around five themes: grazing, animal welfare, food safety and quality, sustainability and efficiency. In 2016, this program received the Good Dairy Commendation from Compassion In World Farming (CIWF).

The Group wants to go further, by rolling out these good practices across the board to all the dairy sourcing regions where it collects milk. A "Bel Animal Welfare Charter" is currently being defined. This aims to harmonize and promote a set of strict common standards at the Group level.

The Group's ambition is for all of its milk producer partners to comply with the Charter's commitments and to ensure that this compliance is verified and certified by an independent third party by 2025.

Pasture grazing

Bel encourages grazing whenever conditions allow. The pastures used for grazing may help provide environmental goods and services such as water quality, carbon storage and biodiversity. Grazing also increases the protein autonomy of farms more than other systems. Grazing in appropriate conditions can also offer benefits for the health and well-being of dairy cows.

However, some essential criteria need to be considered in order to benefit from grazing, such as the climate of the various regions where Bel collects milk, the availability of pasture land and local grazing traditions.

The Group's commitment is therefore two-fold:

- Bel sets grazing objectives wherever this is possible in regions with a pasturing tradition, while maintaining a necessary flexibility according to local climate conditions.

  Bel's breeder partners, therefore, must commit to a minimum of 120 days of grazing per year in the Netherlands, 150 days in France and 365 days in the Azores, since these three sourcing regions have very different climate constraints. In 2018, 75% of producers delivering milk to Bel in these regions already comply to this commitment;
- if grazing is not possible due to climate, geographic or structural limitations, the Group encourages its breeder partners to create housing conditions that are respectful of animal welfare, such as good air quality and good building ventilation, with at least one stall per cow with enough space to lie down and rest at the same time, and so on.

Sustainable & local animal feed

Limiting the environmental impact of dairy cattle feed

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

Since 2012, Bel and WWF France have been working together to evaluate and minimize the environmental impact of dairy cow feed. A joint study of the environmental risks related to each raw material in this feed has shown that, although they account for less than 5% of a cow's diet, two ingredients have particularly high environmental impacts: imported soy meal and PKE (Palm Kernel Expeller, a by-product of palm oil extraction).

We now know that unregulated soybean and palm cultivation is a major cause of deforestation (see paragraph 3.5.4 "Limiting the risks of negative biodiversity impact and deforestation").

Supporting the establishment of responsible supply channels

Knowing this, in 2014 the Group took practical action to support the creation of responsible supply channels for soy meal and PKE:

- Bel joined the Round Table on Responsible Soy (RTRS) in 2014, and the Round Table on Sustainable Palm Oil (RSPO) in 2015;
- since 2016, Bel has been buying certificates covering the full volume of soy meal (79,500 metric tons in 2018) and PKE (45,800 metric tons in 2018) used worldwide for the production of milk and raw materials used in its recipes. Purchasing these certificates supports the establishment of responsible supply channels and helps local producers move toward responsible production methods;
- Bel has also set up two sponsorship projects that support associations on the ground: in Mato Grosso (Brazil) to promote responsible soybean production, and in Borneo (Malaysia) to help small oil palm producers to obtain RSPO certification.

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

Encouraging local and GMO-free animal feed

While a small proportion of dairy cow feed may be derived from GMO crops, they are not found in the milk (see paragraph 3.4.2 "Guaranteeing the nutritional quality of products").

In 2017, a new milestone was nevertheless passed, as Bel sought to continue its efforts, with the assistance of WWF France, by conducting an exploratory study in France, the Netherlands and Slovakia to identify local alternatives to imported genetically-modified soy.

These studies formed the Foundation of its discussions with producer partners in Slovakia and France. Since July 2018, all the milk Bel collects in these sourcing regions is produced by animals given GMO-free feed. In the Netherlands, some producer partners have committed to converting their animal feed. Feasibility studies are under way in the other dairy sourcing regions. Indeed, the Group has already begun carrying out country-by-country studies to identify solutions for 100% GMO-free animal feed in order to meet the objective set forth in the Global Sustainable Upstream Dairy Charter.

Environmental footprint

At a time when fossil fuel resources are increasingly scarce and water resources are deteriorating, the Group is working with its milk producers to encourage animal husbandry practices that reduce the impact of production on the environment, reduce greenhouse gas emissions and increase resilience to climate change and water stress.

An initial evaluation stage is essential before then introducing virtuous practices to limit the impact of dairy production on the environment and water availability.

Reducing greenhouse gas emissions

According to the United Nations Food and Agriculture Organization (FAO) [1], dairy cattle farming accounts for 4.3% of the planet's carbon emissions.

Wherever possible, the Group helps its producers in its various sourcing regions to control and reduce greenhouse gas emissions, whether through animal waste management, the quality of animal feed or crop mineral fertilization. In France, for example, Bel lent its expertise to the "*Ferme laitière bas carbone*" (Low Carbon Dairy Farm) project run jointly by dairy industry stakeholders, which aims to reduce the greenhouse gas emissions of the entire French dairy industry.

Furthermore, to align its greenhouse gas reduction targets with scientific recommendations across its entire scope of responsibility, the Group began its *Science-Based Targets* initiative in 2017 (see paragraph 3.5.2 "Reducing greenhouse gas emissions"). Reducing greenhouse gas emissions linked to the upstream dairy sector will be a core focus of the road map.

Limiting the impact of production on water resources and increasing resilience to water stress

Controlling the impacts of dairy production on water resources is a major concern for both the sector and for Bel. In the Netherlands, all of Bel's partner producers use the Annual Nutrient Cycle Assessment tool to optimize their management of minerals (carbon, nitrogen and phosphorus; the last two are water pollutants) on their farms.

(1) Source: FAO.org/glean – 2017.

Bel's main milk supply regions (the Netherlands, France and Portugal) are located in areas where there is little pressure on water resources, according to the FAO. Nevertheless, respect for water resources is a major challenge in other regions where the Group collects and processes milk, such as Morocco and Iran.

The Group is therefore closely monitoring the "Climalait" project, led by French dairy stakeholders. The project's goal is to establish an inventory of water resources according to the soil, weather conditions, altitude, crops, and so on. The Group will use these results to define priority action plans to be implemented with its producers at each type of site (see paragraph 3.5.3 "Using water sustainably").

The Group's goal is for all its dairy sourcing regions to set up action plans to increase resilience to climate change and water stress by 2025.

Nutritional quality and safety

The Group ensures the strict traceability of all the ingredients in its recipes, and particularly of both liquid and solid dairy raw ingredients. These are all subject to multiple safety checks as soon as they enter production sites (see paragraph 3.4.1 "Guaranteeing optimal food quality and safety").

Because Bel is anxious to meet the growing expectations of consumers in terms of quality, nutrition and sustainability, it partnered with a specialized consulting firm to conduct a bibliographical study of nearly fifty scientific publications in order to identify the animal husbandry practices most likely to improve the nutritional profile of milk. This first step uncovered the positive impact of the amount of fresh grass and oilseeds in feed on the lipid profile of milk.

On the basis of these studies, in 2018 Bel carried out targeted testing campaigns in its main dairy sourcing regions to measure milk composition in light of animal feed.

3.3.2 Using vegetable fat within strict limits

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

As a result, the Group has chosen to develop new ranges of products combining dairy and non-dairy raw materials. Bel has therefore defined a set of commitments governing the use of vegetable fat to bring positive innovations to its consumers.

Guaranteeing superior standards in three areas to consumers

Our recipes' nutritional profiles must obey the principles of innovation and internal improvements in terms of their nutritional composition and ingredients lists. New recipes developed using vegetable fat must therefore be superior for the consumer in three areas: a taste preference for the new product, nutritional values that are better or equal to the leading product on the market or to Bel's previous recipe (see paragraph 3.4.2 "Guaranteeing the nutritional quality of our products") and a responsible supply.

Guaranteeing responsible procurement

In 2018, vegetable fat procurements amounted to 5,500 tons, which included around 4,800 tons of palm oil. The palm oil purchased was 100% RSPO-certified (segregated or mass balance). Regardless of the vegetable fat Bel uses, the criteria set forth in the RSPO certification standard form the Foundation for sustainable vegetable fat procurements. These criteria include:

- environmental responsibility: no deforestation of protected forests and the protection of biodiversity (see paragraph 3.5.4 "Limiting the risks of negative biodiversity impact and deforestation");
- the responsible development of new plantations: use of sustainable agricultural practices;
- trusting relationships with local communities and consideration of induced impacts;
- fair working conditions in keeping with international labor legislation;
- transparency, the identification of collection regions and traceability along the entire chain.

The Group wishes to promote the use of sustainable and local vegetable fats to support short supply chains and to encourage the creation of local added-value. Thus, it has committed to attain 100% responsible sourcing of vegetable fats by 2020 through a three steps approach based on the sectors present locally:

- the priority action for the Group is to procure certified fats (RSPO or equivalent) that are grown and processed locally;
- in cases where the local production is not certified (RSPO or equivalent), Bel is committed to fostering the development of local sectors that are sustainable and certified by working with producers and processors;

- when there is no locally produced vegetable fat that meets the Group's specifications, Bel pledges to choose procurement solutions to optimize the positive local impact, such as working with local processors.

In 2018, the Group strove to convert its palm oil sourcing to meet its goal of ensuring 100% of procurements are certified, sustainable and traceable (segregated RSPO-certified. Thus it raised the level of certification required from suppliers in its specifications to ensure comprehensive traceability throughout the entire supply chain.

This the strengthening of requirements led to re-approval process by some supplier partners that took more time than expected. This is why, despite the Group's efforts, only some of its suppliers had met the new requirement level by the end of 2018. These results encouraged the Group to continue working toward a 100% certified, traceable, and sustainable supply by the extended deadline of 2020.

3.3.3 Delivering the goodness of fruits

The Group, working through MOM, guarantees the quality of its raw materials and a manufacturing process that preserves the benefits of fruits without preservatives or artificial colors or flavors.

The sources of the fruits used in the Group's products are selected through a rigorous process. In France, all apples are hand-picked to maintain the integrity and quality of the fruit.

Tending our own orchards and developing trusting relationships with farmer partners

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

Encouraging sustainable farming to preserve biodiversity

The Group's farmer partners use sustainable farming methods (in line with Global Gap and/or *Vergers Écoresponsables* recommendations) to reduce treatments in their orchards. MOM's goal in France is to procure fresh apples exclusively from environmentally responsible French orchards starting from 2019.

The Group is going even further with a commitment to promote "Zero Pesticide Residue". To this end, it has been working for several years to develop new growing practices to limit phytosanitary treatments. The goal will be to subsequently roll out these best practices to all its apple procurements, in both its own orchards and those of its partners.

In the same vein, the Group encourages the use of biological controls, which are methods to protect plants using natural mechanisms. These techniques limit the use of phytosanitary treatments by promoting more natural alternatives and thereby protecting the biodiversity around the orchards. The methods being tested by the Group include inducing sexual confusion for apple orchard pests, installing nest boxes for tit birds that feed on pests and deploying insect hotels.

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

Developing product lines that align with these commitments

In a further step, the Group has decided to update its product portfolio. Thus, starting in 2019, for the majority of its lines, MOM will offer alternative products made with organic ingredients and no added sugar.

Highlights of 2018

- Co-signing of the Global Upstream Dairy Charter with WWF France.
- Strengthening of the partnership between Bel and its producers in France through an unprecedented agreement for higher (or better) milk valorization.
- 100% of the milk collected by Bel in France and Slovakia sources from cows given GMO-free feed.
- Launch of the "Farming for the Future" program which aims to identify and share existing best practices for a responsible upstream dairy.
- Definition of road maps for each dairy sourcing region in order to achieve the Group's ambitions by 2025.

Priorities for 2019

- Finalize and roll out the Group policy on animal welfare.
- Deploy the best practices identified at "Farming for the Future" to the dairy sourcing regions.
- Continue to implement responsible and traceable sourcing of vegetable fats.
- For production in France, procure fresh apples exclusively from environmentally responsible French orchards.
- Develop alternative products made with organic ingredients and no added sugar for the majority of existing product lines.

SUSTAINABLE FARMING

BEL'S OBJECTIVES	KPI	2017	2018	2020	2025	PROGRESS
Contribute to better life quality and working conditions of farmer partners.	Farmer access to innovative societal schemes.		34%*	30%	100%	On-plan
Promote animal welfare practices to encourage livestock wellbeing.	Farms certified by third-party.			30%	100%	On-plan
Foster non-GMO feeding of the cows providing our milk.	Milk collected from non-GMO fed cows.		16%*	50%	100%	On-plan
Ensure sustainable sourcing for vegetable fat used in our products.	Sourcing certified or under charter commitment (if no existing certification).		1.5%*	100%	100%	Off-plan

* Excluding MOM ** Excluding MOM and Safilait

On-plan Off-plan Plan to finalize

3.4 PROMOTING CARING NUTRITION

As an agri-food group, Bel is aware of its responsibility to help feed the world's population. At the same time, public health policies in many countries are trying to tackle the poor eating habits that can lead to metabolic disorders or even chronic illness.

Knowing this, the Group has chosen to support the UN Sustainable Development Goal 2 of eradicating hunger by 2030 and ensuring that everyone, including vulnerable people and infants in particular, has year-round access to a healthy, nutritious and adequate diet.

When eaten in moderation, Bel's products may contribute to a balanced diet and offer a solution to these two issues. Cheese is an important source of calcium, which is an essential nutrient for growing children, and is compatible with the nutritional needs of all.

3.4.1 Guaranteeing optimal food quality and safety

As a responsible business concerned for the health of its consumers, Bel takes the measures necessary to ensure a strict standard of food safety and to meet regulatory requirements.

Following a strict food quality and safety policy

Mindful that there is no such thing as zero risk, Bel works in close collaboration with all the participants in its value chain to deliver safe and healthy products to its consumers.

The Group has also begun working to obtain certification of its Integrated Management Systems at its structures and production sites (ISO 9001, BRC, IFS, FSCC 22000, ISO 14001, OHSAS 18001 and so on). To date, 28 of the Group's industrial sites have received GFSI certification.

Strict control and traceability of raw materials

In order to prevent food fraud and to guarantee the authenticity of its products, Bel has established a fraud prevention policy and process within its own supply chain to meet the requirements imposed by the regulations and specific certifications.

The Group also ensures the strict traceability of all the ingredients in its recipes, and particularly of both liquid and solid dairy raw ingredients. These are all subject to multiple safety checks as soon as they enter production sites.

They then undergo further microbiological, physical-chemical and organoleptic testing before being used in production. All packaging, and especially packaging that comes into direct contact with products, undergoes a similar inspection upon arrival at Group plants.

Assisting dairy producers

Milk quality begins on the farm. Producers are responsible for the safety and compliance of the milk that they produce. They must take suitable measures to guarantee quality. To prevent any upstream risk such as bacteriological risk, Bel's dairy production technicians continuously teach producers about good practices for producing quality milk. If the milk quality falls below Group standards, our technicians propose and set up targeted actions with the producers, including:

- a farm audit (sometimes in the presence of a veterinarian);
- proposed action plans to improve milk quality;
- monitoring for a period of a few months to one year to help the producer bring about improvements.

Milk: a fragile raw ingredient

Milk is a fragile, living substance that deteriorates when exposed to air, light and the ambient temperature. To preserve its qualities, Bel collects milk within 72 hours of milking and supplies refrigerated tanks to some of its producers. Milk quality is subject to stringent inspections. Milk quality is highly controlled. The milk must meet very specific composition criteria (fats and proteins) and strict safety criteria and contain no traces of antibiotics. Samples are taken during milk collection and upon arrival at the plant, enabling the implementation of a quality control plan that includes laboratory analyses. In very rare cases, the milk is not used if the quality is considered to be inadequate.

Audits of strategic partners

Quality audits are conducted of major suppliers of the most sensitive raw ingredients and of subcontractors whose products bear Bel brand names. If any minor non-compliances are observed and pose no food safety risk, the suppliers and subcontractors audited pledge to the Group that corrective actions will be taken within a specific time frame.

Strict procedures at production sites

Every stage of the product life cycle is subject to stringent inspections, from production of the raw ingredients to the release of the finished product. All of the records linked to these inspections, which are evidence of the results of analyses, are kept at the sites. All of these inspections are performed by the plant's analysis laboratory or by accredited independent external laboratories, where necessary. Overall compliance with the specified requirements is guaranteed by the competent health authorities and certified by the approval mark that all of the plants affix to Bel products. The frequency of these inspections is based on the Group's HACCP (Hazard Analysis Critical Control Point) assessment and is tailored to the raw ingredient in question.

On production sites

Food safety and quality are prerequisites at the 32 production sites. These all have the same requirements defined by the Group and meet internationally recognized standards.

The Group's food quality and safety policy includes measures and procedures that are implemented throughout the production chain to avoid any risk of contamination (see paragraph 2.3.1 "Risks related to products"). Products processed by Bel are inspected to guarantee their compliance with regulatory requirements according to many criteria, including microbiological and chemical criteria, foreign bodies and allergens.

Quality control plans concern semi-finished products (work in progress), finished products and the production environment (*e.g.* air, water, machines, manufacturing premises, staff, etc.). On production lines, Bel's semi-finished and finished products must meet requirements that exceed the regulatory minimum, especially with regard to pathogens.

As a precaution, special attention is given to product safety by strengthening controls, especially for foreign bodies, and preventing risks of malicious acts.

Bel has been deploying a global policy of malicious act risk management called "Food Defense" since 2013. This includes a comprehensive analysis of the risks and threats to all plants, the establishing and implementation of action plans dedicated to the application of the associated control measures, and their monitoring. These risk analyses are reviewed on a regular basis.

The pasteurization process used at Bel sites also ensures the proper preservation of collected milk and manufactured products, whose preservation is reinforced by the protective individual packaging of individual portions.

These standards guarantee the structure, compliance and effectiveness of the HACCP system that Bel has put in place at all of its production sites to identify, assess and control significant food safety dangers.

Downstream of production sites

Bel audits its product distribution chain to ensure compliance with the cold chain, transport and preservation conditions for its products. For over five years, Bel has been sharing its Good Storage and Distribution Practices Charter with its distributors (importing customers) in various regions. This charter is tailored to each distributor following individual inspections or audits.

Similar requirements for products that are subcontracted and/or associated with partner products

The Group's product quality, safety and traceability requirements are applied without exception to all subcontracted and co-branded products. Particular attention is paid to co-branded products to ensure that the association of a Bel brand product with a different branded product always meets the expectations of the Group's consumers.

Guaranteed traceability throughout the food chain

Bel takes the steps necessary to ensure traceability, from raw material purchases to the distribution of its products to consumers. Measures are implemented at every stage of the product life cycle under the Group's supervision. Suppliers are also required to meet an optimal deadline for obtaining traceability results. Ensuring the full traceability of products right up to consumption entails the use of mandatory labeling on consumer sales units (*e.g.* batch codes, best-before date, use-by date, etc.). All logistic units are also identified by means of labels that link each unit to the corresponding product batch code.

The methods applied make it possible to identify, at any time, product batches containing a batch of ingredients that has been reported. A single Group tool also provides information about where all of its products are stored, whether with the final customer or anywhere within its distribution network. Regular traceability testing is carried out to identify its raw materials, for its manufacturing processes and for downstream traceability. Tracking provides knowledge about logistical flows and allows the Group to store food safety data, promptly send data in response to requests from authorities, identify risks, and isolate individual production runs if necessary. This guarantees that any withdrawals or recalls are carried out efficiently.

In order to prevent and manage risks, the Group has also developed and put in place a procedure for managing food quality and safety alerts. This includes a recall procedure to manage any potential health/quality crises triggered by serious alerts in a quick and organized way.

With this procedure in mind, traceability testing is performed on a regular basis to test the readiness of the crisis team and the efficiency of the system for contacting partners, and to check the effectiveness of the Group's performance continuity in terms of downstream traceability so that it can respond to a possible crisis.

Protecting consumer health and safety and ensuring a relationship of trust

By providing accurate and useful information to protect their health and safety

Bel always provides information on the composition of its products (presence of allergens, nutritional information and fat content). The nutritional information given on its products is produced in accordance with European Regulations on nutritional information for consumers and with the help of calculation tools based on the nutritional values of each ingredient. The results of internal analyses are checked by an independent accredited laboratory according to an annual monitoring plan.

The Group also provides consumers with instructions on how to store its products (*e.g.* storage temperature and best-before date) on its packaging.

By offering a proactive consumer service

Bel has introduced an efficient quality complaint management system for the entire Group (excluding MOM and Safilait) to improve both customer satisfaction and the quality of its products by analyzing causes and taking any necessary corrective and/or preventive actions. Product quality complaints consist of written, electronic or oral complaints by external customers about a product sold by the Group that does not meet the expected quality requirements (traceability, integrity, reliability, safety, and so on).

The *We Care* tool, which has been deployed in the Group's subsidiaries (excluding MOM and Safilait), makes it possible to monitor and centralize consumer feedback (requests, complaints, compliments and suggestions).

3.4.2 Guaranteeing the nutritional quality of products

Bel wants all of its products to meet the expectations both of consumers, in terms of enjoyment, and the public health authorities.

Committing to constantly improving nutritional quality and naturalness

Meeting consumers' organoleptic expectations

The Group regularly analyzes its products using sensory profiles, in order to verify the quality delivered to the consumer. Most of these analyses are conducted by panels of experts trained in detecting subtle differences, so that the stability of our products can be checked. In 2017, Bel adopted a complementary approach with employees, who are also consumers of Group products and can give their opinions of product developments and improvements. In 2018, more than 50 test sessions were conducted as part of this "Taste & Share" program.

The Group continually refines its branded products to meet the differing expectations of consumers. In all, Bel markets over 500 different cheese recipes.

For example, the consistency of The Laughing Cow and Kiri products is creamier or runnier depending on the country in which they are sold. In a further example, the Group has been extending its offering of Leerdammer brand products for the last few years, producing new ranges (*e.g.* smoked, characterful and fruity) by changing the cultures used in its recipes and the curing time.

To develop its nutrition expertise, the Group also conducts research programs in partnership with universities and academic institutes (INRA, CNRS, etc.) in order to better understand the nutritional and behavioral impact of its cheese portions on its consumers' diets.

Selecting quality ingredients

Bel takes particular care with the selection and list of ingredients used in its products' recipes, while maintaining optimal organoleptic properties.

Ahead of the recipe formulation stage, the Group takes care to choose ingredients and raw materials that make the finished product of benefit to the consumer and prevent any suspicions (see paragraph 3.4 "Committing to sustainable farming").

For example, at all of its sites, Bel has committed to only purchase GMO-free raw materials and ingredients, as defined by European Union Regulations [1].

Simplifying our recipes

Bel sometimes uses food additives in certain recipes to meet precise specifications – a long shelf life or an ability to keep without refrigeration if the integrity of the cold chain cannot be guaranteed – and consumer expectations (*e.g.* a creamy texture or attractive color).

(1) Containing no GMOs or in tiny and technically unavoidable quantities (less than 0.9%).

The Group only uses ingredients and additives authorized by local regulations, and whose safety has been demonstrated by scientific studies that have provided the authorities with the necessary evidence to justify their use in food products. However, because some consumers may be wary of certain ingredients, the Group has taken a comprehensive approach to the optimization of product quality, systematically limiting their use and aiming to gradually remove them completely from certain recipes. In 2018, for example, the Group launched a new additive-free Kiri recipe in Italy and reduced the number of additives in The Laughing Cow and Pik et Croq' lines for all European markets.

Furthermore, Bel remains committed to developing increasingly natural recipes. In mid-2018, the Group made a strong pledge that is a significant step forward in its nutrition/natural strategy: eliminate the use of all artificial colors and flavors in the products in our Babybel, The Laughing Cow, Kiri, Boursin and Leerdammer lines [(1)]. A roll-out plan is under way for this commitment, which is already applicable for all innovation projects at the Group.

Being attentive to public health issues

In addition to these safety issues, consumers want to take care of their health by limiting foods likely to cause chronic diseases and enjoying the benefits of the products they eat, including dairy products for optimal development.

Many years of work on three key cheese nutrients…

For several years, the Group has been focusing its efforts above all on three key cheese nutrients – fats, sodium and calcium – while controlling the content of other nutrients. The reference quantities are those effectively consumed per unit of consumption, in other words per portion:

- fat: Bel offers reduced fat versions for three of its five core brands: The Laughing Cow, Leerdammer and Babybel;
- sodium: the Group is striving to reduce the amount of salt in its recipes. However, a minimal quantity is sometimes necessary to the manufacturing process and/or to ensure the safety of products;
- calcium: Bel gradually adjusts the calcium content of its products if it appears to be too low and there are proven cases of deficiency in the local population.

Sometimes, when clear deficiencies in certain vitamins and minerals are found, the Group adds more to its portions. The Laughing Cow, for example, has been fortified differently depending on the country: with iron in Morocco and Algeria, and with calcium and vitamin D in Southeast Asia, affecting more than 12 million consumers.

… formalized by a nutritional profiling system and improvement objectives

In 2016, the Group developed a nutritional profiling system to target its products at different consumers (children/adults) on the basis of the World Health Organization's dietary recommendations.

This system, called *Bel Nutri+*, was launched in 2017 and is intended to guide the development and improvement of its products, in order to continue with the nutritional improvement process initiated by the Group a decade ago. It gives thresholds for nutrients that should be "limited" (such as saturated fatty acids and sodium) and thresholds for nutrients that should be "promoted" (such as calcium and protein). All the thresholds were defined in accordance with the WHO recommendations and validated by more than a dozen international experts, who are independent nutritionists recognized in the nutritional profiling field.

Bel Nutri+ allowed Bel to draw up a new road map for improving its products by 2025. The goal of ensuring that 80% of our products for children comply with the *Bel Nutri+* promise is a priority. At the end of 2018, 65% of the children's product portfolio (by volume) met this objective. The slight decline observed between 2017 and 2018 can be explained primarily by a change in the breakdown in sales of the Group's products. Nevertheless, the goal remains unchanged.

Going further by expanding to other Group food categories

The Group will extend this nutritional profiling system to its other product categories in order to align it with changes to its product portfolio, which now includes non-cheese products. In 2018, the expansion of *Bel Nutri+* was approved for the following categories: milk, yogurt, savory snacks and sweet snacks.

Developing products combining nutritional quality with accessibility for emerging countries

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

Some populations with less purchasing power often find themselves in complex nutritional positions of under-nutrition or malnutrition. The Group has therefore formulated specific recipes adapted to their needs. In cases like these, the challenge for the Group is to provide nutritional added value (specific nutrients studied and competitive superiority) while keeping products affordable for as many consumers as possible.

With this aim in mind, an "Accessibility" committee of external, international scientific experts is helping Bel with its thought process and the nutritional scoping of these new products.

(1) Except for affordable products.

3.4.3 Fostering better eating habits and healthier lifestyles

Bel feels a strong sense of responsibility to help feed the world's populations. The Bel Group wants to do more and express its commitment to its stakeholders by encouraging better eating habits and healthier lifestyles in its employees, partners and consumers (see paragraph 3.2.3 "Promoting good social and environmental practices with partners").

For our employees and partners

The Group is continuing with its "Healthy Smiles" nutritional education program launched in 2016. In 2018, the program was redesigned to focus on two fundamental principles: promoting a balanced diet and a healthy lifestyle and encouraging physical activity.

This program includes several types of actions: the distribution of educational tools (booklets, posters, games, etc.), events and games on the theme of nutrition and balanced eating, and the promotion of physical activity (inter-site walking challenge, sports competitions, awareness campaigns and beginner lessons in activities such as Pilates and yoga). In 2018, 25 Group subsidiaries set up activities under the auspices of this program.

For our consumers

As nutritional habits have evolved around the world, new nutrition concerns have emerged in recent years. Malnutrition is still a problem in developing countries, while the obesity rate is constantly growing and is contributing to the rise of chronic diseases all over the world.

"Educanut" project

Bel knows that children and their families must be educated to change food habits and lifestyles toward best practices. The Group therefore actively supports nutritional education programs for children through its *Educanut* project.

The project includes a variety of programs (distribution of teaching tools, organization of events, etc.) designed to help children and their parents better understand the importance of nutrition and physical activity for their health. These may be led in partnership with public health associations, governmental and non-governmental organizations, universities, and so on.

The Group supported four such programs in France, Iran, Ivory Coast and South Africa in 2018.

Bel has been contributing to educational projects in Iran since 2016, in partnership with UNESCO. Through this partnership, it supported a project to develop a booklet and an application on health (good nutrition and water consumption practices) for literacy learners.

Bel has set itself the goal of supporting programs in 10 key Group countries by 2025.

Commitment to the Scaling up Nutrition movement

Bel also wants to participate in the nutritional education of children in these countries through its involvement in the Scaling Up Nutrition movement to combat malnutrition in developing countries. In 2018, some 34,500 children participated in nutritional education activities, mainly in Ivory Coast in conjunction with the Sharing Cities program and the efforts of the Bel Foundation (see paragraph 3.2.5 "Contributing to the vitality of host regions").

Highlights of 2018

- Expansion of the Bel Nutri+ nutritional profiling system to the milk, yogurt, savory snack and sweet snack categories.
- New naturalness commitments with the ban on artificial colors and flavors.
- Nutritional education programs for consumers in two new countries: South Africa and Ivory Coast.
- Deployment of programs for employees at 25 Group subsidiaries.
- Implementation of the "Accessibility" expert committee.

Priorities for 2019

- Introduce new product offers that are even more responsive to consumers' health concerns.
- Continue to work on reducing additives in the Group's product offering.
- Continue to improve the nutritional quality of Bel products in keeping with the Bel Nutri+ promise and competitive superiority.
- Maintain nutritional education programs for consumers and employees.

CARING NUTRITION

BEL'S OBJECTIVES	KPI	2017	2018	2020	2025	PROGRESS
Continuously improve the nutritional quality of our products.	Children portfolio meeting "Bel Nutri+" ambition (Bel nutritional profiling system).	69%**	65%**	70%	80%	Off-plan
Foster healthy consumption habits and lifestyle.	Key countries where a program is implemented for consumers ("Educanut").	2	4	4	10	On-plan
	Key subsidiaries where a program is implemented for employees ("Healthy smiles").	4	25	20	30	On-plan

* Excluding MOM

** Excluding MOM and Safilait

On-plan Off-plan Plan to finalize

3.5 REDUCING THE ENVIRONMENTAL FOOTPRINT

3.5.1 Pursuing an ambitious environmental policy

Bel is strongly committed to reducing its environmental impact along its entire value chain. The Group is therefore introducing a continuous improvement process in line with its priority issues, from the upstream agricultural sector to the consumption of products by its consumers, including issues related to its production sites and their environment, based primarily on the direct and indirect risks identified (see paragraph 2. "Risk factors and insurance").

This long-standing approach contributes to the responsible production and consumption of the Group's products, and so is fully in line with UN Sustainable Development Goal 12, "Responsible Consumption and Production".

On its industrial sites

Bel has robust data which enable it to report on the major impacts of its direct activities worldwide, particularly in terms of water, energy and greenhouse gas (GHG) emissions.

The Group sets itself ambitious targets for reducing its sites' water and energy footprints. It invested nearly €5 million in reducing its environmental footprint at its production sites in 2018, and has invested almost €50 million since 2009. The Wasabel (Water Saving at Bel) and Esabel (Energy Saving At Bel) programs allow each site to monitor its level of consumption and develop action plans to reduce it. To amplify these progressive efforts, Bel organizes dedicated training and best practice sharing sessions between sites.

To formalize their actions, 19 industrial sites have implemented an ISO 14001-certified environmental management system.

Along its entire value chain

The Group also introduces continuous improvement programs to mitigate impacts throughout its value chain. For example, Bel is committed to reducing its indirect greenhouse gas emissions, taking actions to preserve biodiversity, reducing the risk of deforestation and including its products in the circular economy.

3.5.2 Reducing greenhouse gas emissions

Greenhouse gas emissions are continuing to rise worldwide and have more than doubled since 1990 [(1)]. Therefore, taking measures to fight climate change and its repercussions is a critical issue for the Group.

Global carbon audit

Bel has been conducting a global carbon audit since 2016 to identify significant sources of greenhouse gas emissions (direct and indirect) along its value chain. The first audit was carried out in accordance with the Greenhouse Gas Protocol's guidelines. It does not include the impacts of the processing of the Group's by-products if they are sold to third parties.

The results of this carbon audit confirmed those of the life cycle analyses previously performed by the Group and showed the significant contribution of dairy raw ingredients to its carbon footprint.

(1) Source: United Nations Sustainable Development Goals.

Distribution of Bel's greenhouse gas emissions along the entire value chain (Total estimated quantity = 6.3 million metric tons of CO_2 equivalent [(a)]	2017
Scopes 1 & 2	**3%**
Scope 3	**97%**
• Of which raw material purchasing	77%
• Of which packaging and finished product purchasing	3%
• Of which sub-contracted production	3%
• Of which other goods and services purchasing	2%
• Of which capital equipment purchasing	1%
• Of which upstream transport (raw materials and packaging)	4%
• Of which downstream transport (products sold and co-products)	6%
• Of which products sold (reprocessing or product/packaging end-of-life)	1%

(a) Excluding MOM.

- Scope 1 corresponds to direct emissions from burning the fossil fuels (oil, gas and coal) used in the Group's plants or generated by refrigerant leaks from facilities, and includes emissions from vehicles owned or controlled by the Group.
- Scope 2 corresponds to indirect emissions associated with the purchased production of electricity, heat and refrigeration.
- Scope 3 corresponds to other indirect emissions, in particular dairy raw material purchases, finished product packaging, and upstream and downstream transport. Some quantified but negligible emissions were not included in the above table (processing of waste generated by operations, business travel, commutes, etc.).

Involvement in the Science-Based Targets initiative

The Group is aware that its greenhouse gas reduction efforts cannot be limited to its direct emissions. In 2017, it therefore voluntarily joined the Science-Based Targets initiative launched by the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the WWF and the United Nations Global Compact.

By joining this initiative, Bel committed to reducing its greenhouse gas emissions along its entire value chain (Scopes 1, 2 and 3). In 2019, the Group's objectives must be validated by the SBT initiative's Scientific Committee.

Site greenhouse gas emissions (Scopes 1 and 2)

The Group aims to achieve carbon neutrality for Scopes 1 and 2 by 2025. To do this, it has developed a three-pronged approach:

1) reduce the energy footprint of its activities;

2) use energy from renewable sources;

3) take actions to offset its residual emissions.

Reducing our activities' energy footprint

Bel prioritizes actions to reduce its energy consumption as a way of reducing its dependency on fossil fuels and gradually limiting its greenhouse gas emissions. This approach is justified since more than 97% of the greenhouse gas emissions at its sites are from energy consumption, while the remaining 4% are attributable to refrigerant leaks.

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

Using renewable energy sources

Based on this reduced consumption, the Group is also making use of renewable energy sources while continuing to take local factors into account (availability of energy from renewable sources, technical feasibility and economic impact).

The Bel Group now has two biomass boilers, which accounted for 12% of the energy consumed for heat production in 2018. The Group has also purchased electricity from renewable sources for the Vale de Cambra (Portugal) and for all of its French industrial sites (excluding the MOM Group) and Dutch sites, accounting for more than half of the Group's total electricity consumption.

	2008	2016	2017	2018	Change 2008 > 2018
Electricity consumption (in MWh) [(a)]					
Uncertified electricity from a renewable source	247,340	289,967	182,462	189,570	-23%
Certified electricity from a renewable source	-	9,857	150,960	151,141	
TOTAL ELECTRICITY	**247,340**	**289,967**	**333,422**	**340,712**	**+38%**
Of which renewable electricity	-	*3.3%*	*45.3%*	*44.4%*	
Consumption of oil, gas and biomass products to generate heat and for other purposes (in MWh LHV) [(a)]					
Oil and gas products	543,381	437,769	505,372	503,023	-7%
Biomass	-	92,016	79,681	71,746	
STATIONARY COMBUSTION	**543,381**	**92,016**	**585,053**	**574,769**	**+6%**
Of which biomass	-	17.4%	13.6%	12.5%	
Energy consumption (in MWh/metric ton produced) **all B-to-C and B-to-B products** [(a)]					
Electricity	0.68	N.A.	0.43	0.43	-37%
Oil and gas products	1.5	N.A.	0.66	0.63	-58%
Biomass (in MWh/metric ton produced) all B-to-C and B-to-B cheese products [(b)]	-	N.A.	0.10	0.09	
Electricity	0.68	0.6	0.57	0.58	-15%
Oil and gas products	1.5	0.88 [(c)]	0.90	0.90	-40%
Biomass	-	0.19 [(c)]	0.12	0.11	

(a) Group total.
(b) Production of cheese and other products that are more concentrated than milk (excluding milk packaging sites).

Breakdown of greenhouse gas emissions*	2016	2017	2018
Scope 1			
Associated with fossil fuel and gas consumption	48.1%	56.4%	55.3%
Associated with biomass consumption	1.0%	0.9%	0.8%
Associated with refrigerant leaks	3.8%	2.4%	2.8%
Associated with fuel consumption of the fleet of vehicles owned by the Group	9.3%	4.2%	4.2%
Scope 2			
Associated with the generation of electricity purchased within the Group	37.8%	36.1%	36.9%

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

Audit of greenhouse gas emissions – Scopes 1 & 2

The main factors that affect the emissions of the Group's industrial sites are the manufacturing processes for the various products and the energy mix used by each site. Other factors contribute to a lesser extent; these include refrigerant leaks and the fuel consumed by the Group's vehicle fleet.

Optimizing all these factors allows the Group to gradually reduce its greenhouse gas emissions per metric ton produced and increase its production without increasing its carbon footprint.

GREENHOUSE GAS EMISSIONS – SCOPES 1 AND 2

Emissions	2008	2016	2017	2018	Change 2008-2018
kg CO_2 eq./metric ton produced (all B-to-B and B-to-C products) [b]	694	N.A.	291	288	-59%
kg CO_2 eq./metric ton produced (B-to-B and B-to-C cheese products) [a]	694	431 [a]	382	390	-44%
Metric tons CO_2 eq. [b]	251,048	234,454	226,734	230,061	-8%

** Indicator audited by the Statutory Auditors with a reasonable level of assurance.*
(a) Production of cheese and other products that are more concentrated than milk (excluding milk packaging sites).
(b) Group total.

Actions to offset residual emissions

The Group is currently working on the detailed emissions offset action plan and the first steps stemming from it.

Non-site greenhouse gas emissions (Scope 3)

Agricultural raw ingredients

Aware of its responsibility and dairy production's impact on the environment, the Group has made its commitment to a sustainable dairy sector a priority of its corporate social responsibility strategy. In order to take practical, measurable action, Bel and WWF France signed a partnership in 2012 with a common goal: limiting the environmental impacts of dairy production (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

Given the significant impact of agricultural raw materials on the Group's overall carbon footprint (77%), the reduction of GHG emissions from this source will therefore be decisive in achieving the targets set in connection with the Science-Based Targets initiative.

Transportation/Distribution

The carbon audit revealed that around 6% of the Group's greenhouse gas emissions were generated by the transportation of its finished products from its production facilities to distributors. The Group optimizes the transportation of its raw ingredients and finished products to reduce not just its greenhouse gas emissions, but also other nuisances (*e.g.* road congestion and noise). The locations of its plants and logistics flows are designed to reduce distances both upstream (mainly for fresh milk) and downstream (as close as possible to consumer markets).

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

Packaging

As a major player on the healthy snack food market, Bel faces challenges related to packaging. As a result, the Group has defined a responsible packaging policy to address these challenges and reduce the environmental impact caused by their use (see paragraph 3.5.6 "Making packaging part of the circular economy").

3.5.3 Using water sustainably

Water scarcity affects more than 40% of the world's population [1], a worrying proportion that could worsen due to global warming caused by climate change. Ensuring availability and sustainable management of water and sanitation for all by 2030 is one of the UN Sustainable Development Goals.

To contribute to this essential collective effort, Bel routinely strives to reduce the water consumption required for its activities and uses efficient water treatment technologies.

Reducing water consumption at production sites

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

The programs implemented have allowed Bel to reduce its water consumption per metric ton produced by 48% between 2008 and 2018.

(1) Source: United Nations Sustainable Development Goals.

Water consumption	2008	2016	2017	2018	Change 2008 > 2018
In m^3 per metric ton produced, (all B-to-B and B-to-C products) (b)	12.53	N.A.	6.41	6.52	-48%
In m^3 per metric ton produced, (B-to-B and B-to-C cheese products) (b)	12.53	8.45	7.80	8.06	-36%
In thousands of m^3* (b)	4,553	4,348	5,000	5,213	+14%

(a) Production of cheese and other products that are more concentrated than milk (excluding milk packaging sites).
(b) Group total.

Quality of discharges from its production sites into the natural environment

To avoid accidental discharges directly into the environment, Bel protects water bodies and river run-off points adjoining its sites with special structures. To limit its negative impact on the environment and protect biodiversity, the Group makes sure that the quantity of organic matter contained in discharges from sites, and the temperature of discharges, comply with applicable regulations.

By reducing their water consumption, the sites automatically reduce their discharges and improve their quality, since the lower the volume of water treated in treatment facilities, the lower the concentration of organic matter flowing out of these facilities. Most wastewater from sites is treated internally. Discharges sent to third parties for treatment are pre-treated by Bel. The Group spends close to €5 million on wastewater treatment each year.

Most of the sludge from wastewater treatment plants is recycled through appropriate channels. Since sludge is rich in fertilizing elements, some of it is spread on farmland, primarily in France, in accordance with local regulations, to avoid polluting underground water or soil. Sludge spreading is subject to local permits specifying the obligations to be met (*e.g.* spreading plans and surface areas and agronomic monitoring).

	2016	2017	2018	Change 2016 > 2018
Total wastewater volume (in thousands of m^3) (a)	**4,489 (b)**	**4,492 (c)**	**4,562 (d)**	**+1.6%**
Treated internally	2,174 (b)	2,192 (c)	2,079 (d)	-4.4%
Treated by a third party with other effluents	1,934 (b)	2,300 (c)	2,483 (d)	+28.4%
Spread untreated	381	N.A.	N.A.	
Volume of wastewater per metric ton produced				
In m^3 per metric ton produced, All B-to-B and B-to-C products	N.A.	5.8	5.7	-38.7%
In m^3 per metric ton produced, B-to-B and B-to-C cheese products	9.3 (b) (h)	8.2	8.5	-8.6%
Quality of treated water (in metric tons) (a)				
Chemical oxygen demand (COD)	94 (e)	80.1 (f)	81.2 (g)	-13.6%
Suspended matter discharged	39 (e)	30.6 (f)	30.4 (g)	-22.1%
Total nitrogen discharged	14 (e)	14.0 (f)	13.0 (g)	-7.1%
Total phosphorous discharged	5 (e)	2.6 (f)	3.4 (g)	-32.0%
Cost of wastewater treatment (in thousands of euros) (a)	**3,884**	**4,491**	**5,561**	**+43.2%**
Spreading of sludge from wastewater treatment or untreated water (a)				
Total dry matter (in metric tons)	1,356 (h)	1,088 (i)	1,077 (j)	-20.6%
Nitrogen (in metric tons)	112 (h)	96 (i)	90 (j)	-19.6%
Phosphorous (in metric tons)	94 (h)	76 (i)	81 (j)	-13.8%

(a) Group total.
(b) Data available for 30 sites, i.e. 90% of total production for this Reporting scope.
(c) Data available for 29 sites, i.e. 92% of total production for this Reporting scope.
(d) Data available for 27 sites, i.e. 74% of total production for this Reporting scope.
(e) Data available for 13 out of the 14 sites providing full treatment before discharge into the natural environment.
(f) Data available for 12 out of the 13 sites providing full treatment before discharge into the natural environment.
(g) Data available for 12 out of the 14 sites providing full treatment before discharge into the natural environment.
(h) Data available for six out of the seven sites that spread their waste.
(i) Data available for five out of the six sites that spread their waste.
(j) Data available for five out of the seven sites that spread their waste.

Increasing the resilience of agricultural production

Water is a necessary input for agricultural production. On the other hand, agriculture has an impact on the quantity and quality of water resources.

Although our dairy supply regions differ with regard to the effects of climate change, these are being felt more and more all around the world. With water becoming increasingly scarce, particularly in certain areas under water stress in which the Group operates, two parallel measures are necessary to increase the resilience of dairy farms: a reduction in water needs and the introduction of solutions to satisfy their irreducible needs.

This is why Bel participates in the "*Climalait*" program, which aims to provide the French dairy sector with practical solutions. In order to extend this approach to all of its production regions, the Group has set itself the goal of ensuring that 100% of its dairy regions have defined action plans to increase their resilience to climate change and water stress by 2025 (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

3.5.4 Limiting the risks of negative biodiversity impact and deforestation

Ensuring we do not contribute to the conversion of natural ecosystems *via* our supply chain

The Group aims to eliminate the risks of ecosystem conversion, including deforestation risks, from its key commodity supply chains by 2025. Under this initiative, which will be formally expressed in a special policy in 2019, Bel has identified the key commodities whose production could contribute, directly or indirectly, to deforestation and the conversion of natural ecosystems:

- animal feed (soy meal and Palm Kernel Expellers);
- vegetable fat (palm oil);
- cardboard and paper packaging.

To meet this objective, the Group prioritizes supply that is as local as possible. It also implements a variety of solutions that are combined as relevant to the key commodity studied. These solutions include replacing the commodities with others whose environmental impact is lower or using commodities obtained through traceable, certified supply chains.

Animal feed

Although commodities linked to the conversion of ecosystems (soy meal and PKE) make up a small portion of cow feed, Bel is aware of the risks associated with them.

The Group is working to prioritize alternatives to imported soy meal, in particular by encouraging its breeder partners to produce their own protein sources or to source their feed as locally as possible. When this is not possible, Bel ensures that the animal feed comes from sustainable, certified supply chains, in consideration of ecosystem conversion issues (RTRS certification for soybeans, RSPO for PKE) so they can abide by the commitments defined in Bel's Global Sustainable Upstream Dairy Charter (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

To go even further, Bel has also been purchasing certificates to offset all the soy meal (RTRS certification) and PKE (RSPO certification) used worldwide to produce the milk used in its cheeses. These offsetting measures cover both raw milk and milk commodities.

Vegetable fat

When Bel product recipes require the inclusion of vegetable fats, they must adhere to strict rules (see paragraph 3.3.2 "Using vegetable fat within strict limits"). In particular, the Group has pledged to procure palm oil from 100% responsible and traceable agricultural channels (RSPO certification) by the end of 2020. Bel also encourages the sourcing of palm oil as close as possible to its plants.

Cardboard packaging

Cardboard accounts for approximately three-quarters of the packaging volume used by Bel. This cardboard includes corrugated cardboard (transport packaging) and flat cardboard/cartons (consumer sale units).

As defined in its "Responsible Packaging" policy, Bel chooses cardboard made from recycled fibers whenever possible (see paragraph 3.5.6 "Making packaging part of the circular economy"). For applications that require virgin fibers, in particular for materials where sturdiness is a concern, Bel's goal is to ensure that 100% of these new fibers are sourced from sustainably managed forests by 2020 (certifications such as FSC, PEFC, SFI, etc.).

Taking action to protect biodiversity…

The diversity of natural settings and of the living species that populate them is a source of indispensable resources that are indispensable to human life, including oxygen, water and food. Because the Group's activities can have an impact on this biodiversity, especially *via* its supply chain and industrial sites, Bel is committed to encouraging and developing responsible supply channels and to minimizing the impact of its production sites.

… by committing to sustainable farming

Encouraging responsible animal husbandry practices

Bel encouraged its breeder partners to produce milk using innovative practices that respect the environment and biodiversity (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy").

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

In its charter, the Bel Group also commits to sourcing milk obtained from cows whose feed is free of GMOs. GMOs may represent a risk to biodiversity due to the risk of uncontrolled seed spreading. As of 2018, 100% of the animals in French and Slovakian milk supply regions are raised on GMO-free feed. Research is under way in the Group's other dairy sourcing regions so this approach can be deployed to all milk supply regions by 2025.

Developing agri-ecology and organically sourced products

In 2018, Bel ventured into the organic dairy market with an Organic Babybel line. In addition, MOM was already marketing organically farmed fruit products, including Organic Pom'Potes and Organic GoGoSqueeZ. The Group wants to continue on this path in the coming years and build out its portfolio of organically farmed products.

The Group firmly believes that sharing best practices is key to developing together and advancing the dairy supply chain; in 2018 it launched the "Bel Pilot Farms" project (see paragraph 3.3.1 "Taking action for a sustainable upstream dairy"). Some of these practices relate to biodiversity, in particular better grazing management that respects grass growing cycles in the Azores. In France and the Netherlands, the Group encourages the development of protein self-sufficiency by producing plant species with better soil improvement qualities.

Moreover, the MOM Group promotes agri-ecology practices in the orchards of its farmer partners (see paragraph 3.3.3 "Encouraging sustainable farming to preserve biodiversity").

… by prioritizing responsible packaging

To limit its environmental footprint, the Bel Group has laid out its goals in the framework of its Responsible Packaging policy, including vis-à-vis biodiversity (see paragraph 3.5.6. "Making packaging part of the circular economy").

Plastic

To avoid contributing to ocean pollution, the Group minimizes the use of plastic in its packaging. However, when plastic must be used for technical reasons, Bel emphasizes:

- the incorporation of recycled materials in its packaging to reduce the need for extracting the fossil fuels required to produce virgin plastic;
- the use of recycle-ready plastic to facilitate its integration into a circular economy.

Paper/Cardboard

When recycled materials do not meet the functional requirements of packaging, Bel aims to acquire 100% certified virgin paper and cardboard, meaning it is harvested from sustainably managed forests that preserve biodiversity.

Aluminum

In 2017, Bel joined the Aluminum Stewardship Initiatives (ASI) initiative and is working to procure 100% ASI-certified aluminum by 2025. This certification for responsible sourcing integrates biodiversity preservation requirements, in particular during the mining phase.

… around its industrial sites

In line with its environmental policy and in consultation with local authorities, the Group implements action plans to protect the environment around its plants and to reduce the nuisances that may be caused by its activities.

Currently, all of the land owned, leased or managed by the Group is situated outside of protected areas. Whenever an operating permit is requested, each site's position is analyzed with respect to the sensitivity of the natural environment and the potential impact of its activities.

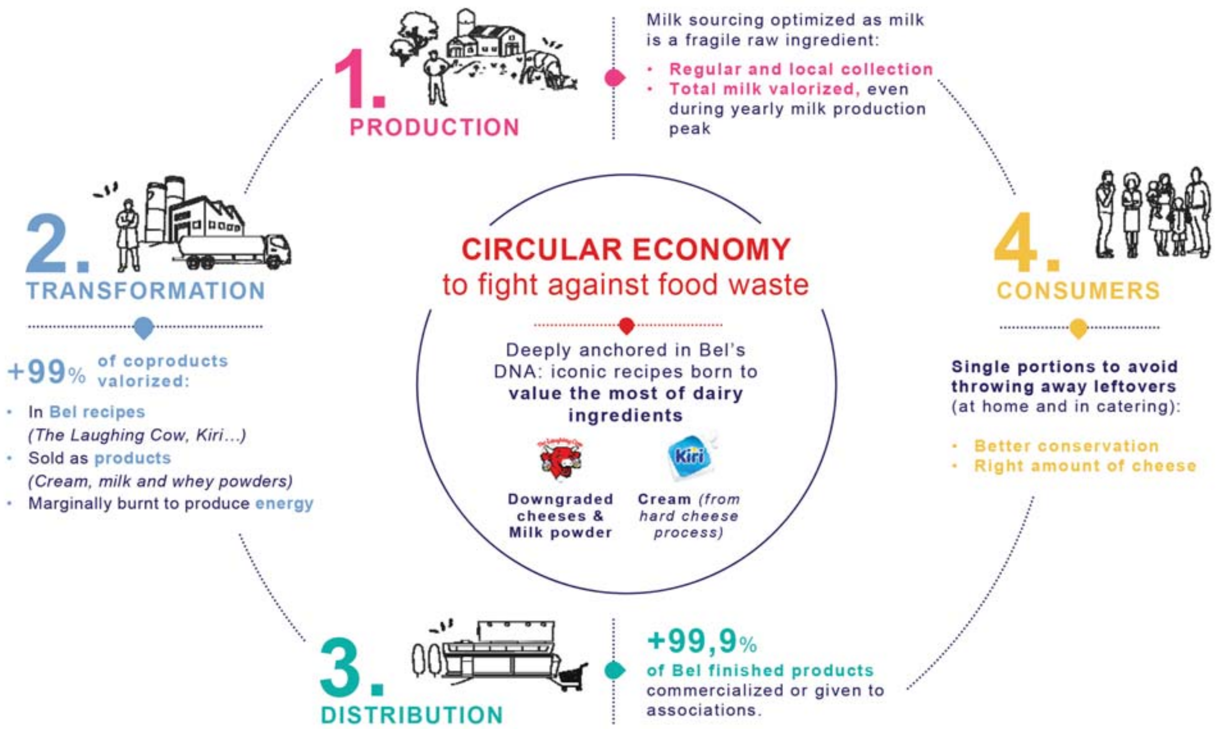
3.5.5 Fighting food waste

More than 30% of the food produced worldwide is wasted; equal to 1.3 billion metric tons of food per year. In light of the 815 million people suffering from hunger around the world [1] and the natural resources consumed to produce food, fighting food waste must be a top priority.

Bel considers fighting any form of food waste to be an important ethical challenge. Some of the Group's brands owe their very existence to the desire to convert by-products. For example, the recipe for The Laughing Cow was invented to utilize cheese surpluses and the Kiri recipe was initially developed to reuse the cream left over after producing certain cheeses.

Furthermore, the Group actively participated in preparing the Anti-Waste Charter proposed by the *Association Nationale des Industries Alimentaires* ("Association of Agribusinesses", or ANIA) in France. Bel signed this charter in 2015 to show the commitment of agri-food industry companies to fighting food waste throughout the product life cycle.

Under this framework, Bel also strives to reduce food waste along its entire value chain, from the production of its raw materials to the consumption of its products.



Production

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

Processing

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

The development and manufacturing of products (formulation, thermal treatment protocols, efficient packaging design, etc.) aim to enable Bel cheeses to keep their taste and health properties over relatively long shelf lives. Finished product production runs are also adjusted to match sales estimates to avoid overproduction of products without a sales outlet.

Bel also strives to reuse milk production surpluses and all components of the milk collected, including by-products of cheese production, such as cream and whey. In addition, Bel does produce substandard cheeses in all its manufacturing cycles (for technical or mechanical reasons). All these by-products and excess production are recovered: they are reused in the Group's own plants, resold as raw ingredients in the manufacture of other products or, to a lesser extent, reused to generate energy (methanization). In all, more than 99% of the Group's by-products are reused [2].

(1) Source: http://www.fao.org/save-food/ressources/keyfindings/fr/.

(2) Excluding MOM.

Distribution

Logistics

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

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

Sales and donations

The vast majority of products are sold in traditional distribution channels. Nevertheless, when the Group must deal with excess inventory, it makes every effort not to destroy any production. The overages are sold *via* other channels or donated to associations.

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

Lastly, the Group has taken the necessary steps to enable its sites and logistics warehouses to donate products to food banks. In 2018, Bel's warehouses in Europe [1] donated 205 metric tons of products to charity, including 120 metric tons in France.

Consumption

In the home

Food waste by consumers accounts for a large share of overall food waste: best-before dates exceeded, leftovers in plates, etc. According to the European Commission, 42% of food waste in Europe occurs in households [2].

The individual portion format is a powerful tool in fighting food waste, both at home and in food service settings. Indeed, it allows for the optimum preservation of products even when a pack has been opened. The fact that these formats prevent products from needing to be thrown away is the second reason consumers buy them after convenience of use [3].

Out-of-home dining

Bel Foodservice, the Group's out-of-home dining division, has partnered with Chef'Eco since 2014 to assist school cafeteria chefs with managing waste and reducing food waste by organizing day-long trainings. Children are also educated about food waste through fun and educational activities (co-financing of waste sorting tables, posters and brochures made available to school cafeteria chefs).

3.5.6 Making packaging part of the circular economy

The individual portion has been the signature Bel concept for nearly a century and lies at the heart of its business model. This format offers numerous advantages that allow the Group to contribute to more sustainable food:

- by guaranteeing food quality and safety (see paragraph 3.4.1. "Guaranteeing optimal food quality and safety");
- by offering consumers the right nutritional intake for their needs;
- by enabling customers to easily transport products;
- by helping to reduce food waste (see paragraph 3.5.5. "Fighting food waste").

Bel is nevertheless aware of the challenges posed by packaging use. This is why the Group implements action plans to reduce its environmental impact at every stage of the product life cycle, from design through to the management of packaging waste.

Its strategy is organized around five commitments:

- reduce the volume of packaging raw materials by systematically following an eco-design process;
- systematically prioritize paper-based materials as part of a "plastic-free approach". If plastic cannot be avoided, use only recycle-ready plastic and increase the proportion of recycled plastic;
- use only recycled materials or certified virgin materials to ensure that our packaging does not contribute to deforestation;
- work toward 100% recycle-ready packaging by 2025 to reach our circular economy goal, or use biodegradable materials in countries that do not yet have waste collection solutions;

(1) *In 2018, Bel donated products in the following countries: France, Belgium, Italy, Spain, Switzerland, Portugal, Austria, and Sweden.*

(2) *Source: http://ec.europa.eu/environment/eussd/pdf/bio_foodwaste_report.pdf.*

(3) *Study conducted in April 2013 with 764 consumers of cheese sold in the self-service aisle.*

- encourage and facilitate recycling by communicating clearly to consumers and forging partnerships to develop channels and packaging waste recovery in all the countries where the Group operates.

This approach was formally defined by a “Responsible Packaging” policy in 2018.

In 2018, the Bel Group’s packaging was comprised of 78% paper-based materials (including cartons), 15% plastic, and 7% aluminum [(1)]. These figures do not include wax, which is not considered as waste in regulatory terms.

Reducing the quantities of packaging raw materials

Whether designing new packaging or updating existing models, reducing the amount of packaging used has been a prerequisite for Bel in terms of eco-design for several years. Reduction at source is the aim for all the packaging put on the market, regardless of the country, but without compromising the essential functions of packaging.

Continuous improvement plans have helped decrease the thickness of the sheets of aluminum used for The Laughing Cow and Kiri portions, which are now a mere 10 to 12 microns thick, or 1/4 the width of a human hair.

The first phase of work on the Leerdammer sliced cheese packs succeeded in shaving 9% off the quantity of plastic used, which represents savings of 225 metric tons of packaging.

In 2018 the Group also deployed a project to reduce the quantities of cardboard used in its packaging, including those in the Kiri and The Laughing Cow lines.

Prioritizing paper-based materials

In 2018, Bel used 78% paper-based materials. The Group’s goal is to increase this proportion without compromising on the functional requirements of its packaging, especially in terms of product preservation.

When plastic proves to be necessary for technical reasons, Bel favors the use of recycle-ready plastic. That is already the case for 49% of plastic packaging used by the Group.

In addition, some plastic packaging used by the Group contains recycled plastic. For example, the new Leerdammer sliced cheese pack, which was deployed to its first two countries in 2018 after more than seven years of development, contains 24% recycled PET. This new packaging will be rolled out to all markets by 2021, which will avoid the use of 283 metric tons of virgin PET each year.

Using materials that do not contribute to deforestation

To meet its Zero Deforestation goal (see paragraph 3.5.4 “Limiting the risks of negative biodiversity impact and deforestation”), the Group is working to ensure that the paper-based materials it used systematically incorporate recycled fibers or are certified to be harvested from sustainably managed forests. In 2018, 72% of the paper and cardboard Bel used contained recycled fibers and 62% was certified sustainable. Overall, 90% of the Group’s paper and cardboard packaging incorporated recycled and/or certified origin fibers.

Aluminum accounts for just 7% of the Group’s packaging by weight, but is symbolically significant in our brand portfolio since 60% of Bel products are wrapped in aluminum. This is why the Group wants to actively contribute to its sustainable management. Therefore Bel is working to source aluminum certified under the *Aluminum Stewardship Initiative (ASI)*. This international initiative in which the Group has been participating since 2017 aims to implement new standards for responsible procurement and to certify the entire chain, from extraction from bauxite quarries to recycling.

Guaranteeing packaging that is 100% recycle-ready

To build momentum behind the circular economy and to transform its packaging waste into new resources, the Group aims to work toward 100% recycle-ready and/or biodegradable packaging by 2025. The figure was 92% in 2018.

To reach its goal, the Group is prioritizing materials made from paper and aluminum, both of which are 100% recycle-ready. Packaging is considered to be “recycle-ready” if the country has at least one recycling outlet for it (collection, sorting, reuse).

As regards plastic Bel upgraded its Leerdammer sliced cheese packs to create a mono-material solution. This innovative advance means that these packages are already partially recyclable in France (35% of municipalities, 100% by 2022) and ready to the progressive spread of recycling for all plastic packaging in Europe. When these packages are recycled, the lids can be turned into polar fleece and the container into bottles, for example.

Encouraging and facilitating recycling

By communicating clearly to consumers

Consumers also play a key role in reducing the environmental impact of packaging through their sorting efforts. This is why sorting instructions are visible on the Group’s packaging and on the websites of its brands. In emerging countries, the Group is gradually altering its packaging to explain how individuals can act responsibly and reduce litter (see paragraph 3.2.4 “Providing fair and helpful information to consumers”).

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

By forging partnerships to develop channels and packaging waste recovery

While 92% of the Group's packaging is ready to be recycled, Bel must nevertheless deal with the lack of any collection channels to enable the recycling and reuse of its packaging materials in many of the countries where its products are sold. This is particularly the case for aluminum microwaste and plastic packs.

Bel is supporting the development of collection and recycling schemes. This is notably the case in France, where the Group is an active member of *Club de l'Emballage Léger en Aluminium et Acier* ("Light Aluminum and Steel Packaging Club", or CELAA). This association seeks to improve the sorting and recycling of steel and aluminum microwaste in partnership with Citeo, a company that oversees the sorting and recycling systems for household waste. In 2016, Bel also co-founded AREME, a similar initiative in Belgium, and wishes to extend these initiatives to other countries.

Highlights of 2018

- Formal definition of the Group's Responsible Packaging Policy.
- Replacement of the existing Leerdammer sliced cheese plastic pack with the recyclable pack in the main two markets (France and Germany).
- Integration of MOM and Safilait in the Group's environmental ratios.

Priorities for 2019

- Obtain approval of its greenhouse gas emissions reduction targets from the Technical Committee of the Science-Based Targets initiative.
- Finalize the Forest and Natural Ecosystem policy.

ENVIRONMENTAL FOOTPRINT

BEL'S OBJECTIVES	KPI	2017	2018	2020	2025	PROGRESS
Work towards 100 % recyclable-ready and/or biodegradable packaging.	Recyclable-ready and/or biodegradable packaging.	86%**	92%*	88%	100%	On-plan
Reach Zero deforestation in our supply chains.	Forest footprint				0	Plan to finalize
Make our operations carbon neutral.	Carbone balance (kg eq. CO_2 per metric ton of finished products).	-384**	-288	-335	0	On-plan
Reduce our global carbon footprint to meet COP 21 targets.	Greenhouse gas emissions vs 2008 (per metric ton of finished products).	-9%*	-10%*	-12%*	-17%	On-plan
Reduce the water footprint of our plants.	Water consumption vs 2008 (per metric ton of finished products).	-38%**	-48%	-55%	-80%	On-plan

* Excluding MOM   ** Excluding MOM and Safilait

On-plan   Off-plan   Plan to finalize

3.6 METHODOLOGICAL NOTE

Choice of indicators

Bel's non-financial key performance indicators were defined with respect to the Group's activities and the employee-related, social and environmental challenges arising from them. First of all, they allow the operational steering of the progress made with initiatives in each of the areas defined by the Group. They also enable transparent reporting on the Group's non-financial performance in this Registration Document and on other media (*e.g.* on the Group's website and social networks).

The Bel Group's non-financial reporting satisfies the requirements of Decree No. 2017-1265 of August 9, 2017, implementing Ordinance No. 2017-1180 of July 19, 2017, relating to the publication of non-financial information. Bel's CSR program is modeled on two international frameworks: the UN Global Compact and the Global Reporting Initiative's G4 Sustainability Reporting Guidelines.

The calculation, measurement and analysis methods used all comply with appropriate national or international standards, where these exist.

Reporting procedure and guidelines

The non-financial reporting procedure describes the methods to be used to collect and calculate the Group's non-financial key performance indicators. It is circulated, read and applied at every data compilation and Reporting level. This procedure is supplemented by a non-financial Reporting protocol. This defines all of the Group's performance indicators.

Organization of Reporting

The Group CSR and Finance Departments are responsible for the Reporting process and the centralization of indicators. They ensure compliance with the Reporting schedule and, together with the functional departments, organize the external communication of the data, in particular by means of this Registration Document. They check the overall consistency of the Reporting and are the main contacts for external auditors.

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

Consolidation and internal control

The business line CSR LEADER perform internal controls on the data for which they are responsible, checking for consistency and plausibility. This involves running consistency tests on the indicators for which this is appropriate (*e.g.* highlighting and justifying year-on-year variations or calculating ratios to compare the performance of different entities). Any significant variations identified are examined in detail with the data's contributor and may be corrected.

The business line CSR LEADER also consolidate the data collected, in order to generate the Group indicators present in this chapter and communicate them to the CSR Department.

Reporting tools

Data is reported and consolidated using several collection systems, under the responsibility of the business line CSR LEADER who coordinate them.

All data on environmental KPIs is collected using the Reporting tool developed by Tennaxia and most calculations are made using this tool.

The bulk of the data on employee-related KPIs is collected through SIRH, a tool developed by the Human Resources Department (excluding MOM and Safilait).

Some data is collected from Group information systems (*e.g.* SAP and Magdalena) or specific software (*e.g.* EcoVadis and Acciline).

Reporting scope and period

The published data cover all of the Group's entities and subsidiaries as consolidated in the Annual Financial Report, except in the specific situations defined below.

If an indicator is calculated for a specific scope, it is systematically mentioned to avoid a biased understanding of the data.

The data collected covers the period from January 1 to December 31, 2018 [(1)]. Depending on the indicators, the figures are taken from:

- an annual data consolidation from January 1, 2018 to December 31, 2018;
- data measured at December 31, 2018.

If historical data is available, it is provided for the last three financial years. For items relating to water, energy and greenhouse gas emissions, the areas of progress are reported on over the long term: Bel has provided data since 2008, which is the Group's base year for these areas.

(1) *Excluding "Breakdown of greenhouse gas emissions over the entire value chain" for which the data collected cover the period from January 1 to December 31, 2017.*

Social

Bel's employee-related reporting covers all of its industrial sites and subsidiaries (in France and abroad) that had at least one employee under a fixed-term contract or permanent contract during the period from January 1 to December 31, 2018, with the exception of the Syrian subsidiary, in the "Middle East, Greater Africa" area, which is excluded from the reporting scope following the suspension of its production activities in 2012.

Environment

Environmental Reporting includes all of the Group's industrial and research sites.

Environmental reporting also includes the Group's collection centers, warehouses and head office. It does not, however, cover the exclusively tertiary sites of subsidiaries: the impacts of the corporate headquarters account for a negligible share of the Group's total environmental footprint.

Some environmental indicators are reported in metric tons produced (*e.g.* water consumption and GHG emissions). Since 2015, the metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered to be by-products.

Safilait produces pasteurized and UHT milk, while the MOM Group produces dairy creams and apple compote, which generates significant production volumes. Safilait and MOM's production, consumption, emissions and waste are being gradually incorporated in the calculation of ratios. In addition, their consumption, emissions and waste are included in the reported volumes.

The direct impacts of the on-site activities of subcontractors and suppliers are recorded by the sites concerned. The impacts of the off-site activities of subcontractors and suppliers are not recorded by the sites concerned. The impacts of subcontracted production activities are not recorded.

The emission factors used for the consumption of electricity, fuel oil, gas, chlorofluorocarbons, gasoline and diesel are taken from the French Environment and Energy Management Agency (ADEME). All emission factors are updated annually on the basis of data published by the International Energy Agency (IEA) for the international scope and by the ADEME for France.

Greenhouse gas emissions from the Group's own fleet of vehicles include emissions from vehicles under long-term leases.

The classification of water availability risk is based on data from the FAO and a risk analysis using the Water Risk Filter tool provided by the WWF. This classification is updated every year.

3.7 STATUTORY AUDITORS' REASONABLE ASSURANCE REPORT ON A SELECTION OF CONSOLIDATED EMPLOYEE-RELATED AND ENVIRONMENTAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended December 31, 2018

To the Shareholders,

Following the request received by us and in our capacity as the Statutory Auditors of Fromageries Bel SA, we conducted a review to enable us to express reasonable assurance on a selection of consolidated employee-related and environmental information selected by the Company and presented in chapter 3 of the Registration Document (hereafter "CSR Information") produced for the financial year ended December 31, 2018.

The selected employee-related information is as follows:

- total employees;
- accidents with lost time for Bel employees (AFR1);
- accidents with and without lost time for all persons present on Bel sites (Bel AFR);
- accident severity rate for Bel employees.

The selected environmental information is as follows:

- quantity of recovered by-products;
- water consumption by metric ton produced;
- energy consumption by metric ton produced;
- greenhouse gas emission scopes 1 and 2 per metric ton produced.

The selected employee-related information is as follows:

- number of countries having introduced a nutritional education program for consumers;
- roll-out of the upstream dairy program.

Corporate Responsibility

The CSR Information was prepared under the responsibility of the Board of Directors in accordance with the reference guides used by the Company (hereafter the "Reference Guide"), available upon request from the Company's head office, a summary of which can be found in the Registration Document in section 2.8 "Methodological note".

Independence and quality control

Our independence is defined by the regulations, the profession's Code of Ethics and the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we established a quality control system consisting of documented policies and procedures designed to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

At the Company's request, it is our responsibility, based on our work, to express reasonable assurance that the Information was produced in all its material aspects in accordance with the Reference Guide.

However, it is not our responsibility to form an opinion on:

- the Company's compliance with other applicable legal and regulatory provisions, for instance with respect to due diligence, combating corruption and taxation;
- the compliance of its products and services with applicable regulations.

We consulted our corporate social responsibility experts to assist us with our work.

We carried out the work described below in accordance with the professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement and with international standard ISAE 3000[(1)]:

- we assessed the suitability of the Reference Guide with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration the sector's best practices where relevant;
- we verified the establishing of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency and familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we interviewed people from the CSR Department, the Human Resources Department and the Industrial and Technical Department at the head office and at the industrial sites and subsidiaries in order to analyze the roll-out and application of the Reference Guide;
- We applied analytical procedures to the quantitative information and verified a sample of the calculations and the consolidation of the CSR Information;
- for the representative sample of entities and sites that we selected[(1)] according to their activity, their contribution to the consolidated CSR Information, their location and a risk analysis, we conducted interviews to verify the proper application of procedures, and conducted detailed tests based on sampling, entailing the verification of the calculations made and the reconciliation of the data with supporting documents. The sample selected represented an average of 52% of the workforce presented and between 42% and 53% of the environmental information presented.

We believe that this work allows us to reach a conclusion of reasonable assurance. Due to the use of sampling techniques as well as other limits inherent in the operation of any information and internal control system, we cannot entirely rule out the risk of non-detection of a material misstatement in the CSR Information.

Conclusion

In our opinion, the Information selected by the Company was presented, in all its material aspects, in accordance with the Reference Guide.

Executed in Neuilly-sur-Seine on March 27, 2019

The Statutory Auditors

French original signed by

Deloitte & Associés	**Grant Thornton**
Pierre-Marie MARTIN	French member of Grant Thornton International
Partner	Virginie PALETHORPE
	Partner

(1) **HR entities:** *Bel France, Bel Maroc, Safilait, Bel USA, MOM USA.*

Industrial sites: *Boué, Brookings, Fkih Ben Saleh, Lons le Saunier, Nampa, Ribeira Grande, Sablé, Tanger, Dalfsen (only the quantity of recovered by-products).*

3.8 REPORT BY ONE OF THE STATUTORY AUDITORS ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE REPORT INCLUDED IN THE MANAGEMENT REPORT

For the year ended December 31, 2018

To the General Meeting of Shareholders,

In our capacity as Statutory Auditor of Fromageries Bel SA, we hereby present our report on the consolidated non-financial performance for the financial year ended December 31, 2018 (hereafter the "Report") presented voluntarily in the Management Report, in accordance with the legal and regulatory requirements set forth in Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Board of Directors wished to prepare a Report in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied to address these risks and the results of said policies, along with key performance indicators. The Report was prepared in accordance with the protocol used by the Company (hereafter the "Reference Guide"), a summary of which can be found in the Report and is available on request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions set forth in Article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*). Furthermore, we established a quality control system consisting of documented policies and procedures designed to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

Our responsibility, based on our work, is to formulate a reasoned opinion expressing moderate assurance regarding:

- the Report's compliance with the provisions set forth in Article R. 225-105 of the French Commercial Code (*Code de commerce*);
- the fair presentation of the information provided in accordance with paragraph 3 of section I and section II of Article R. 225-105 of the French Commercial Code, (*Code de commerce*), namely the results of the Group's policies, including key performance indicators, and actions to address the main risks (hereafter the "Information").

However, it is not our responsibility to form an opinion on:

- the Company's compliance with other applicable legal and regulatory provisions, for instance with respect to due diligence, combating corruption and taxation;
- the compliance of its products and services with applicable regulations.

Nature and scope of procedures

Our work described below was carried out in accordance with the provisions set forth from Article A. 225-1 onwards of the French Commercial Code (*Code de commerce*) determining the methodology according to which independent third parties must conduct assignments, and in line with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) in this respect and with international standard ISAE 3000 ("Assurance engagements other than audits or reviews of historical financial information").

The work we carried out enabled us to assess the Report's compliance with regulatory provisions and the fair presentation of the Information:

- we familiarized ourselves with the activities of all the undertakings included in the consolidation scope, the presentation of the main social and environmental risks inherent in these activities and their effects as regards respect for human rights and the fight against corruption and tax evasion, as well as related policies and their results;
- we assessed the suitability of the Reference Guide with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration the sector's best practices where relevant;
- we verified that the Report covers each category of information provided for in section III of Article L. 225-102-1 as regards social and environmental issues as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Report presents the business model and the main risks inherent to the activities of all the undertakings included in the consolidation scope, including, where relevant and proportionate, the risks stemming from its business relations, its products or its services, as well as its policies, actions and results, including key performance indicators;

- we verified, where relevant in light of the main risks and policies presented, that the Report includes the information stipulated in section II of Article R. 225-105;
- we assessed the process for selecting and validating the main risks presented;
- we inquired whether there are internal control and risk management procedures in place in the Company;
- we assessed whether the results and key performance indicators used are consistent with the main risks and policies presented;
- we verified that the Report covers the consolidated scope, namely all the undertakings included in the consolidation scope, in accordance with Article L. 233-16, subject to the limits set forth in the Report;
- we assessed the information collection process deployed by the undertaking to ensure the completeness and fair presentation of the Information;
- for the key performance indicators and other quantitative results [1] we considered most important, we performed:
  - analytical procedures consisting in verifying that the data collected had been consolidated correctly and that variations in the data are consistent,
  - detailed tests based on sampling, consisting in verifying that the definitions and procedures had been applied correctly and in reconciling the data with the supporting documents. This work was carried out at a selection of contributing undertakings [2] and covered between 24% and 41% of the consolidated data incorporated into the key performance indicators and results selected for these tests;
- we consulted documentary sources and conducted interviews to confirm the qualitative information (actions and results) we considered most important [3];
- we assessed the Report's overall consistency with our knowledge of the Company.

Based on our professional judgment, we believe that the work we carried out enabled us to reach a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work required the expertise of five people and was carried out between December 2018 and March 2019.

We consulted our sustainable development and corporate social responsibility experts to assist us with our work. We conducted about ten interviews with the persons responsible for producing the Report.

Conclusion

Based on our work, we found no material misstatements that might cause us to doubt whether the non-financial performance report is compliant with applicable regulatory provisions and that the Information, taken as a whole, is presented fairly, in accordance with the Reference Guide.

Comments

Notwithstanding the conclusion expressed above, and in accordance with the provisions set forth in Article A. 225-3 of the French Commercial Code (*Code de commerce*), we would make the following comment:

- as indicated in the Report, the reporting scope for certain indicators is limited (such as those relating to absenteeism, packaging and Scope 3 greenhouse gas emissions which do not include MOM).

Paris-La Défense, March 27, 2019
One of the Statutory Auditors,

Deloitte & Associés
Pierre-Marie Martin
Partner

(1) **Employee-related indicators:** *Total workforce; Number of new hires and departures; Proportion of employees who attended at least one training course during the year; Bel AFR: Accident frequency rate with and without lost time for all persons present on Bel sites; AFR1: Accident frequency rate with lost time for Bel employees; Accident severity rate for Bel employees; Share of women in top management.*

Environmental indicators: *Quantity of recovered by-products; Water consumption per metric ton produced; Energy consumption per metric ton produced; Scope 1 and Scope 2 greenhouse gas emissions per metric ton produced; Distribution of greenhouse gas emissions along the entire value chain (Scopes 1, 2 and 3); Share of recyclable and/or biodegradable packaging.*

Nutrition indicator: *Number of countries having introduced a nutritional education program for consumers.*

(2) **HR entities***: Bel France, Bel Maroc, Safilait.*

Industrial sites*: Boué, Fqih Ben Salah, Sablé, Tangier, Dalfsen (only the quantity of recovered by-products).*

(3) *Promotion of best social and environmental practices among its producers, suppliers, subcontractors and distributors; Working to avoid contributing to deforestation; Actions to make dairy sourcing regions more resilient to water stress; Working towards carbon neutrality; A Charter for sustainable upstream dairy production.*

APPENDIX 1: CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

Document paragraph(s)	The Sustainable Development Goals
3.2. Working for the well-being of all 3.2.1 Placing ethics and vigilance at the heart of Group activities 3.2.2 Establishing stronger monitoring in the fight against corruption and respect for human rights and the environment 3.2.3 Promoting good social and environmental practices with partners 3.2.4 Providing fair and helpful information to consumers 3.2.5 Contributing to the vitality of host regions 3.2.6 Building an inclusive employment model for our employees 3.2.7 Guaranteeing health, safety and well-being at work 3.2.8 Promoting equal opportunity and diversity within the Group 3.2.9 Developing our employees' talents 3.2.10 Maintaining a positive company climate	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
3.3. Committing to sustainable farming 3.3.1 Taking action for a sustainable upstream dairy 3.3.2 Using vegetable fat within strict limits 3.3.3 Delivering the goodness of fruits	2 ZERO HUNGER 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
3.4. Promoting caring nutrition 3.4.1 Guaranteeing optimal food quality and safety 3.4.2 Guaranteeing the nutritional quality of products 3.4.3 Fostering better eating habits and healthier lifestyles	2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
3.5 Reducing the environmental footprint 3.5.1 Pursuing an ambitious environmental policy 3.5.2 Reducing greenhouse gas emissions 3.5.3 Using water sustainably 3.5.4 Limiting the risks of negative biodiversity impact and deforestation 3.5.5 Fighting food waste 3.5.6 Making packaging part of the circular economy	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS

APPENDIX 2: SUMMARY OF ENVIRONMENTAL DATA

	Units	2016 Values	2017 Values	2018 Values
Circular economy				
Recovered by-products (excluding MOM)				
Substandard cheeses or similar recovered internally or externally	mt	15,504	17,138	17,693
Dry whey extract recovered internally or externally	mt	82,963	83,391	80,548
Cream recovered internally (production site or within the Group) or externally	mt	47,623	47,838	48,981
*Quantity of recovered by-products**	mt	*146,090*	*148,367*	*147,222*
Water consumption				
Water consumption in vulnerable zone	m^3	2,132,557	1,933,485	818,654
Water consumption in stress zone	m^3	721,672	659,945	301,910
Water consumption in water shortage zone	m^3	602,338	969,795	1,056,359
Water consumption in non-vulnerable region	m^3	891,296	1,436,860	3,036,555
*Total water quantity**	m^3	*4,347,862*	*5,000,085*	*5,213,478*
Energy				
Electricity				
Consumption of grid electricity without certification of renewable source	MWh	289,535	181,942	189,570
Consumption of self-generated electricity from fuel oil or gas	MWh	433	520	460
Electricity consumption from a certified renewable energy source	MWh	9,857	150,960	151,141
Total electricity consumption	MWh	*299,825*	*333,422*	*340,712*
Fuels				
Fuel oil	MWh_LHV	96,559	86,858	85,834
Gas	MWh_LHV	341,210	418,514	417,189
Biomass	MWh_LHV	92,016	79,681	71,746
Total stationary combustion*	MWh_LHV	529,785	585,053	574,769
Greenhouse gas emissions				
GHG				
GHG emissions linked to electricity consumption	tCO_2e	88,760	81,888	84,881
GHG emissions linked to fuel oil and gas consumption	tCO_2e	112,708	127,939	127,262
GHG emissions linked to biomass consumption	tCO_2e	2,245	1,944	1,751
GHG emissions linked to refrigerants	tCO_2e	8,838	5,348	6,573
GHG emissions linked to the Group's own vehicle fleet	tCO_2e	21,902	9,614	9,593
GHG emissions Scopes 1 and 2	tCO_2e	*234,454*	*226,734*	*230,060*

	Units	2016 Values	2017 Values	2018 Values
Discharges into water				
Discharge into the natural environment				
Volume of water purified internally with discharges into the natural environment	m^3	2,173,602	2,191,714	2,078,832
Discharged chemical oxygen demand	kg	93,673	80,131	82,728
Discharged phosphorous	kg	4,808	2,571	3,719
Discharged suspended matter	kg	38,547	30,605	30,625
Discharged nitrogen	kg	14,099	14,028	13,104
Discharged to an urban wastewater treatment facility				
Volume of water treated by a third party with other effluents	m^3	1,933,975	2,299,966	2,483,266
Discharges into soil				
Spreading of untreated water				
Volume	m^3	381,078	N.A.	N.A.
Agricultural recovery of sludge from wastewater treatment facilities				
Nitrogen	mt	112	96	90
Phosphorous	mt	94	76	81
Dry matter	mt	1,356	1,088	1,077
Discharges into water and soil				
Total volume of discharges	m^3	*4,488,655*	*4,491,680*	*4,562,098*
Total cost of treatment of these discharges	EUR	3,884,469	4,491,235	5,560,745
Other emissions into the air				
Nitrous oxide, nitrogen dioxide	mt	201	204	197
Sulfur dioxide	mt	213	194	196
Noise pollution				
Percentage of sites whose noise level at its boundaries and emergence level for the most at-risk residents is compliant	%	83	83	83
Environmental damage				
Number of incidents	unit	101	67	158
Corrective actions	unit	98	67	150
Production of waste				
Quantity of non-hazardous waste sorted and sent for recovery	mt	16,999	21,947	28,299
Quantity of hazardous waste sorted and sent to appropriate treatment channels	mt	1,291	534	569
Waste incinerated with generation of energy	mt	2,598	3,077	5,485
Waste incinerated without generation of energy	mt	1,092	490	1,033
Waste disposed of in landfills	mt	2,873	6,327	4,147
Total quantity of waste		*24,853*	*32,375*	*39,533*
Cost of treatment	EUR	1,432,101	2,039,290	3,187,658
Income from sale	EUR	434,452	684,973	1,053,150

CORPORATE GOVERNANCE

4

This chapter forms an integral part of the Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code.

Factors likely to have an impact in the event of a public offering, as well as the rules of participation in Annual General Meetings, appear in chapter 6 and in the brochure of the Combined General Meeting of May 22, 2019.

4.1 GOVERNANCE PRINCIPLES

4.1.1 Adherence to the Middlenext Code

Since 2010, the Company has followed the Middlenext Corporate Governance Code, available for consultation at the Company's head office and on http://www.middlenext.com. The Board of Directors considered that the Middlenext Code was well suited to the Company, which has had a majority family shareholding since 1922. As of December 31, 2018 71.1% of the share capital and 72.99% of the voting rights were owned by family shareholders and by the holding company Unibel.

Pursuant to its recommendations, the Board of Directors meetings held on December 11, 2018 and March 13, 2019 reviewed the key issues updated by the Middlenext Code. These key issues refer to the main questions that the Board "must ask to ensure effective and quality governance". They relate to executive power (top-tier managers), supervisory power (directors) and sovereign power (shareholders).

The Company does not diverge from the recommendations of the Middlenext Code.

4.1.2 Composition, terms of office and expertise of the Board of Directors and Senior Management

Composition of the Board of Directors and Senior Management

The Company's Articles of Association provide that the Company is managed by a Board of Directors comprising no fewer than three and no more than twelve members unless otherwise authorized by legal provisions. The members of the Board of Directors are appointed by the Ordinary General Meeting at the proposal of the Board of Directors following an opinion from the Appointments and Compensation Committee.

The term of office for Directors is set at four years (renewable). It may exceptionally be reduced to one, two or three years for the sole purpose of staggering Directors' terms of office. The Company's Internal Regulations also stipulate that each Director must hold at least 20 shares of the Company throughout his or her period of service. The number of Directors over age 72 must not exceed half (rounded up to the nearest whole number) of the serving Directors at December 31 of any given year.

Moreover, the Company's Internal Regulations require that a Lead Independent Director be appointed for a term that may not exceed his or her term of office as Director. The main role of the Lead Independent Director is to offer assistance to the Board of Directors and its Chairman to ensure that the Company's governance bodies are properly run, both within the Board and its specialized Committees. He additionally acts as a liaison between the governance bodies, the Senior Management of the Company and the Executive Committee.

Article 13-2 of the Articles of Incorporation stipulates that, in accordance with Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall include a Director representing the Group's employees, appointed for a period of four years by the Central Works Council. By way of exception, the Director representing employees is not required to own a minimum number of Company shares.

The Board of Directors may also nominate one or several censors. The censors take part in the Board of Directors' meeting and their deliberations and have a consultative voice.

At the date of this Registration Document, the Board of Directors had seven members, including two women and a Director representing employees appointed by the Central Works Council pursuant to Article 13-2 of the Articles of Association and the law of June 14, 2013.

The term of office for the Board member representing the employees, Antonio Maria, expired on July 1, 2018. In accordance with the terms set out in the Company's Articles of Incorporation, Philippe Perche was appointed new Board member representing the employees, by a decision of the Central Works Council of June 21, 2018 with effect from July 1, 2018.

General management is ensured by Antoine Fiévet, who combines the roles of Chairman of the Board and CEO since May 14, 2009. Thierry Billot was appointed as Lead Independent Director on July 29, 2015. Bruno Schoch resigned from his position of deputy Managing Director responsible for financial, legal and IT systems on July 26, 2018.

MEMBERS OF THE BOARD OF DIRECTORS, COMMITTEES AND SENIOR MANAGEMENT ON MARCH 13, 2019

Name	Current position within the Company	First appointed	Last reappointed	End of term of office	Audit Committee	Appointments and Compensation Committee
Antoine Fiévet	Board member	04/25/2001	05/14/2018	OAGM* 2022		Member
	Chairman and Chief Executive Officer	05/14/2009	05/14/2018	BoDM 2022		
Thierry Billot [(a)]	Lead Independent Director	05/14/2014	05/14/2018	OAGM* 2022	Chairman	Chairman
Fatine Layt [(a)]	Board member	05/10/2012	05/12/2016	OAGM* 2020	Member	
Florian Sauvin [(b)]	Board member	07/26/2018		AGOA* 2020		
Nathalie Roos [(a)]	Board member	05/14/2014	05/14/2018	OAGM* 2022		
Unibel SA [(c)] represented by Bruno Schocht	Board member	06/16/1972	05/11/2017	OAGM* 2021		
Philippe Perche [(d)]	Director representing employees	07/01/2018		2022		Member
Luc Luyten [(e)]						Member
Ernst Pankert						Member

* *Ordinary Annual General Meeting.*
(a) *Independent Director.*
(b) *Florian Sauvin was co-opted as Board member to replace James Lightburn who has resigned. His nomination will be submitted for approval at the Annual General Meeting on May 22, 2019.*
(c) *Bruno Schoch was appointed by Unibel's Management Board as the permanent representative of Unibel on the Company's Board of Directors with effect from July 26, 2018, replacing Florian Sauvin.*
(d) *Philippe Perche was appointed as Board member representing employees in replacement of Antonio Maria, by the Group Works Council on June 21, 2018, with effect from July 1, 2018.*
Philippe Perche has been a member of the Compensation Committee since December 11, 2018 and as such attends meetings convened for compensation matters.
(e) *Luc Luyten currently serves as Chairman of the Supervisory Board at Unibel.*

The Annual General Meeting of May 14, 2018 renewed the terms of office of Antoine Fiévet, Thierry Billot and Nathalie Roos as Board members for a four-year period running to the Annual General Meeting due to be held in 2022.

Independence of Directors

At its meeting of March 13, 2019, the Board of Directors examined the individual situation of each Director in relation to the independence criteria set out by the Middlenext Code.

In view of this criteria and the date on which this Reference Document is closed, the Board of Directors includes seven members, three of whom are independent Board members. The independent Board members have no business dealing with the Company. The immateriality of the business relationship is assessed by the Board of Directors on a case-by-case basis using the independence criteria laid down in the Middlenext Code.

Fatine Layt, Nathalie Roos and Thierry Billot are qualified as independent in the terms of the Middlenext Code. Philippe Perche, the Board member representing the Group's employees, is not independent. Similarly, three Board members represent the family shareholders and in this respect are not independent in the terms of the Code: Antoine Fiévet and Florian Sauvin and the organizing holding company Unibel.

Information on conflicts of interest and agreements involving corporate officers can be found in paragraphs 4.1.3 and 4.4.1.

TABLE: SITUATION OF BOARD MEMBERS IN RELATION TO THE MIDDLENEXT CODE INDEPENDENCE CRITERIA

Middlenext Recommendation (R3)

The Company adheres to the Middlenext Code recommendation (R3), that at least two members are independent.

Criteria							
Five criteria can be used to establish a Board member's independence, which is characterized by the lack of significant financial, contractual or family relations likely to have a bearing on independent judgment:	**Antoine Fiévet**	**Unibel**	**Florian Sauvin**	**Fatine Layt**	**Nathalie Roos**	**Thierry Billot**	**Philippe Perche**
1 Be neither an employee nor an executive corporate officer of the Company or an entity within its Group, and not have been one in the past five years.	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*No*
2 Not have been in a significant business relationship with the Company or its Group within the past two years.	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
3 Not be a reference shareholder of the Company or hold a significant percentage of its voting rights.	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*
4 Not have a close relationship or family ties with a corporate officer or reference shareholder.	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*
5 Not have been an auditor of the Company in the past six years.	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Conclusion of the Board on the independence of the directors: three Directors qualify as independent in the Board's view	**Not independent**	**Not independent**	**Not independent**	**Independent**	**Independent**	**Independent**	**Not independent**

General and personal information on the corporate officers and their expertise

Biography and information on current corporate officers

Antoine Fiévet
Director, Chairman and Chief Executive Officer

Born in 1964

French citizen

Business address:
2 allée de Longchamp
92150 Suresnes

Term of office and expiry date

Antoine Fiévet was coopted to the Board of Directors on April 25, 2001, a decision ratified by the Annual General Meeting of April 25, 2001. He was appointed as Chairman and Chief Executive Officer by the Board of Directors on May 14, 2009. His term of office was renewed by the Annual General Meeting of Monday, May 14, 2018 for four years, *i.e.* until the end of the Annual General Meeting to be held in 2022.

Biography, management expertise and experience

Antoine Fiévet represents the fifth generation of the family shareholding (Fromageries Bel was established in 1865 by his great-great grandfather, Jules Bel). He graduated from the Université Paris-II Assas (undergraduate degree in economics) and the Institut supérieur de gestion de Paris (graduate studies). He held several managerial positions in communication and publishing firms prior to 2001. Between 2001 and 2009, he was Managing Partner of Unibel SA, chairing the Strategic Directions Committee and sitting on the Fromageries Bel Board of Directors. Antoine Fiévet is also a member of the Board of Directors of FBN France (*Family Business Network*) which consists of more than 180 French family firms. He is also a member of the Board of Directors and Compensation Committee of Bonduelle.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

Valentine Fiévet (sister), Vice-Chairwoman of the Unibel Supervisory Board, Marion Sauvin (cousin), member of the Unibel Supervisory Board, Thomas Sauvin (cousin), member of the Unibel Supervisory Board, Laurent Fiévet (brother), member of the Unibel Supervisory Board, and Florian Sauvin (cousin), Managing Director and member of the Unibel Management Board and Director of Fromageries Bel.

Terms of office and current positions within the Group, held in France

- Chairman of the Unibel Management Board (listed company)
- Chairman and Chief Executive Officer and member of the Fromageries Bel Appointments and Compensation Committee
- Chairman of SICOPA SAS
- Chairman of the Bel corporate foundation

Terms of office and current positions outside the Group, held in France

- Managing Director of SCI MORI
- Member of the Board of Directors and Compensation Committee of Bonduelle (listed company)
- Managing Director of RFE
- Director of CGFF

Terms of office and current positions within the Group, held abroad

- Chairman of the Board of Directors of Bel Belgium
- Chairman of the Board of Directors of SIEPF
- Chairman of the Board of Directors and Board member of Fromageries Bel Maroc
- Chairman of the Board of Directors and Board Member of Safilait
- Chairman of the Management Board and representative of Fromageries Bel on the Management Board of Bel Vietnam Co. Ltd
- Chairman and CEO and permanent representative of Fromageries Bel Maroc on the Board of Bel AFRICA

Terms of office held within the Group having expired in the last five years

- Chairman of the Supervisory Board of Bel Sýry Cesko
- Representative of SICOPA on the Board of Directors of Fromageries Bel Maroc SA
- Director of CGFF
- Chairman and Chief Executive Officer of Fromageries Picon
- Chairman and CEO then Chairman of SICOPA SA
- Director and Chairman of the Board of Directors of Fromagerie Bel Algérie
- Board Member of SOFICO

Restrictions preventing the sale of a stake in the share capital

Antoine Fiévet declares himself party to the Unibel family shareholders pact signed on September 19, 2013 and published by the AMF on September 26, 2013.

Thierry Billot
Lead Independent Director

Born in 1955

French citizen

Business address:
6 avenue de Camoëns
75016 Paris

Term of office and expiry date

Thierry Billot was appointed by the Annual General Meeting of May 14, 2014 for a four-year period, and then renewed by the Annual General Meeting of May 14, 2018, namely until the Annual General Meeting due to be held in 2022. He was appointed as Lead Independent Director, effective July 29, 2015, for a maximum period equal to that of his term of office as Director.

Biography, management expertise and experience

Thierry Billot, a graduate of the *École Supérieure de Commerce de Paris* (ESCP), began his career as an auditor at Peat Marwick Mitchell from 1980 to 1982. He joined Pernod Ricard in 1982 as an internal auditor. He became Pernod's Director of Finance and Administration in 1985 before being appointed Chief Financial Officer of Pernod Ricard in 1986. Chairman and Chief Executive Officer of Austin Nichols in the United States from 1992, he was appointed Chairman and Chief Executive Officer of Pernod in October 1996. In 2002, he became Chairman and Chief Executive Officer of Pernod Ricard Europe, Middle East and Africa. In 2008, he was appointed to the position of Deputy Chief Executive Officer in charge of brands until February 27, 2015 when he left Pernod Ricard.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None.

Terms of office and current positions within the Group, held in France

- Lead Independent Director of Fromageries Bel SA
- Chairman of the Audit Committee
- Chairman of the Appointments and Compensation Committee

Terms of office and current positions outside the Group, held in France

- Chairman of THB Conseil

Terms of office and current positions outside the Group, held outside France

- None

Terms of office held outside the Group having expired in the last five years

- Director of Ricard SA (until February 27, 2015)
- Member of the Supervisory Board of Pernod Ricard Europe, Middle East and Africa (until February 27, 2015)

Restrictions preventing the sale of a stake in the share capital

None.

Nathalie Roos
Board member

Born in 1965

French citizen

Business address:
L'Oréal – 14 rue Royale
75008 Paris

Term of office and expiry date

Nathalie Roos was appointed by the Annual General Meeting of May 14, 2014 for a four-year period, and then renewed by the Annual General Meeting of May 14, 2018, namely until the Annual General Meeting due to be held in 2022.

Biography, management expertise and experience

Nathalie Roos joined the L'Oréal group in October 2012. Since August 2013, she has been Country Manager for Germany, L'Oréal's fourth-largest global market with sales in excess of €1 billion. Nathalie Roos was nominated Managing Director of the Professional Products divisions and therefore joined the L'Oréal Executive Committee. She officially took up her positions in April 2016. Previously, after her first professional stint as Head of Sales at Kraft Jacobs Suchard (1987-1989), she spent a large portion of her career at the Mars Group. Between 1989 and 2000, she held various positions at Mars France. From head of sales promotion, she worked her way up the Marketing and Sales Departments to become national key account manager and then head of the retail network of Brasseries Kronenbourg (2000-2004). Nathalie Roos became Chairwoman and Chief Executive Officer of Mars Chocolat France in 2004, then Chairwoman of Mars Inc. Group's European markets from 2009 to 2012. She is a graduate of the École supérieure de commerce de Reims. In 2012, she was named a Knight of the Legion of Honor, France's highest civil order of merit.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None.

Terms of office and current positions within the Group, held in France

- Director of Fromageries Bel

Terms of office and current positions outside the Group, held in France and abroad

- Member of "Les Cigognes" (a French association supporting single mothers)
- Member of the Board of Directors of Clinique Adassa in Strasbourg
- Director of NEOMA Business School

Terms of office held outside the Group having expired in the last five years

- Country Manager of L'Oréal Germany
- Chairwoman and Chief Executive Officer of Mars Chocolat France
- Regional Councilor of the Alsace region, Vice-Chair of the regional competitiveness cluster for employment

Restrictions preventing the sale of a stake in the share capital

None.

Fatine Layt
Board member

Born in 1967

French citizen

Business address:
LionTree Advisors –
7, rue Rouget de l'Isle
75001 Paris

Term of office and expiry date

Fatine Layt was appointed to the Board of Directors by the Annual General Meeting of May 10, 2012 for a period of four years, and reappointed at the Annual General Meeting of May 12, 2016, until the Annual General Meeting to be held in 2020.

Biography, management expertise and experience

Fatine Layt began her career at the Euris Group when it was formed in 1989, first in private equity and then management as Chairwoman and CEO or Director of various group subsidiaries (EPA, Glénat, Editeuris, Sygma presse). In 1996, she was appointed Chairwoman and CEO of specialist press group CEPP, controlled by APAX Partners. She was also a Director of the press trade union. In 2000 she set up her own business, Intermezzo, a financial engineering consulting firm which she still manages. In 2003, she began working with Jean-Marie Messier at Messier Partners, a merchant bank specializing in mergers and acquisitions. Then in March 2007, she founded Partanéa, sold in October 2008 to Oddo & Cie, investment and asset management bank, for which she become a member of the Executive Committee and Chairman of Oddo Corporate Finance until 22 October 2015. She was Managing Director of ACG until 29 January 2016. Since January 2017, Fatine Layt has been President and Managing Partner of the merchant banking firm LionTree in France. She is a graduate of IEP Paris (finance major) and the French Society of Financial Analysts (SFAF) and is a former senior lecturer at IEP Paris in finance and financial management.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None.

Terms of office and current positions within the Group, held in France

- Director and member of Fromageries Bel's Audit Committee

Terms of office and current positions outside the Group, held in France

- Director of the Renault Foundation
- Director of Mobiliz SA
- Managing Director of Intermezzo SARL
- Member of the Supervisory Board of Grand Emprunt
- Managing Partner of LionTree Advisors

Terms of office and current positions, held abroad

- Managing Director of Intermezzo International Co .Ltd

Terms of office held having expired in the last five years

- Chair and Managing Partner of Oddo Corporate Finance (until October 22, 2015)
- Member of the Executive Committee of Oddo et Cie SCA (until October 22, 2015)
- Chief Executive Officer of ACG (until January 29, 2016)
- Director of Imerys (listed company)

Restrictions preventing the sale of a stake in the share capital

None.

Florian Sauvin
Board member

Born in 1979

French citizen

Business address:
2 allée de Longchamp
92150 Suresnes

Term of office and expiry date

Florian Sauvin was a Director of Fromageries Bel from August 26, 2009 to May 12, 2015, when he was appointed as Unibel' permanent representative on Fromageries Bel's Board of Directors, replacing Pascal Viénot. Since July 26, 2018, Florian Sauvin has been coopted as Board member to replace James Lightburn. This cooptation will be submitted for approval by the Annual General meeting due to be held on 22 May 2019.

Biography, management expertise and experience

Florian Sauvin, an EPFL engineer, joined the Group seven years ago as a management controller for two years. He is also been a member of Unibel's Management Board since August 2009. He was responsible for the Bel Access Department, our business model incubator that aims to develop a sustainable approach to low-revenue consumption markets taking social impact and economic viability factors into account. He completed the PLD program at Harvard Business School in 2015. He was then the Group's Chief Digital Officer. Since September 2018, he has been Program Management Officer *Big Bel Acceleration*.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

Antoine Fiévet (cousin), Laurent Fiévet (cousin), Valentine Fiévet (cousin), Marion Sauvin (sister) and Thomas Sauvin (brother).

Terms of office and current positions within the Group, held in France

- Member of Unibel's Management Board
- Director of Fromageries Bel
- Joint Managing Director of SOPAIC
- Treasurer of Bel Corporate Foundation

Terms of office and current positions outside the Group, held in France

- Director and CEO of CGFF
- Director of CIANAS
- Chairman of SAS Lobster Investment Company
- Joint Managing Director of SAUFI1 SARL
- Managing Director of SCI La Tuilerie
- Managing Director of SARL Fiévet Frères
- Managing Director of SCP HPFFS

Terms of office and current positions outside the Group, held abroad

- Director of Biomass Holding SAL

Terms of office held having expired in the last five years

- Director of SICOPA SA
- Permanent representative of SICOPA on the Board of Directors of ATAD

Restrictions preventing the sale of a stake in the share capital

Florian Sauvin declares himself party to the Unibel family shareholder pact signed on September 19, 2013 and published by the AMF on September 26, 2013.

Bruno Schoch
Permanent representative of Unibel, Director

Born in 1965

French citizen

Business address:
2 allée de Longchamp
92150 Suresnes

Term of office and expiry date

Bruno Schoch was appointed Deputy General Manager by the Board of Directors of 17 December 2008, renewed by the Board of Directors decisions of May 14, 2019 and May 14, 2014 for the duration of the term of office of the CEO, until the Annual General Meeting of May 14, 2018. On July 27, 2018, Bruno Schoch took up new functions within Unibel, where he was named Chairman of the Management Board. Consequently, he stepped down from his position as Deputy General Manager of Fromageries BEL and was appointed permanent representative of Unibel on the Board of Directors of Fromageries Bel, in replacement of Florian Sauvin, as of July 26, 2018.

Biography, management expertise and experience

Part of the Group since 2003, he has held the posts of Financial Director and then Director of Strategy and Development at Unibel SA. Between 2018 and 2018, Bruno Schoch was Deputy General Manager responsible for the Group's financial and legal affairs and IT systems. From 1993 to 2003, he held several posts in auditing at Deloitte & Touche (Paris) and mergers and acquisitions at Chase Manhattan Bank (London) and Schweizerischer Bankverein (Frankfurt). He holds a DESS (master's degree) in Finance and Management from Paris Dauphine University and is a qualified chartered accountant and Statutory Auditor. Since November 2013, Bruno Schoch has been a member of the extended bureau and the "made in France" Committee of METI (an association of medium-sized enterprises).

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None.

Terms of office and current positions within the Group, held in France

- Chairman of Unibel's Management Board
- Permanent representative of Unibel, member of Fromageries Bel Board of Directors

Terms of office and current positions outside the Group, held in France and abroad

- Member of the Supervisory Board of Société des Domaines SAS
- Member of the Supervisory Board of Geratherm AG (listed company)
- Permanent representative of Unibel on the Board of Directors of Biomass Holding SAL
- Member of the Supervisory Board of Limes Schlosskliniken AG

Terms of office and current positions within the Group, held abroad

- Director of Bel Belgium
- Director of BEI LE
- Representative of SICOPA on Bel Africa's Board of Directors
- Permanent representative of SICOPA on the Board of Directors of SIEPF

Terms of office held within the Group having expired in the last five years

- Deputy General Manager, not a Director of Fromageries Bel
- Permanent representative of Fromageries Bel on the Board of Directors of ATAD
- Director of Bel Rouzaneh Dairy Products Company
- Co-manager of Bel Deutschland
- Permanent representative of Fromageries Bel on Fromageries Picon's Board of Directors
- Permanent representative of Fromageries Bel on the Board of Directors of SASFR
- Permanent representative of SICOPA on the Board of Directors of SOFICO
- Director of Bel UK
- Member of Bel Leerdammer BV's Supervisory Board
- Permanent representative of SICOPA on Grupo Fromageries Bel España's Board of Directors
- Chairman of the Board of Directors and Board member of Bel Brands USA
- Permanent representative of Fromageries Bel on Fromagerie Bel Algérie's Board of Directors
- Member of Syraren Bel Slovensko's Supervisory Board Bel Slovensko's Supervisory Board
- Member of Bel Shotska Ukraine's Supervisory Board
- Member of Bel SYRY Cesko's Supervisory Board
- Director of Bel Karper
- Director of Bel Cheese Korea
- Permanent representative of SICOPA on Fromageries Bel Maroc's Board of Directors
- Member of Bel Shotska Ukraine's Supervisory Board

Restrictions preventing the sale of a stake in the share capital

None.

Philippe Perche
Director (representing employees)

Born in 1962

French citizen

Business address:
2 allée de Longchamp
92150 Suresnes

Term of office and expiry date

Philippe Perche was appointed as Director representing the Group's employees by a decision of the Central Works Council on June 21, 2018, effective July 1, 2018, for a period of four years, *i.e.* until the end of the Annual General Meeting to be held in 2022.

Biography, management expertise and experience

Philippe Perche joined the Group as manufacturing line conductor in 1990. Thereafter, he was fresh manufacturing pilot and head of the Kiri manufacturing team at the Sablé-sur-Sarthe site. During his career, Philippe Perche has also occupied various trade union positions representing workers (employee representative, representative for the works council, member of the health and safety committee).

After being appointed Board member representing Group employees on June 21, 2019, Philippe Perche resigned from all of his trade union mandates, in compliance with applicable legislative measures. He also did training on How to Be an Employee Board member with the IFA in November 2018.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None.

Terms of office and current positions within the Group, held in France

Director representing employees

Terms of office and current positions outside the Group, held in France

None

Terms of office and current positions within and outside the Group, held abroad

None

Terms of office held having expired in the last five years

None

Restrictions preventing the sale of a stake in the share capital

None.

4.1.3 Disclosures relating to members of the Board of Directors and Senior Management

No convictions for fraud, bankruptcy or public sanctions over the last five years

Over the last five years no member of the Board of Directors or Senior Management has been convicted of fraud, or been associated with any bankruptcy, receivership or liquidation, or been the subject of any official public incrimination or sanction by a statutory or regulatory authority, or been disqualified by a court of law from acting as a member of the management, executive or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer.

To the knowledge of the Company, SCI Belfran, where Florian Sauvin was Manager, has been liquidated on good terms, distinct from all settlement and prevent procedures for struggling companies, during the past five years.

Service contracts

To the knowledge of the Company, at the date of this Registration Document and subject to the following section, no corporate officer was related to the Company or any of its subsidiaries by a service contract allowing for the granting of any benefits whatsoever upon its expiry.

The Company is related to the parent company Unibel by a cash agreement, authorized by the Board of Directors on October 11, 2007, and a service agreement dated December 14, 2001, authorized by the Board of Directors on December 12, 2001, the terms and conditions of which are detailed in section 4.4.1 "Statutory Auditors' Special Report on regulated agreements and commitments" of this Registration Document. These agreements were subjected to the control procedures for regulatory agreements set out by Articles L. 225-38 *et seq.* of the French Commercial Code.

Conflicts of interest and agreements to which the corporate officers are party

To the knowledge of the Company, at the date of this Registration Document there were no potential conflicts of interests between the duties of Fatine Layt, Nathalie Roos and Thierry Billot, Directors, and Bruno Schoch, permanent representative of Unibel, Director, who are not members of the Fiévet-Bel family group, in relation to the Company and their private interests and other duties. Antoine Fiévet, Director and Chairman and Chief Executive Officer, and Florian Sauvin, Director, are also members of Unibel's Management Board, holding more than two-thirds of the capital and voting rights of the Company and participating in the Unibel shareholders' agreement binding the members of the Fiévet-Bel family group. Information about the Company's share capital is presented in chapter 6 of this Registration Document. Philippe Perche is the Director representing employees and thus has an employment contract as required by law.

Information on conflicts of interest and agreements involving corporate officers can be found in section 4.4.1 "Special Report of the Statutory Auditors on regulated agreements and commitments".

Arrangement or agreement on the appointment of members of the Board of Directors and Senior Management

The Articles of Association do not set out any specific rules for the appointment and replacement of members of the Board of Directors. Legal provisions apply.

To the Company's knowledge, at the date of this Registration Document there was no arrangement or agreement between the main shareholders, customers, suppliers or others by which the Chairman and Chief Executive Officer or any member of the Board of Directors were appointed to their positions.

Restrictions relating to the transfer of shares

Under the French General Tax Code, notably Articles 787 B, 885 I bis and 885 I quater, collective or individual lock-up agreements relating to Fromageries Bel shares may exist. Those known to the Company – mainly concerning Antoine Fiévet and Florian Sauvin and Unibel – are described in section 6.1 "Shareholding and share capital".

To the knowledge of the Company, at the date of this Registration Document there were no other commitments involving members of the Board of Directors or Senior Management relating to the transfer over a certain period of time of their holdings in the Company's capital.

4.1.4 Board and committee organization and workings

Board of Directors organization and workings

Company management structure

The Company is run by a Board of Directors whose Chairman, Antoine Fiévet, is also Chief Executive Officer. At its meeting of May 14, 2009, the Board decided to combine the roles of Chairman of the Board and Chief Executive Officer of the company to better suit the management structure and running of the Company, and to facilitate and streamline decision-making and liability.

Antoine Fiévet has been Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009 and was reappointed as such on May 14, 2018.

In his capacity as Chairman of the Board, Antoine Fiévet organizes and directs its work, reporting on it to the Annual General Meeting. He ensures that the Company bodies function properly and makes sure, in particular, that the Directors are able to carry out their duties. In his capacity as Chief Executive Officer, Antoine Fiévet has the broadest powers to act on behalf of the Company in any circumstances. He exercises his powers within the scope of the Company's objectives and is subject to those powers that the law expressly allocates to shareholders' meetings and the Board of Directors.

Lead Independent Director

Since 2015, following a proposal from the Chairman and Chief Executive Officer, the Board has decided to appoint one of the Independent Directors as Lead Independent Director. Thierry Billot has held this position since July 29, 2015. His term was renewed on May 14, 2018 for a maximum duration equal to his term on the Board of Directors, i.e. until the 2022 General Shareholders' Meeting. He is responsible for ensuring the proper running of the Company's governance bodies within both the Board and the specialized Committees. He additionally acts as a liaison between the governance bodies, the Senior Management of the Company and the Executive Committee. He is also the specific point of contact for Directors on the issue of conflicts of interest.

Duties of the Board of Directors

As part of the strategy adopted by Unibel, the holding company, the Board gives its opinion on all decisions relating to implementing the Company's main strategic, economic, societal, environmental, financial and industrial guidelines and ensures that they are adopted by senior management. It is regularly informed, either directly or through its Committees, of any significant event affecting the conduct of the Company's business.

At each Board meeting, the Chairman informs the Directors of the main facts and significant events relating to the Group that have occurred since the last Board meeting. Each Board meeting also provides a debriefing of the Company's business.

In accordance with legal and statutory provisions, the Board meets at least four times a year, convened by its Chairman at least one week before the meeting, unless there is an emergency, to examine and approve the annual and consolidated financial statements, review the draft management documents, and approve the consolidated half-yearly financial statements. A document covering all the key points to be discussed and examined at the meeting must be sent to the Directors several days in advance unless impeded by an emergency or urgent event.

However, a meeting of the Board of Directors can be convened on any other subject of significant importance. The Board of Directors is then regularly informed of the state of progress of cases. The work and decisions of the Board are formalized in the minutes of the meeting.

Internal Regulations of the Board of Directors

The Company's Board of Directors has Internal Regulations specifying the conditions for preparing its meetings and the rules governing its work. It determines the limits the Board places on the powers of the Chairman and Chief Executive Officer and the Deputy General Manager. In accordance with the law, these limits are established internally and are not binding on third parties.

The Internal Regulations also state the rights and duties of Directors during their terms of office. In 2013, the Audit Committee and the Appointments and Compensation Committee both drew up a Charter defining each of their workings, roles and responsibilities. The Board's Internal Regulations, which had until then defined these rules, was consequently amended.

The Internal Regulations of the Board of Directors was amended on July 29, 2015 in order to set the terms and conditions of the lead Board member's functions as well as the duties entrusted. The Internal Regulations were again amended and adopted by the Board of Directors on July 28, 2017 in compliance with the latest Middlenext Code guidelines, particularly those covering the succession plan for Senior Management.

The Board's Internal Regulations, along with the Charters of the Audit Committee and the Appointments and Compensation Committee, can be viewed at the Company's head office.

Limits placed on the powers of the Chairman and Chief Executive Officer and the Deputy General Manager by the Board of Directors

In his capacity as Chief Executive Officer, Antoine Fiévet has the broadest powers to act on behalf of the Company in any circumstances. The Chief Executive Officer represents the Company in its relationships with third parties. He has the ability to partially delegate his powers. He exercises his powers within the scope of the Company's objectives and is subject to those powers that the law expressly allocates to shareholders' meetings and the Board of Directors.

Furthermore, as an internal matter, and not binding on third parties, the prior authorization of the Board is required for any transaction or potential transaction that is major and/or significant by virtue of its amount or nature.

The following are particularly concerned:

- decisions or measures affecting or likely to modify the legal or financial structure of the Company or Group or the scope of its activity;
- any transaction or potential investment over ten (10) million euros;
- borrowings and financing totaling over twenty-five (25) million euros and the granting of guarantees attached to said financing;
- restructuring operations exceeding the threshold of ten (10) million euros;
- acquisitions or disposals affecting the brands with a value of over five (5) million euros, as well as agreements with third parties relating to the use of the Group's core brands;
- real estate transactions exceeding the threshold of five (5) million euros.

Work of the Board of Directors during 2018 and since the start of 2019

During 2018 and since the start of 2019, the Board met seven times with an attendance rate of 95.92% on the part of its members.

In 2018, as part of its duties the Board reviewed the quarterly, half-yearly and annual financial information, the annual financial statements and the consolidated financial statements, the half-yearly consolidated financial statements, and the processes used to prepare this information. Each Board meeting called to approve the financial statements was preceded by a meeting of the Audit Committee. The Directors systematically reviewed the press releases relating to this information before their release.

The state of business was assessed at each meeting. Regular attention was given to the economic and geopolitical situation of the markets and its impact on the Group's business.

The administrators have regularly discussed the Group's industrial investments and financing.

On September 20, 2018, the Board of Directors reviewed the new organization project leading to a voluntary departure plan, accompanied by a reclassification plan.

The Board of Directors has met two times since the beginning of 2019. It dealt mainly with the annual financial statements and consolidated financial statements for 2018, the opportunity of offering an exceptional bonus payment for consumer purchasing power, and the convening of the Annual General Meeting as well as approving its agenda.

The Board of Directors also approved the evaluation process for its work, in accordance with the recommendations of the Middlenext Code.

Composition, workings and activities of the Board of Directors' Committees

The Board of Directors has two specialized committees, an Audit Committee and an Appointments and Compensation Committee.

These Committees issue proposals, recommendations and opinions on matters within their remit, depending on the case in question. They have an advisory capacity and act under the authority of the Board. They report on their work to the Board whenever necessary.

Audit Committee

In 2013, the Audit Committee drew up a Charter governing its workings, role and responsibilities. This Charter was amended by the Board on December 13, 2017 to take into consideration the modifications ushered in by French ordinance 2016-315 of March 17, 2016 that transposes EU Directive 2014/56/EU of April 16, 2014.

The Audit Committee meets two to four times a year and as many times as necessary at the request of its Chairman or the Chairman of the Board to ensure that matters relating to the drafting and checking of periodic and annual accounting and financial information are monitored. In 2018, the Committee met four times with a 100% attendance rate.

The Audit Committee consists of at least three members appointed by the Board from among Directors who do not perform management roles. At least two thirds of the Committee members must be independent and possess specialist financial, accounting or auditing skills. The Board appoints the Committee Chairman who directs the Committee's work.

At the date of this Registration Document, the Audit Committee had three members: Thierry Billot (Chairman), Bruno Schoch and Fatine Layt. Two of the three members of the Audit Committee are independent, according to the criteria set out by the Middlenext Governance Code to which the Company refers. Thierry Billot, Bruno Schoch and Fatine Layt have special expertise in finance (for more information, see section 4.1.2, "Composition and expertise of the Board of Directors and Senior Management").

The Audit Committee consults the General Manager responsible for financial and legal affairs and information systems, the Consolidation, Financial Control and Internal Control Director, the Treasury Director, the Legal Director, the Information Systems Director and the Internal Audit and Risks Director. The members of the Committee communicate with the Statutory Auditors without the Group's management being present.

The Audit Committee reports its duties to the Board of Directors, particularly for its duty to certify the accounts by the Auditors, and informs it immediately of all difficulties encountered.

Duties

In accordance with the provisions of Article L. 823-19 of the French Commercial Code, the Audit Committee is responsible for assisting the Board of Directors and more generally for (i) monitoring the process for preparing financial information (and making recommendations to guarantee its integrity as needed) and regular and provisional accounting information, and reviewing the annual accounts and consolidated accounts of the Company; (ii) monitoring the effectiveness of the internal control and risk management systems, as well as internal audit where appropriate, as regards the procedures for preparing and processing accounting and financial information, without harming the independence of internal audit; (iii) monitoring the statutory audit of the Company's annual accounts and consolidated accounts, taking into account the findings and conclusions of the French High Council for the Audit Profession (H3C) following the audit in application of Articles L. 821-9 *et seq.* of the Commercial Code, and (iv) supervising the selection of the Statutory Auditors and issuing a recommendation to the Board of Directors on the Auditors proposed for appointment or renewal by the Annual General Meeting.

As such, the Audit Committee:

- ensures the relevance and permanence of the accounting rules and methods used to establish the consolidated and parent company financial statements as well as the appropriate accounting treatment of significant transactions by the Group;
- examines any questions of a financial or accounting nature submitted to it;
- reviews the development and dissemination process for communication and financials;
- examines the Group's annual internal audit plan and the Statutory Auditors' work plan and examines the Group's internal audit reports on a quarterly basis;
- ensures the relevance of the internal control procedures;
- ensures there is a process for identifying and analyzing financial and non-financial risks likely to have a material impact on the Company's accounting and financial information and particularly on the Company's assets, regardless of the time period. It also examines the financial situation of the Group and its debt and financing structure;
- ensures that any weaknesses identified in the internal control and risk management systems result in corrective actions;
- provides the Board with an opinion on the appointment or reappointment of the Statutory Auditors;
- examines the risks threatening the independence of the Statutory Auditors, with input from the latter.

The Committee ensures the respect of the conditions of independence by the Statutory Auditors and takes the necessary measures for the application of the provisions relating to the economic independence of the Statutory Auditors referred to in Article 4(3) of Regulation (EU) 537/2014 and compliance with the conditions referred to in Article 6 of the same Regulation.

The Committee approves the provision of services other than the certification of accounts by the Statutory Auditors or the members of their networks, provided such services are not prohibited. The Audit Committee meets to approve each of these services. During these meetings, it examines the absence of a threat to independence and the eventual safeguard measures implemented by the relevant Statutory Auditors. By delegation of the Committee, its Chairman is also authorized to approve these services when the amount of said services is less than €20,000.

To perform its duties, it has access to all the documents and information it seeks to verify. To this end, it has the right to obtain any information it deems necessary to complete its assignment from any manager in the Company. The Audit Committee may also consult third parties that may be useful in its work and use external experts.

Work of the Committee since January 2018

Since January 2018 the Audit Committee has chiefly worked on the following points:

- examining the Group's half-yearly and annual consolidated financial statements with the Group's Finance Department and the Statutory Auditors in order to analyze the accounting and financial statements for the entire Group. Each time the consolidated financial statements are presented (half-yearly and annual), the Statutory Auditors present a summary of their work and their conclusions. At the meetings of March 7, 2018 and March 12, 2019, Committee members met with the Statutory Auditors without the Group's management being present;
- reviewing half-yearly and annual draft press releases on the Group's financial results;
- monitoring cash positions, the foreign exchange and interest rate hedging policy and Group financing;
- examining the internal audit reports. The Committee examined the conclusions and specific check points from the internal control reported from various auditing tasks. It examined how the implementation of audit recommendations issued in prior reports was monitored. The Group's internal audit plan for 2019 was presented during the Committee's end-of-year meeting at the same time as the assessment of the 2018 audit plan;
- monitoring risk management. As part of the Audit Committee's risk management tasks, the results of the updated Group risk map and measures planned for 2019 were presented during the year-end Committee meeting;
- examining compliance projects under the framework of the framework of "Sapin II" and "Due Diligence" laws; and "Due Diligence" laws, as well as the General Data Protection Regulation;
- examining internal control procedures. The Committee reviewed certain procedures both as part of the Statutory Auditors' annual work and when receiving feedback from internal audit assignments.

Appointments and Compensation Committee

On the recommendation of the Committee, the Board adopted a Charter at its meeting of March 21, 2013, defining its composition, areas of competence and workings. Before then, the Appointments and Compensation Committee had been governed by the Board's Internal Regulations. This Charter was recently revised by the Board of Directors on July 26, 2018.

The Appointments and Compensation Committee meets at least four times a year and whenever necessary at the call of its chair or the request of the Chairman of the Board. In 2018, the Appointments and Compensation Committee met four times with an attendance rate of 100%.

The Appointments and Compensation Committee is made up of three members at least, whether they are Board members or not, with at least one member chosen among the independent Board members. The Chairman of the Committee is designated among the Company's Board members and cannot be one of the Company's Corporate Executive Officers. To conduct its work, the Appointments and Compensation Committee may seek the advice of external experts and consult the Group's internal specialists – especially the Human Resources Director – for any matters it deals with.

At the date of this Registration Document, the Appointments and Compensation Committee had five members: Thierry Billot, Chairman of the Committee, qualified as independent according to the Middlenext Code, Antoine Fiévet, Luc Luyten and Ernst Pankert, non-Board members, as well as Philippe Perche, Board member representing the employees.

On December 11, 2018, the Board appointed Philippe Perche as a member of the Committee effective but only when it meets to consider compensation.

Ernst Pankert was appointed member of the Appointments and Compensation Committee on July 26, 2018.

Duties

When acting as the Appointments Committee, the Committee's chief duties are to make proposals and recommendations on the selection and reappointment of Directors, the manner in which Senior Management operates, the appointment or dismissal of the Chairman of the Board, Chief Executive Officer and/or Deputy General Managers, the implementation of succession plans, and the workings and regular assessment of the Board. It also expresses an opinion on the appointment of members of the Executive Committee.

When acting as the Compensation Committee, the Committee makes recommendations on setting and paying Directors' fees and on all aspects of executive compensation including retirement arrangements, variable compensation factors and compensation factors linked to share capital. Setting performance targets is part of setting variable compensation. The Committee makes decisions on the Company's policy on stock option plans and the general policy on employee shareholding plans. Lastly, it advises Senior Management on the overall consistency of the compensation policy for key senior managers and members of the Executive Committee. It is kept informed of the Company's general compensation policy.

Work of the Appointments and Compensation Committee since January 2018

The Appointments and Compensation Committee mainly examined the following points:

- the position of Board member mandates due to expire in 2018;
- the determination of performance targets for executive compensation, and the conditions for meeting those targets;
- the consistency of the compensation policy for the Group's senior executives;
- the policy for awarding performance shares to Company and subsidiary employees and/or corporate officers and, as such, the recommendation for implementing a plan to allocate performance shares to employees;
- the assessment process for the workings of the Board of Directors.

Unibel Strategic Committee

The Management Committee of Unibel, active holding company of Fromageries Bel, consults the Unibel Committee for its analyses and considerations. In addition to the three members of the Management Committee, its members are Thierry Billot, Fatine Layt, Luc Luyten and Nathalie Roos, members of the Board of Directors or Supervisory Board of Fromageries Bel or Unibel. This Committee met five times in 2018 to discuss strategy, major investments, business prospects and Group organization. The Committee's composition may change to include at any given meeting participants who have specific expertise and sensitivity suited to the topics on its agenda.

4.2 COMPENSATION AND BENEFITS

4.2.1 Principles and rules adopted by the Board of Directors to determine the compensation and benefits in kind awarded to executive corporate officers (as required under Article L. 225-37-2 of the French Commercial Code)

Principles and rules of compensation of executive corporate officers

The executive corporate officer is Antoine Fiévet, Chairman and Chief Executive Officer. Bruno Schoch was Deputy General Manager until July 26, 2018. Since that date, he has not held any other executive corporate officer positions within Fromageries Bel. Antoine Fiévet and Bruno Schoch are also a member and Chairman of Unibel's Management Board respectively. Antoine Fiévet does not receive any compensation for his post as Chairman and Chief Executive Officer, but he is paid by Unibel. Unibel is the Group's lead holding company. Antoine Fiévet and Bruno Schoch play an essential part in this leadership. Unibel's leadership services are subject to a service agreement approved under regulated agreements.

The principles and criteria that determine the total compensation and benefits in kind that can be granted to the Chairman and Chief Executive Officer for his term of office are as follows:

- fixed compensation payable over 13 months and governance compensation for leadership of Fromageries Bel's governance bodies;
- annual variable compensation set as a percentage of fixed annual compensation and governance compensation and weighted by the achievement of Group performance targets based on indicators such as revenue, operating income, free cash flow, and workplace safety and a personal objective of implementation of strategy. The level of achievement of the objectives may vary between 0%-150% based on actual performance;
- variable multi-year compensation based on the performance obtained for criteria such as EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) and ROCE (Return On Capital Employed). The level of achievement, calculated for two fiscal years and varying from 0% to 100%, will be applied to a fraction of fixed compensation plus governance compensation. Starting in 2021, this achievement rate will be calculated for three fiscal years and modified by a weighting coefficient based on performance related to innovation and organic growth of revenue;
- a company car.

Assisted by expert consultants, the Unibel Supervisory Board regularly compares these remuneration conditions against prevailing practices in the industry.

Quantified performance targets are not published for reasons of confidentiality.

The corporate officer was not awarded bonus shares.

Antoine Fiévet does not receive directors' fees from the Company.

Principles of compensation of members of the Board of Directors

The Annual General Meeting of May 14, 2009 set the maximum total amount of Directors' fees payable at €300,000. This amount remains unchanged.

Directors' fees include a fixed portion and a variable portion allocated according to actual attendance. These amounts are higher for the Lead Independent Director.

Compensation for Board committee members is as follows: committee members receive a directors' fee every time they attend meetings, and the Committee Chairman's fee is higher.

The directors' fees paid in 2018 are detailed in section 4.2.2, "Compensation and benefits paid to corporate officers".

Antoine Fiévet, Bruno Schoch, representing Unibel, and Florian Sauvin do not receive attendance-related fees from the Company for their term of office as Board member. Mr. Luyten and Mr. Pankert receive compensation established by the Board of Directors on the same basis as attendance fees, in compliance with Article R. 225-34 of the Commercial Code, as non-Board members of the Appointments and Compensation Committee.

No benefits in kind were awarded to Directors in 2018, with the exception of company cars provided to Antoine Fiévet and Florian Sauvin with regard to their duties at Unibel.

No loan or guarantee was granted by the Company to its corporate officers.

Transactions by managers in Company shares under Article L. 621-18-2 of the French Monetary and Financial Code are summarized in section 6.2.2, "Summary of transactions of managers and similar persons".

4.2.2 Approval of all forms of compensation and benefits paid or granted to executive corporate officers for the previous fiscal year (in accordance with Article 225-100 of the French Commercial Code)

Fixed, variable and non-recurring elements of all compensation and benefits, paid or granted to the Chairman and CEO, and the Deputy General Manager (until July 26, 2018), for the year ended December 31, 2018, in accordance with principles and criteria approved by the tenth and eleventh resolutions of the Ordinary Shareholders' Meeting of May 14, 2018, are as follows:

ELEMENTS OF COMPENSATION PAID OR ALLOCATED DURING OR FOR THE 2018 FISCAL YEAR

(in euros)	Antoine Fiévet
Fixed annual compensation [a]	615,745
Compensation for sitting on governance bodies [b]	103,500
Annual variable compensation [c]	346,028
Multi-year variable compensation [d]	234,342
Benefits in kind [e]	4,697
TOTAL	**1,304,312**

(a) Payable over 13 months from April 1, 2018; compensation in January, February and March 2018 being based on 2017 figures, the amount paid between January 1 and December 31 is slightly lower than the amount shown above.
(b) Compensation linked to the governance of Fromageries Bel in 2018.
(c) Paid following the achievement of 2019 performance targets recognized by the Supervisory Board: achieved by 56.6%. The performance criteria were based on total sales, operating profit, free cash flow and workplace safety. The payment of these elements of compensation is subject to a shareholders' vote and takes place after the Shareholders' Meeting.
(d) Based on EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) and ROCE (Return on Capital Employed). This sum is to be paid in 2019 for an average achievement of 43.7% of performance objectives for 2017 and 2018.
(e) Company vehicle.

(in euros)	Bruno Schoch [a]
Fixed annual compensation [b]	194,216
Annual variable compensation [c]	60,058
Multi-year variable compensation	
Benefits in kind [d]	13,370
TOTAL	**267,644**

(a) Compensation paid or allocated for his responsibilities as Deputy General Manager of Fromageries Bel from January 1 to July 26, 2018, except for variable compensation allocated for prior years but paid in the first seven months of 2018.
(b) Fixed compensation paid for the first seven months of 2018, not including a proportional quota of the 13th month's pay.
(c) Annual variable compensation to be paid in 2019 for the first seven months of 2018 after recognition by the Unibel Supervisory Board of the following levels of achievement of performance targets: 63.1% of total sales, operating income and workplace safety objectives and 100% of a personal objective.
(d) Company cars and GSC executive unemployment insurance.

4.2.3 Compensation and benefits paid to corporate officers

The gross overall amount of compensation and benefits in kind awarded to the corporate officers and members of the Board of Directors are as follows:

OVERVIEW OF COMPENSATION ATTRIBUTED TO EACH CORPORATE OFFER ESTABLISHED ACCORDING TO AMF RECOMMENDATIONS

Antoine Fiévet has been a Director of Fromageries Bel since April 2001 and Chairman and Chief Executive Officer since May 14, 2009. He is paid by Unibel, the Group's holding company, where he has been member of the Management Board since August 2005 and Chairman between August 2005 and July 2018.

Bruno Schoch was Deputy General Manager from December 17, 2008 to July 26, 2018. He is paid by Unibel, the Group's holding company, where he has been a member of the Management Board since August 2005 and Chairman since July 2018.

The figures disclosed by the Accounting Department are listed below and may differ from the figures disclosed to the Shareholders' Meeting as part of the ex post vote insofar as these figures are calculated before their definitive amounts can be measured precisely.

Figures for multiyear variable compensation below may also differ from the amounts indicated in section 4.4.2, due to the fact that these figures were verified at the date of compensation while several compensation packages from previous years were still ongoing.

Antoine Fiévet, Chairman and CEO	During the financial year 2018		During the financial year 2017		During the financial year 2016	
	Amount due	**Amount paid**	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€ 613,645	€ 613,645	€ 602,568	€ 602,568	€ 586,968	€ 586,968
Variable compensation [(a)]	€ 344,836	€ 421,814	€ 464,223	€ 496,640	€ 515,826	€ 482,994
Multi-year variable compensation [(b)]	€ 407,609	€ 356,547	€ 334,000	€ 411,253	€ 206,330	€ 406,917
Compensation for sitting on governance [(c)]	€ 103,500	€ 103,500	€ 100,800	- €	€ 100,800	€ 151,200
Benefits in kind [(d)]	€ 4,697	€ 4,697	€ 4,697	€ 4,697	€ 4,667	€ 4,667
TOTAL COMPENSATION PAID	**€ 1,474,287**	**€ 1,500,203**	**€ 1,506,288**	**€ 1,515,158**	**€ 1,414,591**	**€ 1,632,746**

(a) Criteria used for the award of variable compensation and/or bonuses: performance targets based on sales, operating income over sales and free cash flow over sales for the last two financial years.
(b) Arising from reaching performance targets based equally on ROCE and EBITDA for two financial years and paid at the end of two financial years.
(c) Linked to leadership of Fromageries Bel's governing bodies.
(d) Specifically: company car.

Bruno Schoch, Deputy General Manager	2018 (up to July 26, 2018)		During the financial year 2017		During the financial year 2016	
	Amount due	**Amount paid**	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€ 194,216	€ 194,216	€ 357,007	€ 357,007	€ 351,734	€ 351,734
Variable compensation [(a)]	€ 60,058	€ 140,246	€ 141,375	€ 157,234	€ 158,280	€ 158,525
Multi-year variable compensation [(b)]	€ 83,439	€ 301,505	€ 458,551	- €	€ 273,427	€ 327,472
Benefits in kind [(c)]	€ 13,370	€ 13,370	€ 15,013	€ 15,013	€ 14,687	€ 14,687
TOTAL COMPENSATION PAID	**€ 351,083**	**€ 649,337**	**€ 971,946**	**€ 529,254**	**€ 798,128**	**€ 852,418**

(a) Criteria used for the award of variable compensation and/or bonuses: performance targets based equally on sales, operating income over sales and free cash flow over sales for the last financial year.
(b) Performance units linked to the achievement of performance targets based in equal parts on ROCE and EBITDA for two financial years, payable after two and three years, as well as a bonus of €65,000 subject to performance conditions.
(c) Details of benefits in kind: company car, executive unemployment insurance.

TABLE OF COMPENSATION AND BENEFITS PAID TO EXECUTIVE CORPORATE OFFICERS

Executive corporate officers	Employment contract		Additional retirement plan		Compensation or benefits that may be owed due to termination or change of position		Compensation relating to non-competition clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
Antoine Fiévet, Chairman and Chief Executive Officer		x		x		x		x
Bruno Schoch, Deputy General Manager (until July 26, 2018)	x see *below*			x		x see *below*	x see *below*	

For his appointment o the Executive Board of Unibel, Bruno Schoch's employment contract as Financial Director employed by Unibel was suspended.

TABLE OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Non-executive corporate officers	Amount paid during 2018	Amount paid during 2017	Amount paid during 2016
Thierry Billot			
Directors' fees	€ 85,000	€ 85,000	€ 96,000
Other compensation (b)	€ 6,000	€ 18,000	€ 27,000
Fatine Layt			
Directors' fees	€ 28,800	€ 28,800	€ 32,100
Other compensation (b)	€ 6,000	€ 21,000	€ 9,000
James Lightburn (end of term on July 26, 2018)			
Directors' fees	€ 25,000	€ 44,300	€ 49,600
Other compensation (b)		€ 9,000	€ 27,000
Luc Luyten			
Directors' fees (excluding those paid by Unibel)	€ 13,500	- €	- €
Ernst Pankert			
Directors' fees (excluding those paid by Unibel)	€ 5,400		
Antonio Maria (end of term on July 1, 2018)			
Directors' fees	€ 14,400	€ 30,800	€ 38,800
Philippe Perche (start of term on July 1, 2018)			
Directors' fees	€ 16,400	- €	- €
Nathalie Roos			
Directors' fees	€ 18,000	€ 20,000	€ 22,000
Other compensation (b)	- €	€ 0	€ 3,000
Florian Sauvin			
Directors' fees	- €	- €	- €
Other compensation (b)	€ 194,971	€ 138,854	€ 159,425
Bruno Schoch, permanent representative for Unibel (since July 26, 2018)			
Directors' fees	- €		
Other compensation (b)	€ 1,223,276		
Unibel (a)			
Directors' fees	- €	- €	- €

(a) Unibel, Board member received no attendance fees in 2018, 2017 or 2016.
(b) Compensation associated with Unibel governance bodies

Since the 2012 financial year, the annual fixed portion of Directors' fees has stood at €10,000 and the variable portion at €2,000 per Board meeting, subject to actual attendance. The fees allocated to the Lead Independent Director are set at €20,000 for the fixed portion and at €4,000 per meeting for the variable portion. Compensation for Board Committee members is as follows: the Committee chair receives €5,000 per meeting and members receive €2,700 per meeting.

4.2.4 Provisions booked for paying pensions, retirement or other benefits to members of the Executive Committee

Executive corporate officers and members of the Executive Committee have access to the same retirement and health plans as the Group's senior managers. Apart from that stated in the previous section, there are no Company or Group obligations on their behalf with regard to paying pensions, retirements or other benefits. Executive Committee members may receive the end-of-career allocation established by labor law, collective agreements and company agreements. These end-of-career payments are set aside under the conditions detailed in Note 4.11 to the consolidated financial statements, "Employee benefits", found in section 5.5.1, "Consolidated financial statements".

4.3 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

4.3.1 Definitions and objectives

Internal control is a set of resources, behaviors, procedures and actions adapted to the Company's specific characteristics which:

- must enable it to counteract the major risks that it may encounter, whether these are operational, financial or compliance-based;
- thereby promote efficient resource use and operations.

In accordance with the definition of the reference framework published by the AMF, the current internal control in the Group aims specifically to ensure that:

- targets set by the Board of Directors are effectively reached;
- management and production actions in industrial and commercial operations comply with laws and regulations and with the internal rules applicable to the Group;
- the Group's material and intellectual property are protected;
- fraud and errors are prevented and detected;
- the financial and accounting information detailing the Group's activity and prospects is of the requisite quality and is produced in due time.

The internal control process currently operates within the entire Group comprising Fromageries Bel and its French and foreign subsidiaries.

As is the case with any control system, the internal control process cannot offer an absolute guarantee that all risks of error or fraud are completely eliminated or fully controlled.

4.3.2 Internal control environment of the Company

Board of Directors

The Board of Directors takes all decisions relating to the Company's major strategic, economic, labor-related, corporate, environmental, financial and industrial objectives, and ensures they are implemented by Senior Management. It is regularly informed, either directly or through its Committees, of any significant event affecting the conduct of the Company's business. At each Board meeting, the Chairman informs the Directors of the main facts and significant events relating to the Group that have occurred since the last Board meeting. Each Board meeting is also an opportunity to take stock of the Company's business and prospects.

Senior Management

Internal control is implemented within the Group under the impetus of the Chairman and Chief Executive Officer. They rely on an Executive Committee which is in charge of the operational coordination required for the correct running of the Group's strategy and policies.

Operating Departments and Support Functions

Everyone at the Group is involved in the internal control process. All managers and employees at their respective levels within the organization play a role in controlling activities. Line and staff managers ensure efficient mitigation of the risks associated with their areas.

Within the various business lines, a cross-departmental structure supports local industrial activities, purchasing, supply chain, research and innovation, product regulation, marketing, commercial strategy and cross-departmental networks. The support functions – namely Finance (Group and regional), IT, Human Resources and Organization (Group and regional), Communications, Legal and CSR (corporate social responsibility) – reinforce this structure.

Risk Management Department

The Risk Management Department reports to the Deputy General Manager responsible for financial and legal affairs and information systems. This Department is responsible for developing and deploying a global risk management strategy, identifying and assessing risks with Group and regional departments and following up on the action plans put in place to address them.

It provides a process and tools to develop and regularly update risk mapping at the Group, business and local levels. It coordinates action plans to mitigate Group risks with a network of risk owners and provides an overview of risk management to the Executive Committee and Audit Committee.

Moreover, it leads and coordinates the crisis management system for the Group, the aim of which is to prevent crises as far as possible, and to reduce their impact on people, reputation, the environment and assets. It ensures that operating entities are properly prepared for crisis management.

Internal Control Department

A coordination unit for updating Group procedures, attached to the Group's Financial Control Department, ensures these procedures are appropriate for the internal control rules as and when changes occur in the corporate structures. All the Group's procedures, as well as a description of the main processes and user guides for information systems, are available in French and English on its intranet site. Adherence to the segregation of duties and access to transactions in systems was the subject of a specific monitoring process. SAP's Governance, Risk and Compliance (GRC) tool is used to ensure that any change in access privileges does not create new and uncontrolled risks in terms of the segregation of duties.

Moreover, each Group subsidiary carries out an annual diagnosis of its maturity in terms of internal control under the responsibility of its head of operations. This self-assessment is carried out based on an internally defined control protocol. All the work of the subsidiaries is formalized in a tool that centralizes and monitors the work carried out, in particular by internal auditors.

Internal Audit Department

The Internal Audit Department reports to the Chair of the Audit Committee. The purpose of the Internal Audit Department is to provide reasonable assurance on the level of controls for risks that would threaten:

- effective, efficient operations;
- asset protection;
- the reliability and integrity of financial and operational information;
- compliance with laws, regulations and contracts.

Internal audit is an independent, objective activity that provides advice to Senior Management and the Audit Committee to improve and reinforce security and operational effectiveness and efficiency. It helps the organization meet its targets by assessing its risk, control and corporate governance processes, using a systematic, methodical approach.

The Internal Audit Department reports to the chair of the Audit Committee and the Chairman and Chief Executive Officer. It works closely with Senior Management.

The Internal Audit Director reports regularly to the Audit Committee and Senior Management on the overall level of operational control and significant anomalies affecting the risk management, control and corporate governance processes of the organization and its subsidiaries and recommends improvements to these processes.

The scope of operation of the Internal Audit Department extends to the entire organization and its subsidiaries. It encompasses all administrative, accounting and financial, functional and operational areas and processes within the Group.

Operational structure of the Company

To provide a tailored response to customer needs, the Group implemented an operational structure in 2016 encompassing three regions: Europe, Middle East, Greater Africa, and Americas, Asia-Pacific, each under the authority of a single Director. In 2019, this organization has changed. Since April 1, 2019, the Group has been led by two Vice-Presidents in charge of the following segments: "mature markets" and "growth regions." The industrial operations divisions, steered by a product platform, will report to these segments and will also be led by a Group Vice-President.

Limits and delegation of power

In its Internal Regulations, the Company's Board of Directors establishes internal limits on the powers of the Chief Executive Officer and Deputy General Manager (for further information, see section 4.1.4, "Board and committee organization and workings"). Furthermore, the Company has implemented delegations of power (delegations of liability) adapted to its structure and to the level of responsibility of the employees for whom they are intended. The Legal Department monitors this in conjunction with the Human Resources Department.

4.3.3 Managing major risks

The Group regularly assesses the external and internal risks to which it is exposed, particularly those incurred by the production and marketing of food products.

Thanks to the overall risk management system and to the specific procedures accompanying it, the Company's supervisory bodies ensure that risks are properly dealt with and do not compromise the achievement of the Company's objectives.

Risks inherent to the Group's businesses are taken into account when drawing up the budgets and setting targets for the Group and its subsidiaries.

Some internal control procedures implemented by the Company are based on the balance between the level of control and the Group's specific challenges and targets. For further information, see section 2.1, "General risk management policy".

4.3.4 Procedures for preparing and processing the Company's accounting and financial information

Organization of accounting, finance, legal, information systems and risk management departments

The Group's Finance Department, Legal Department, Information Systems Department and Risk Management Department are under the authority of the Deputy General Manager for Financial, Legal and Information Systems.

It is organized in the following way:

- Financial Control Department;
- Treasury and Insurance Department;
- Tax Department;
- Regional finance departments, which will become "market", "operations" and "growth strategy finance departments starting on April 1, 2019;
- Information Systems Department;
- Legal and Real Estate Department;
- Risk Department.

Financial Control Department

The Financial Control Department is responsible for the monthly production of all the Group's consolidated financial information, encompassing both statutory and management data.

The Financial Control Department prepares and reports monthly to the Executive Committee on the Group's management performance indicators in an in-house format specifically designed for the Group's business.

It is also responsible for steering the Group budget process and the various estimates performed over the year.

It coordinates and updates financial procedures uploaded to the intranet and ensures that these procedures are consistent with the internal control rules. It is responsible for the various charts of accounts deployed in the Group's financial reporting tools (statutory and management).

It presents the main issues to be addressed in the consolidated financial information to the Audit Committee at least twice a year and coordinates operations with the external auditor's subsidiaries. It participates in organizing the reporting and consolidation process of non-financial performance indicators.

Treasury and Insurance Department

This department is responsible for managing all liquidity and insurance operations carried out within the Group.

It is specifically responsible for:

- setting up Group financing with banks and investors such as commercial paper, bank financing and debt financing;
- interest rate and foreign exchange hedging required to cover the exposure of Group entities. This activity is centralized within the Treasury Department;
- overseeing the Group's cash management. Cash management includes cash pooling, netting (payment of inter-company invoices), and the payment factory (a centralized payment solution for all entities that share a common convertible currency). The payment factory pays suppliers, wages and taxes through secure payment systems;
- managing relationships with banks;
- taking out Group insurance.

The Treasury Department has the teams and tools necessary to manage its operations. It reports on its activities to the Finance Department on a monthly basis. It regularly reports on the status of exchange rate and interest rate hedging as well as the Group's liquidity status to the Audit Committee.

Tax Department

This department is responsible for defining and applying the procedures linked to the regulations and fiscal strategies of the Group.

Its scope of operation has as much to do with Group issues as successfully controlling fiscal procedures and potential risks in the various countries in which the Group operates. Its activities are coordinated with those of Financial Directors in the various regions and subsidiaries.

Information Systems Department

Information systems are centralized and managed for the Group by the Information Systems Department which reports to the Deputy General Manager responsible for financial and legal affairs and information systems.

The Bel Group has implemented an integrated information system based for the most part on SAP tools. The Information Systems Department ensures system maintenance, updating and security.

Legal and Real Estate Department

This department is responsible for the legal certainty of the transactions carried out by the Group. It is responsible for monitoring the legal certainty of all of the Group's obligations in France and abroad. It relies, where necessary, on the expertise of external consultants for specific legal issues or issues linked to local regulations. As part of its responsibilities, it acts upstream in an advisory capacity to Senior Management and the various regional departments and Group subsidiaries. It is also responsible for managing any potential disputes. It also monitors the legal protection of the Group's brands and compliance with economic and financial regulations.

Risk Department

This department ensures, through its overall risk management system, that risks are correctly identified and addressed and do not compromise the Company's objectives. It helps to control and reduce the exposure of tangible and intangible assets to guarantee a secure future for the Company.

Yearly and half-yearly Group consolidated financial statements

The Group approves half-yearly and annual consolidated financial statements on June 30 and December 31 every year.

The subsidiaries issue restated financial statements for consolidation purposes in accordance with the Group's accounting rules and following the instructions issued by the Financial Control Department.

The main options and significant accounting estimates are anticipated and presented to the Audit Committee. Detailed documentation of the chosen options is kept by the Financial Control Department.

4.4 RELATED-PARTY TRANSACTIONS

4.4.1 Statutory Auditors' Special Report on regulated agreements and commitments

Annual General Meeting held to approve the financial statements for the year ended December 31, 2018

To the shareholders,

In our capacity as Statutory Auditors of your company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on the information given to us, the principal terms and conditions of and the reasons for the Company's interest in those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. Under the terms of Article R. 225-31 of the French Commercial Code, you are responsible for assessing the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Moreover, we are responsible, when relevant, for sending you the information provided for in article R. 225-31 of the French Commercial Code on the execution, over the past year, of the agreements and commitments already approved by the Annual General Meeting.

We have applied the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) for this type of audit. These procedures consisted of verifying whether the information given to us was in agreement with the relevant source documents.

Agreements and commitments submitted to the approval of the Annual General Meeting

Pursuant to Article L. 225-38 of the French Commercial Code, we have not been asked to comment on any agreement or commitment authorized during the financial year and submitted to the approval of the Annual General Meeting.

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments authorized during previous years and remaining in force during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by Annual General Meetings in previous years, have remained in force during the year.

Cash management agreement with Unibel

At its meeting on October 11, 2007, the Board of Directors authorized an agreement between Fromageries Bel and Unibel. According to this agreement, Unibel granted cash facilities to the Company up to a ceiling of €15,000,000.

By an amendment authorized by the Board of Directors on May 14, 2008 and signed on the same day, this amount was increased to €25,000,000.

In a second rider authorized by your Board of Directors on December 17, 2008, and signed by your Board on December 18, 2008, the parties agreed to eliminate the ceiling on the cash facility granted by Unibel to Fromageries Bel.

In a third rider authorized by your Board of Directors on August 26, 2009, and signed by your Board on August 28, 2009, the rate of interest, based on the EONIA daily rate, was changed. With retroactive effect from July 1, 2009, the rate was set at the EONIA rate plus 80 basis points, up from 20 basis points previously.

A fourth rider authorized by your Board of Directors on March 22, 2012, changed the rate of interest. With retroactive effect from January 1, 2012, the rate was set at the EONIA rate plus 120 basis points, up from 80 basis points previously.

On November 12, 2014 the Board of Directors decided to increase the interest rate applied to the cash facility granted, based on the EONIA daily rate, to 100 basis points, effective as of January 1, 2015, due to the liquidity stability that this represents for the Company. The other clauses of the original agreement between the parties remain unchanged.

On December 31, 2018, the amount of interest expense recognized for the period totaled €566,065.96, while the cash facility granted by Unibel totaled €88,498,644.93.

The persons concerned are Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel, Florian Sauvin, permanent representative of Unibel until July 26, 2018 and Director of Fromageries Bel, and Bruno Schoch, permanent representative of Unibel until July 26, 2018 and Deputy General Manager of Fromageries Bel until July 26, 2018.

Service agreement with Unibel

At its meeting of December 12, 2001, your Board of Directors authorized a service provision agreement between your Company and Unibel.

In a rider authorized by your Board of Directors on November 13, 2012, the automatic renewal clause was changed to cover an indefinite period, while the notes related to the nature of the services rendered and the nature of the costs incurred by Unibel were updated.

For the 2018 financial year, the amount invoiced by Unibel to your Company totaled €6,458,000, net of tax.

The persons concerned are Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel, Florian Sauvin, permanent representative of Unibel until July 26, 2018 and Director of Fromageries Bel, and Bruno Schoch, permanent representative of Unibel until July 26, 2018 and Deputy General Manager of Fromageries Bel until July 26, 2018.

Paris-La Défense and Neuilly-sur-Seine, March 27, 2019

The Statutory Auditors

Deloitte & Associés

Pierre-Marie MARTIN

Grant Thornton

Membre français de Grant Thornton International

Virginie PALETHORPE

4.4.2 Related Parties

Information covering to related parties is presented in Note 8 to the consolidated financial statements presented in section 5.5.1, “Consolidated financial statements as of December 31, 2018”, of this Registration Document.

Unibel, the Fiévet-Bel family company, owns more than two thirds of the share capital and voting rights of Fromageries Bel. Unibel is the Group’s coordinating holding company. It discusses and defines strategic guidelines for the Group as a whole; its management team draws up and develops economic, political and financial strategic scenarios; and it oversees their implementation. Unibel also renders specific services. These services, which are mainly composed of personnel expenses, are billed at cost to Fromageries Bel, plus a fixed margin of 10%, in application of the contract dated December 14, 2001 and its amendment of November 13, 2012. The compensation of Unibel’s corporate officers, who are also managers of Fromageries Bel, is undertaken by Unibel alone.

As of December 31, 2018, the amount of related-party transactions included €6.6 million paid to Unibel (holding company), of which €6 million in personnel expenses billed back to Fromageries Bel under the service agreement signed on December 14, 2001, and €9 million in operating expenses billed back to Fromageries Bel by Bel Proche et Moyen-Orient Beyrouth, Bel Middle East and Bel Lao Zi, and other unconsolidated Group entities.

Related parties’ associated payables and current accounts mainly concerned Unibel (holding company) with a €88.4 million current account versus €80.5 million at December 31, 2017 (see Note 4.14 in Chapter 5).

Unibel shares held by SOFICO were valued at €144.3 million based on the closing share price on December 31, 2018.

The Group had no significant off-balance sheet commitments with related parties.

FINANCIAL AND ACCOUNTING INFORMATION

5

5.1 HISTORICAL FINANCIAL INFORMATION

Pursuant to Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No. 1606/2002 of July 19, 2002, this Registration Document incorporates the following information for reference:

- the consolidated financial statements for the fiscal year ended December 31, 2017 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Statutory Auditors' report on the consolidated financial statements for the fiscal year ended December 31, 2017, on pages 120 and subsequent of the Registration Document filed with the AMF on March 29, 2018, under filing number D.18-0217;
- the consolidated financial statements for the fiscal year ended December 31, 2016 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Statutory Auditors' report on the consolidated financial statements for the fiscal year ended December 31, 2016, on pages 99 and subsequent of the Registration Document filed with the AMF on March 20, 2017, under filing number D.17-0185;
- the Company's annual financial statements for the fiscal year ended December 31, 2017, and the Statutory Auditors' report on the annual financial statements for the fiscal year ended December 31, 2017, on pages 171 and subsequent of the Registration Document filed with the AMF on March 29, 2018, under number D.18-0217;
- the Company's annual financial statements for the fiscal year ended December 31, 2016, and the Statutory Auditors' report on the annual financial statements for the fiscal year ended December 31, 2016, on pages 147 and subsequent of the Registration Document filed with the AMF on March 20, 2017, under number D.17-0185.

These two Registration Documents are available on the websites of the AMF (www.amf-france.org) and the Company (www.groupe-bel.com).

5.2 PRO FORMA FINANCIAL INFORMATION

This paragraph is not applicable.

5.3 REVIEW OF FINANCIAL POSITION AND RESULTS

5.3.1 Financial position

In 2018, the Group redeemed 100 million in euro denominated term loans, €5 million and $7.5 million in Schuldschein financing, 20 million Euro PPs and 40 million Neu CPs. The Group also implemented a Neu MTN program and issued €50 million with 3- and 5-year maturities. Non-drawn credit lines of €520 million and €300 million were extended until 2023.

The change in the Group's financial position as of December 31, 2018 can be summarized as follows:

(in thousands of euros)	2018	2017	2016
Total equity	1,740	1,714	1,667
Net financial debt excluding debt for right of use *	654	632	688
Net financial debt/total equity	0.38	0.37	0.41

* *See detail of financial net debt in Note 4.14*

The Group's balance sheet remains solid: total share capital stood at €1,740 million on December 31, 2018 vs. €1,714 million on December 31, 2017, while net financial debt totaled €755 million at the end of the period including for the first time in 2018 debt accounted for in application of IFRS 16 for an amount of €100.6 million.

Further information about the financial position of the Company and the Group is disclosed in section 5.4.2 and section 5.5 "Financial statements" of this Registration Document.

5.3.2 Revenue and operating income

The Group's total revenue was down 1.0% in 2018, amounting to €3,312 million compared with €3,346 million in 2017. Excluding the 2.5% negative forex effect representing €83 million, the Group's organic growth (1) stood at 1.5% for the whole year. Organic revenue growth from the brands stood at 2.7%, whereas revenue from industrial and non-brand products was down 15%.

In a backdrop of unfavorable exchange rates, the Group recorded a 25.7% decrease in operating income, to €160 million.

Due to a drop in consumers' purchasing power in many countries where the Group operates, it was not always possible to raise sale prices, although raw material prices increased again in 2018.

Despite initial efforts to optimize advertising and promotional spending and general expenses, operating margin declined. Moreover, €29 million in costs related to implementation of the global transformation plan announced on September 20, 2018 were recorded in the financial statements at December 31, 2018.

(1) Organic growth corresponds to reported revenue growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis. The organic growth rate is calculated by applying the exchange rate for the prior year period to the current year period.

5.4 CASH AND CASH EQUIVALENTS AND CAPITAL SOURCES

5.4.1 Information about the Issuer's equity

Information pertaining to the Group's equity is disclosed in paragraph 5.5.1 of the present Registration Document.

5.4.2 Sources and amounts of the Group's consolidated cash flow

Information relating to cash flow is disclosed in paragraph 5.5.1 of this Registration Document. It can be summarized as follows:

(in thousands of euros)	**2018**	2017	2016
Cash Flow	309,233	322,610	394,370
Income taxes paid	(24,888)	(70,693)	(79,874)
Change in WCR	(33,632)	28,963	(25,258)
TOTAL CASH FLOWS FROM (USED IN) OPERATIONS	**250,713**	**280,880**	**289,238**
Cash flows from (used in) operating activities	250,713	280,880	289,238
Cash flows from (used in) investing activities	(173,320)	(129,793)	(906,096)
Cash flows from (used in) financing activities	(212,249)	16,790	256,658
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(134,856)**	**167,877**	**(360,200)**
Effect of foreign exchange rate fluctuations	(5,578)	(4,520)	(8,543)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(140,434)**	**163,357**	**(368,743)**
Net cash and cash equivalents at the beginning of the period	468,218	304,861	673,604
Net cash and cash equivalents at the end of the period	327,784	468,218	304,861
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(140,434)**	**163,357**	**(368,743)**
Gross financial debt	1,083,531	1,100,658	992,962
Current used banking facilities	9,414	1,991	9,519
Cash and cash equivalents	(337,198)	(470,209)	(314,380)
Other financial assets	(872)	(55)	(125)
NET FINANCIAL DEBT	**754,875***	**632,385**	**687,976**

* *Including €100 million posted for finance lease contracts following application of IFRS16.*

5.4.3 Borrowing terms and conditions and funding structure

Detailed information relating to the Group's financing activities is disclosed in Notes 4.14 and 4.15 to the consolidated financial statements.

5.4.4 Restrictions on the use of capital resources

At December 31, 2018, the Group possessed the financing capacity to meet its funding needs for internal or external growth. For certain financing lines (syndicated credit lines, EURO PP loan, Schuldschein loan), Fromageries Bel has pledged to respect a financial leverage ratio of less than 3.5x throughout the duration of its loans. The ratio is tested twice a year. The financial leverage ratio is determined by dividing consolidated net debt [1] excluding finance lease liabilities by the Group's consolidated EBITDA [2]. Failure to meet the ratio could trigger the repayment of a significant part of the debt.

At December 31, 2018, the financial leverage ratio was 2.11 compared with 1.92 a year earlier (see Note 4.15 to the consolidated financial statements, as presented in paragraph 5.5.1 of this document).

At December 31, 2018, the Group had a €288 million cash position at Fromageries Bel.

For information, available cash in North Africa and the Middle East countries amounted to €20 million at December 31, 2018 and represented the majority of the non-centralizable cash available.

5.4.5 Expected sources of financing

Investments are financed, either by operating cash flows generated by the Group, or by use of bank financing, including factoring, NEU CP (New EUropean Commercial Paper) and NEU MTN (New EUropean Medium Term Note) or private placements such as EURPP, Schuldschein, and public bond issues.

(1) *Net financial debt is described in Note 4.14 to the consolidated financial statements. It consists of long- and short-term borrowings, long-and short-term liabilities related to assets held under finance lease, current used banking facilities, and cash and cash equivalents. Finance lease liabilities were excluded when calculating the covenant.*

(2) *EBITDA is defined as current operating income plus provisions and reversals of provisions and amortization, charged to current operating income.*

5.5 FINANCIAL STATEMENTS

5.5.1 Consolidated financial statements at December 31, 2018

INCOME STATEMENT

(in thousands of euros)	Notes	2018	2017 *
SALES	**3.1**	**3,311,667**	**3,346,414**
Cost of goods and services sold	3.2	(2,402,316)	(2,365,150)
GROSS MARGIN		**909,351**	**981,264**
Sales and marketing expense	3.2	(432,782)	(471,606)
Research and development expense	3.2	(23,734)	(23,288)
Administrative and general overhead expense	3.2	(249,868)	(261,469)
Other operating income and expense	3.2	659	798
RECURRING OPERATING INCOME		**203,626**	**225,699**
Other non-recurring income and expense	3.3	(43,873)	(10,636)
OPERATING INCOME		**159,753**	**215,063**
Income from cash and cash equivalents	3.4	864	2,289
Cost of gross financial debt	3.4	(28,980)	(26,561)
NET COST OF FINANCIAL DEBT		**(28,116)**	**(24,272)**
Other financial income and expense	3.4	(2,150)	(12,499)
PRE-TAX PROFIT		**129,487**	**178,292**
Income tax expense	3.5	(29,429)	8,008
NET PROFIT FROM CONSOLIDATED ENTITIES		**100,058**	**186,300**
Non-controlling interests		(3,590)	(6,328)
CONSOLIDATED NET PROFIT – GROUP SHARE		**96,468**	**179,972**
Earnings per share	3.6	14.21	26.50
Diluted earnings per share	3.6	14.21	26.50

* *Some expenses mainly logistics and marketing have been reclassed from the lines "Sales and marketing expenses" to the lines "Cost of products and services sold" and "Administrative and general overhead expenses".*

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

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2018	2017
Net profit for the period		**100,058**	**186,298**
OTHER ITEMS OF COMPREHENSIVE INCOME			
Non-reclassifiable items			
Actuarial gains and losses arising on retirement obligations	4.11	3,705	2,951
Income tax impact		(1,200)	(927)
Unrealized gains and losses financial assets*	4.9.1	(30,479)	(9,797)
Income tax impact*		7,617	3,379
Effects from tax limitation*			6,163
Reclassifiable items			
Translation difference		6,142	(80,109)
Cash flow hedging	4.15		
Amounts recognized in equity		(15,004)	13,014
Income tax impact		5,275	(4,583)
TOTAL RECOGNIZED TO EQUITY		**(23,944)**	**(69,909)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**76,114**	**116,389**
Group share		69,258	117,150
Non-controlling interests		6,856	(761)

* *As per IFRS 9 application, variations in fair value of participating interests booked to "Participating interest – fair value though OCI" are presented in non reclassifiable items starting from 2018. 2017 figures have been reclassed accordingly.*

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

Consolidated balance sheet

ASSETS

(in thousands of euros)	Notes	December 31, 2018	December 31, 2017
NON-CURRENT ASSETS			
Goodwill	4.1	796,052	792,140
Other intangible assets	4.2	647,241	641,495
Property, plant and equipment	4.3.1	959,689	903,264
Property, plant and equipment - right of use	4.3.2	99,057	
Financial investments	4.4	153,270	181,149
Other financial assets	4.4	4,712	4,377
Loans & advances	4.4	11,509	12,393
Trade and other receivables	4.4	1,119	2,192
Deferred tax assets	4.8	26,775	10,448
TOTAL		**2,699,424**	**2,547,458**
CURRENT ASSETS			
Inventories and work-in-progress	4.6	364,979	351,667
Trade and other receivables	4.7	488,115	501,898
Other financial assets	4.4	1,128	17,046
Loans & advances	4.4	2,022	1,872
Current tax assets	4.4	34,924	52,440
Cash and cash equivalents	4.14	337,198	470,209
TOTAL		**1,228,366**	**1,395,132**
TOTAL ASSETS		**3,927,790**	**3,942,590**

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

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	December 31, 2018	December 31, 2017
Share capital		10,308	10,308
Additional paid-in capital		21,967	21,967
Reserves		1,638,815	1,617,403
Treasury shares		(23,362)	(21,012)
EQUITY - GROUP SHARE		1,647,728	1,628,666
NON CONTROLLING INTERESTS		91,902	85,423
EQUITY		**1,739,630**	**1,714,089**
NON CURRENT LIABILITIES			
Provisions	4.10	19,997	18,352
Employee benefits	4.11	77,211	80,107
Deferred tax liabilities	4.8	250,705	255,268
Liabilities related to assets held under financial lease - over one year	4.14	84,588	477
Long term borrowings and financial liabilities	4.14	714,358	912,724
Other liabilities	4.12	54,839	46,677
TOTAL		**1,201,698**	**1,313,605**
CURRENT LIABILITIES			
Provisions	4.10	26,417	6,856
Employee benefits	4.11	4,715	5,743
Liabilities related to assets held under financial lease - less than one year	4.14	16,047	551
Short term borrowings and financial liabilities	4.14	268,538	186,906
Other financial liabilities	4.15	2,703	2,145
Trade payables and other liabilities	4.13	626,949	679,645
Tax payable liabilities		31,679	31,059
Current bank facilities and other borrowings	4.14	9,414	1,991
TOTAL		**986,462**	**914,896**
TOTAL EQUITY AND LIABILITIES		**3,927,790**	**3,942,590**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Note	Number of shares out standing	Share capital	Additional paid in capital	Translation differences	Treasury shares	Consolidated income	Reserves and accumulated consolidated profit (loss)	Equity - Group share	Non controlling interests	Total consolidated equity
BALANCE AT DECEMBER 31, 2016		**6,788,687**	**10,308**	**21,967**	**(62,755)**	**(21,111)**	**213,138**	**1,415,496**	**1,577,043**	**90,306**	**1,667,349**
Appropriation of earnings from prior year							(213,138)	213,138	-		-
Dividends paid								(66,188)	(66,188)	(4,103)	(70,291)
Profit (loss) for the period							179,970		179,970	6,328	186,298
Other items of comprehensive income	4.9				(72,895)			10,075	(62,820)	(7,089)	(69,909)
Other changes in value directly recognized in equity								562	562	(19)	543
Purchase of treasury shares		(1,617)				(833)			(833)		(833)
Treasury shares distributed		5,068				932			932		932
BALANCE AT DECEMBER 31, 2017		**6,792,138**	**10,308**	**21,967**	**(135,650)**	**(21,012)**	**179,970**	**1,573,083**	**1,628,666**	**85,423**	**1,714,089**
Appropriation of earnings from prior year							(179,970)	179,970	-		-
Dividends paid								(47,519)	(47,519)	(2,978)	(50,497)
Profit (loss) for the period							96,468		96,468	3,590	100,058
Other items of comprehensive income	4.9				2,960			(30,170)	(27,210)	3,266	(23,944)
Other changes in value directly recognized in equity								(327)	(327)	2,601	2,274
Purchase of treasury shares		(4,765)				(2,350)			(2,350)		(2,350)
BALANCE AT DECEMBER 31, 2018		**6,787,373**	**10,308**	**21,967**	**(132,690)**	**(23,362)**	**96,468**	**1,675,037**	**1,647,728**	**91,902**	**1,739,630**

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

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	Notes	2018	2017
Cash flow from (used in) operating activities			
Pre-tax profit		129,487	178,290
Adjustments for:			
Depreciation, amortization and write-downs		131,750	94,191
Depreciation and amortization - right of use		14,216	
Capital gains (losses) on disposal		1,722	6,371
Reclassification of net financial income and expenses		26,048	36,771
Reclassification of net financial income and expenses - right of use		4,024	
Other non-cash items on the income statement		1,986	6,987
Cash flow		**309,233**	**322,610**
(Increase) decrease in inventories, receivables and payables	5.1	(38,283)	31,302
(Increase) decrease in non-current receivables and payables		4,651	(2,339)
Income taxes paid		(24,888)	(70,693)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	(1)	250,713	280,880
Cash flow from (used in) investing activities			
Acquisitions of activities		15	(259)
Disposals of activities		5	0
Acquisitions of tangible and intangible assets	5.2	(176,937)	(152,406)
Disposals of tangible and intangible assets	5.2	1,357	17,698
Investment grant received		125	76
Acquisitions of financial assets		(5,134)	(7,417)
Disposals of financial assets		4,766	9,498
Dividends received		2,483	3,017
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(2)	(173,320)	(129,793)
Cash flow from (used in) financing activities			
Dividends paid		(50,495)	(70,290)
Interest paid		(24,093)	(24,239)
Financial interests - right of use		(4,024)	
Change in debt resulting from finance lease contracts		(12,747)	(444)
(Increase) decrease in current accounts with entities outside the scope of consolidation	5.3.1	7,645	16,209
Purchase/(sale) of treasury shares		(2,350)	(833)
Borrowings and financial liabilities issued	5.3.2	72,261	518,628
Repayments of borrowings and financial liabilities	5.3.2	(198,446)	(422,241)
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(3)	(212,249)	16,790
NET (INCREASE) DECREASE IN CASH FLOW AND CASH EQUIVALENTS	(1)+(2)+(3)	(134,856)	167,877
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**468,218**	**304,861**
Effect of foreign exchange rate fluctuations		(5,578)	(4,520)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4.14**	**327,784**	**468,218**
At the closing date net cash and cash equivalents comprised the following:			
Marketable securities and money market instruments	4.14	90,910	160,455
Cash on hand and balance with banks	4.14	246,288	309,754
Current used bank facilities including overdrafts and accrued interest	4.14	(9,414)	(1,991)
TOTAL		**327,784**	**468,218**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Accounting principles, rules and methods

1.1 Presentation of the annual consolidated financial statements

Pursuant to Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No 1606/2002 of July 19, 2002, Fromageries Bel's consolidated financial statements for the 2018 financial year were prepared in accordance with IFRS as adopted by the European Union and published by the International Accounting Standards Board (IASB) at the date these financial statements were prepared. Closed on December 31, 2018, the financial statements were approved on March 13, 2019 by the Board of Directors.

International accounting standards comprise the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as well as the interpretations of those standards by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

Standards, amendments and interpretations effective and mandatory from January 1, 2018

Excluding IFRS 15 and IFRS 9, no new standard is applicable and obligatory since January 1, 2018.

IFRS 15: Revenue from Contracts with Customers

The effects of the implementation from January 1, 2018 of IFRS 15 “Revenue from Contracts with Customers” on revenue recognition have been identified and assessed. Given the nature of the Group's activities, they have no significant impact as of the transition date on the revenue recognition of the Group's. The main adjustments stemming from the application of IFRS 15 correspond primarily to a reclassification between revenue and trade discounts granted under the framework of their contractual relations. Application of the standard has no impact on operating cash flows, investments, and financing in the consolidated cash flow statement.

IFRS 9: Financial instruments

As of January 1, 2018, IFRS 9 sets out new principles for recognizing and measuring financial assets and liabilities, a new model for impairment of financial assets and a new approach to hedge accounting. The Group has identified and assessed the impact of IFRS 9 on its financial statements.

The impact of the standard primarily concerns the recognition of financial assets, especially non-consolidated equity interests and hedging instruments. The Group has applied IFRS 9 as of January 1, 2018, with no adjustment to previous periods.

Financial assets

The Group's portfolio of financial assets primarily comprises receivables and equity instruments such as equity interests in non-consolidated companies, and other financial assets, the breakdown of which is set out in Note 4.4.

The Group's financial assets have undergone a detailed review to establish the suitable accounting treatment under IFRS 9 depending on the characteristics of the management model and the contractual characteristics of each asset.

Receivables

Given the Group's current method used for impairment of receivables (0% of losses on non-recoverable receivables out of the total receivables over the past three years), applying the impairment model based on expected losses as recommended by IFRS 9 has not led the Group to change its evaluation and accounting method for provisions for receivables.

Equity instruments

This primarily concerns Unibel shares owned by a subsidiary of the Unibel group. These are valued at their fair value in the balance sheet, and until December 31, 2017, changes in fair value were booked under other comprehensive income (OCI). Under IFRS 9, accounting for these shares is unchanged. They are valued and accounted for at fair value through OCI. The accumulated changes in fair value on opening on January 1, 2018, of €172 million before tax, has been reclassed as non-recyclable reserves.

For equity interests not held for trading purposes, especially unconsolidated equity interests, the Group has chosen the option offered by IFRS 9 which consists in accounting for changes in fair value under other non-recyclable items of comprehensive income. For the equity interests concerned, only dividends received are booked to the income statement: gains and losses on disposals may not be recognized in the income statement when the instrument is derecognized.

For equity interests held for trading, these are recognized at fair value through the income statement; note that underlying capital gains and losses recognized under OCI on December 31, 2018 will be transferred to the income statement when they are derecognized.

Financial loans granted by the Group

The accounting treatment is unchanged relative to IAS 39. The loans remain accounted for at amortized cost under IFRS 9.

Marketable securities and money-market mutual funds

These are measured at fair value through the income statement;

Hedging instruments

Under IAS 39, changes in time value of currency and commodities options were booked in the income statement. Since January 1, 2018, the Group accounts for these changes in time value, documented in highly likely cash flow hedging, as OCI reserves until the hedged item is recorded in the balance sheet, the date on which the cost of the options are transferred to operating income. To the extent that this treatment is retrospective, the time value of the options that were booked to the income statement under IAS 39 reclassified as equity for a total of - €2.1 million for the hedges outstanding at January 1, 2018.

The accounting rules and principles concerning financial assets are set out in paragraph 1.5 of this note.

Standards, amendments and interpretations for which application is not mandatory from January 1, 2018 but applied early

IFRS 16: Leases

The Group applied IFRS 16 early as of January 1, 2018. The main adjustments cover office, warehouse and vehicle lease contracts. The Group opted for the simplified retrospective transition method, applied to the accounts as of January 1, 2018, without restatement of previous periods. As prescribed by the standard, the discount rates used are the lessee's incremental borrowing rate. Contracts with a duration of less than 12 months or with a value have been excluded. On December 31, 2018, amounts remaining in off-balance sheet commitments include these exemptions precribed by the standard. The option elected on the date of first application was to measure the right-of-use asset for an amount equal to the value of the lease liability. The Group has made use of the practical expedient available on transition to IFRS 16 not to carry impairment tests on right-of-use assets in date of transition. The scope used for the transition to IFRS 16 corresponds to that of IAS 17.

Standards, amendments and interpretations for which application is not mandatory from January 1, 2018

IFRIC 23: Uncertain tax risks

Interpretation of IFRIC 23 relative to the accounting treatment of uncertain tax risks is applicable as of January 1, 2019. The Group is currently working on this topic and expects no impacts from the application of this interpretation.

1.2 Valuation basis used in the preparation of the consolidated financial statements

The consolidated financial statements are prepared according to historical cost with the exception of certain categories of assets and liabilities in accordance with IFRS rules. These categories are mentioned in the following notes.

1.3 Estimates

In preparing the consolidated financial statements, Group management and fully consolidated companies management may use some estimates and underlying assumptions to determine the value of assets and liabilities, expenses and income, as well as the information disclosed in the notes to the Group's financial statements.

These estimates and underlying assumptions are made based on information and positions known at the balance sheet date and may vary significantly from actual values.

The assumptions notably concern the impairment testing of assets, obligations to employees, deferred taxes, and provisions.

1.4 Consolidation methods

Subsidiaries controlled exclusively by the Group, whether directly or indirectly, are fully consolidated. This means that the Group has the power to guide the financial and operating strategies of these subsidiaries so that it may obtain the resulting benefits.

Participating interests in entities other than subsidiaries and associates are not consolidated. They are recorded at fair value under "Financial assets".

Newly acquired entities are consolidated at the date when control was effectively transferred to the Group in accordance with the acquisition method described in IFRS 3. Income and expenses from subsidiaries acquired or sold during the year are posted to the consolidated income statement from the date of acquisition or until the date of disposal.

The Group's consolidated financial statements are prepared on the basis of the financial statements of its consolidated entities prepared in accordance with the accounting rules in force in their respective countries and restated beforehand to bring them into compliance with international accounting standards.

All significant transactions between fully consolidated entities as well as gains and losses arising from internal operations within the Group are eliminated.

All Group entities close their financial statements on December 31. A list of consolidated entities as of December 31, 2018, is presented in Note 10.

1.5 Other significant accounting policies and rules

Translation of financial statements of foreign companies

Subsidiaries outside the euro zone use the local currency as their functional currency and translate their financial statements into euros based on:

- the average rate for the year for income statement and cash flow items, unless there has been a strong fluctuation in the local currency. In this case the average rate for the financial year is replaced by distinct average rates for each uniform currency period;
- the year-end closing exchange rate for balance sheet items.

The share of the resulting foreign exchange differences attributable to the Group is recorded in equity under "Translation differences" until the investments from which they arise are sold or disposed of. The translation gains or losses are then recognized in the income statement.

The share attributable to non-controlling interests is recorded under "Non-controlling interests".

Foreign currency transactions

Transactions denominated in foreign currency are converted into the subsidiary's functional currency at the exchange rate applicable at the transaction date.

At year end, receivables, cash and debts denominated in foreign currency are translated at the closing exchange rate or hedging rate, as the case may be, and the resulting translation differences are recorded under one of the following items on the income statement:

- "Gross margin" for sales transactions;
- "Other financial income and expenses" for cash flow operations.

Assets and liabilities held for sale

Assets and liabilities immediately available for sale, and for which the sale is highly probable within a period of 12 months, are classified as assets and liabilities held for sale. When several assets are held for sale in a single transaction, the assets and all related liabilities are recognized as a whole.

A sale is considered highly probable when the appropriate level of management has committed to a plan to sell the asset or group of assets and an active program to find a buyer has been launched.

Assets and liabilities held for sale are classified, respectively, as "Assets held for sale" or "Liabilities held for sale" in the consolidated balance sheet. They are measured at the lower of their carrying amount or fair value less any disposal costs and are no longer depreciated or amortized once classified as assets or liabilities held for sale.

Goodwill

Goodwill is the excess of the acquisition cost of shares over the Group's share of identifiable acquired assets and assumed liabilities measured at fair value after taking into account any deferred taxes at the acquisition date. If the acquisition costs exceed the fair value of the identifiable acquired assets and assumed liabilities, the excess is recognized in profit and loss for the year when the acquisition is made.

In accordance with IFRS 3 and IAS 36, goodwill is not amortized but is instead subject to annual impairment testing and more frequently in case of unfavorable change of certain indicators (see Note "Impairment of assets").

Goodwill relating to entities over which the Group exercises control is recorded as an asset under "Goodwill".

Other intangible assets

Other intangible assets include:

- acquired patents;
- acquired, well-known and readily identifiable brands whose value growth can be verified;
- computer software.

Acquired patents and computer software were recognized on the balance sheet at acquisition cost and are amortized over their useful lives. Computer software is amortized over a period of one to eight years.

Brands that are not amortized, are subject to annual impairment testing (also see the “Impairment of assets” note), and brands with definite useful lives are amortized on a straight-line basis over their estimated economic useful life.

All Research and Development costs are expensed in the year in which they are incurred. Development costs are not capitalized since the recognition criteria set by IAS 38 “Intangible Assets” are generally not fulfilled before the products are launched on the market.

Property, plant and equipment

Property, plant and equipment is measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition) or production cost (excluding financial charges) except for fixed assets legally revalued before January 1, 2000, in accordance with the exception under IFRS 1, or reassessed at fair value at the date of control for business combinations.

The Group applies the component approach when certain parts of an acquired fixed asset have different useful lives, and the component parts are depreciated and recorded separately.

Replacement or renewal expenses of the component part of an asset are recognized as a distinct asset and the replaced asset is written off.

Interest on borrowings used to acquire fixed assets is treated as a financial expense and is not capitalized in the cost of the asset.

The Group decided against taking the residual values of property, plant and equipment into account because such assets are expected to be used throughout their useful lives and, as a general rule, are not to be sold.

Depreciation is calculated on a straight-line basis over the economic useful life of the property, plant or equipment:

• Constructions:	
– industrial	30/40 years
– administrative and commercial	40 years
– property fittings and fixtures	10 years
• Machinery and equipment	5 to 10 years – 15/20 years
• Vehicles	4/10/15 years
• Office furniture and equipment	4 to 15 years

Investment grants

Investment grants received by the Group are recorded on the balance sheet under “Other liabilities” (current/non-current) and apportioned to the income statement in keeping with the depreciation schedule of the assets they financed.

Leases

IFRS 16 concerns both previous lease contracts and operating leases. A lease contract is a contract, or part of a contract, that provides the right-of-use of an asset for a set period of time and fixed payments agreed. Assets held under lease contracts are recorded under right-of-use asset when the contracts meet the criteria set out in the standard. The corresponding liability, net of interest expense, is recorded on the balance sheet. The Group applies the exemptions authorized by the standard, meaning that contracts with a duration shorter than 12 months and contracts of low value. However, they are recorded under off balance sheet commitments for an amount equal to the expenses for the years during which they will be incurred.

Contractual duration were considered to assess the value of the contracts with the assumption of a renewal for each right-of-use asset recognized. The discount rate is established as the sum of the risk-free rate for the currency of the lease, in reference to its duration, and of the Group’s credit risk for this same currency and duration reference.

On the date the lease contract starts, the asset is recorded as a right-of-use asset in the balance sheet for an amount equal to the discounted amount of future payments for the lease.

Right-of-use assets are depreciated under the straight-line method over the duration of the contract. Any free amount or franchise included in the contract is also spread over the duration of the contract.

Impairment of assets

In accordance with IAS 36 “Impairment of Assets”, goodwill and intangible assets are subject to impairment testing at least once a year, or more frequently if events or circumstances indicate a loss of value. Annual impairment testing is carried out in the fourth quarter of the year.

To undertake these tests, cash-generating units (CGUs) are identified. CGUs correspond to subsidiaries or groups of subsidiaries that generate cash flows largely independent of the cash flows from other CGUs.

Other capitalized assets are also subject to impairment testing whenever events or changed circumstances indicate that carrying amounts might not be recoverable.

Impairment testing consists of comparing the net carrying amount of the asset to its recoverable amount, which is the higher of the asset’s fair value or its value in use.

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset, or group of assets, and terminal value of cash flows.

The after-tax cash flows used to determine value in use are derived from CGU business plans. Revenue and terminal cash flow projections are based on reasonable and supportable assumptions in line with market data available for each CGU.

Fair value is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable, willing parties.

Impairment losses are recognized when testing shows a loss of value to ensure that the net carrying amount of the assets does not exceed their recoverable value.

Property, plant and equipment is subject to impairment testing as soon as indications of impairment arise.

When the recoverable amount of an asset or group of assets is less than its carrying amount, the impairment loss is recorded in profit or loss and first posted against goodwill.

Impairment losses relating to goodwill may not be reversed.

Inventories and work-in-progress

Inventories are valued at the lower of their cost price and their net realizable value. Cost price is calculated using the "weighted average cost" or the "first-in, first-out" method.

The gross value is equal to purchase price plus incidental expenses such as transport, commissions and transit.

Manufactured goods are valued at production cost including the cost of materials consumed, the depreciation of production assets, and direct or indirect production costs, excluding financial expense.

The cost of inventories is written down when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

Financial assets and liabilities

Financial assets

In accordance with IFRS 9, the Group distinguishes between several types of financial assets the classification of which depends on the management model and the contractual characteristics of the asset at the time of the acquisition. These criteria determine the accounting treatment applied to these instruments.

Financial assets measured at amortized cost

These are assets for which the Group expects to collect contractual cash flows and for which cash flows are made up solely of the principle and interest. This type of asset includes loans and receivables.

Bills for collection are recorded in "Trade and other receivables".

Financial assets measured at fair value through other comprehensive income (non-recyclable)

These are financial assets not held for trading purposes. This category includes non-consolidated equity investments. These assets are valued at fair value on the closing date and changes in fair value of these assets are recorded in "unrealized gains and losses on financial assets" under other comprehensive income (non-recyclable). As prescribed by the standard, only dividends received from those equity investments are booked to the income statement, gains and losses from disposal of these assets cannot be recognized in the income statement when the instrument is derecognized. No impairment is recognized for these equity investments.

For listed shares, fair value is deemed to be the market price of the shares at the designated closing date.

Financial assets recorded at fair value through the income statement

These assets, held for trading purposes, are expected to be sold in the near term. This category includes marketable securities and derivative instruments other than hedging instruments. Financial assets that meet none of the criteria in the other two types described above are also treated by default in this category (measured at amortized cost or at fair value through non-recyclable other comprehensive income).

These assets are valued at fair value and changes in fair value are recorded in the income statement. Underlying gains and losses recognized in OCI on December 31, 2017 are to be transferred to the income statement when they are derecognized.

Financial liabilities

In accordance with IFRS 9, the Group distinguishes two categories of financial liabilities, each of which is subject to a specific accounting treatment:

Financial liabilities valued and measured at fair value.

These are primarily derivative instruments. In accordance with IFRS 9, derivative instruments are recognized in the balance sheet at their market value on the closing date. Changes in the value of these instruments, for the effective part, are recorded as follows:

- for hedging instruments documented as hedging of future flows:
  - as cost of sales for hedging of receivables and debts in the balance sheet on the closing date,
  - as equity, for hedging of future cash flows, this amount is transferred to the cost of sales when the receivables and debts covered by the hedge are recognized;
- for hedging instruments documented as hedging of fair value, in equity;
- for financial hedging instruments, in financial income or loss.

The ineffective part is recorded in financial income or loss.

If there is no hedging relation, changes in market value of derivatives instruments are recognized under financial income or loss.

Financial liabilities measured at amortized cost.

These are mainly borrowings and financial debt and trade payables.

The standard establishes a a third category for financial liabilities measured and classified at fair value in the income statement option. At the end of 2018, the Group did not apply this option.

Net cash and cash equivalents

Cash and cash equivalents include current bank account cash balances, term deposits that may be sold or used at very short notice (under three months) with no significant risk of losing value should interest rates change, and marketable securities. These are made up of money-market fund units that are highly liquid and carry a very low risk of change in value.

The Group's net cash consists of marketable securities and money market instruments, cash and cash equivalents, net of current bank facilities, including overdrafts, and of any corresponding interest recorded in current financial liabilities. Changes in the Group's net cash are presented in the cash flow statement.

Debt

Financial debt is recorded at amortized cost, namely at face value net of issue premiums and fees that are recorded gradually under financial items until maturity.

In the event of hedging of the risk of change in the future interest expense, the financial debt for which flows are hedged remains recognized under amortized cost, since the change in value of the effective part of the hedging instrument is recorded in equity.

Treasury shares

Fromageries Bel shares repurchased by the consolidating company in accordance with law 98-546 of July 2, 1998 are posted directly against consolidated shareholders' equity in an amount corresponding to their acquisition costs, including direct costs linked to the acquisition, net of corresponding tax savings.

Employee benefits

Independent actuaries assess the main employee benefit obligations.

For defined benefit plans, obligations are measured on a discounted basis using the "projected unit credit" method and taking into account assumptions about salary growth, turnover rates, retirement age and mortality rates. The economic conditions specific to each monetary zone are factored into the assumptions used.

The fair value of plan assets, if applicable, is deducted from the calculated obligations, and provisions are recognized on the balance sheet.

Actuarial gains and losses arise from changes in actuarial assumptions in the valuation of obligations and funds from year to year and what actually occurs in terms of market conditions and real data.

For post-employment benefits, actuarial gains and losses are recognized in equity under "Other Comprehensive Income" in accordance with IAS 19. Actuarial gains and losses on other long-term benefits are expensed for the year.

Expected proceeds from plan assets that give rise to an expense are calculated using the discount rate.

For basic and other defined contribution plans, the obligation is charged to income as determined by the amounts to be contributed for the period.

Share-based payments

Stock option plans are equity-settled share-based payment systems under IFRS 2. The grant component is measured based on the Fromageries Bel share price at the grant date and, taking into account the non-payment of dividends during the vesting period, the stock options are recorded as personnel expenses with a corresponding increase in equity. The expense is recognized over the length of the vesting period.

Provisions

A provision is booked when the Group has a legal or implicit obligation to a third party that can be reliably estimated and is likely to result in the outflow of resources. If the amount or settlement date cannot be reliably estimated, the obligation is deemed to be a contingent liability and recognized as an off-balance sheet item.

Restructuring provisions are booked only after the announcement and establishment of a detailed restructuring plan or if the start of a restructuring undertaking gave rise to a constructive obligation.

Purchase commitments with minority shareholders

The Group has obligations to purchase interests held by the minority shareholders of some consolidated subsidiaries. For the Group, these purchase obligations are optional, relating to put options.

In accordance with IAS 32 - Financial Instruments: Disclosure and Presentation, firm or conditional obligations to buy non-controlling interests are recognized as liabilities in amounts equal to their purchase price.

Any differences in the purchase price of a non-controlling interest and the share of the net equity acquired are recognized in equity without reassessing the value of the acquired assets and liabilities. Subsequent variations in the value of the liability are offset in equity.

Income taxes

Income tax expenses correspond to the income tax due by each tax-consolidated entity, adjusted for deferred income taxes.

In France, Fromageries Bel heads a tax consolidation group that includes the following entities: SAS FR, Fromageries Picon, Fromageries Bel Production France, Fromageries Boursin, Société des Produits Latiers, SOFICO, SICOPA, SOPAIC, and ATAD.

France's 2010 budget law, approved in December 2009, introduced the CET (*Contribution Économique Territoriale*), a local tax that supplanted the *Taxe Professionnelle* business tax. The Group qualifies the CET tax as an operating expense rather than an income tax. Accordingly, CET payable from 2010 falls under operating income.

Taxes payable for the period but not yet paid are recognized on the balance sheet under current payables. Overpaid income tax vs. income tax owed is recorded on the balance sheet under current receivables.

In accordance with IAS 12, deferred taxes and liabilities are recorded on the temporary differences between the tax and carrying amounts of the assets and liabilities. Based on the balance sheet liability method, they are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities settled and are classified as non-current assets and liabilities. Changes in the tax rate from year to year are recorded in profit or loss for the year in which the change was recognized.

Deferred tax assets resulting from deductible temporary differences, unused tax losses and unused tax credits are limited to the estimated amount of recoverable tax. The latter is assessed at the balance sheet date based on the earnings forecasts of the related tax entities. Deferred tax assets and liabilities are not discounted.

Deferred taxes are recognized as income or expenses in the income statement except when they are associated with items directly credited or charged to equity. In this case, deferred taxes are also recognized in equity.

Revenue

Revenue from sales of goods, merchandise and other goods and services rendered in the course of the ordinary activities of consolidated Group entities is recorded net of discounts or commercial rewards and sales tax once the ownership is transferred to the customer or the service is rendered. These amounts are estimated at the time revenue is recognized, on the basis of agreements and commitments with the customers concerned. It is recognized in the income statement when the products are transferred.

Other non-recurring income and expenses

Other non-recurring income and expenses primarily include:

- allowances and reversals of provisions for contingencies and losses, including restructuring costs incurred when assets are sold or operations discontinued, and costs arising from commitments made to employees affected by lay-off plans;
- capital gains and losses;
- impairment of non-current assets;
- provisions arising from tests for impairment loss on intangible assets;
- amortization of intangible assets with definite useful life;
- any unusual, material gains or losses not linked to recurring operating performance.

Earnings per share

Basic earnings per share before dilution is calculated by dividing net profit (Group share) by the weighted average number of ordinary shares outstanding during the year minus the weighted average number of treasury shares held by Group entities.

Diluted earnings per share is calculated by taking into account the effects of all outstanding potential dilutive instruments minus the weighted average number of treasury shares. Net profit is adjusted to factor in the after-tax impact of dilutive instruments.

NOTE 2 Changes in the scope of consolidation and changes in the ownership interest of consolidated entities

In 2018, the Group consolidated its subsidiary Bei Lao Zi Shanghai Food Trading Co for the first time. During the year, Bel Americas and Queijo Bel Brasil were liquidated and removed from the scope of consolidation. Minority shareholdings in both companies Bel Shostka Ukraine and Bel Shostka Service were bought by the Group, bringing the control of these companies to 100%.

NOTE 3 Income statement

3.1 Business segment information and significant events of the year

Revenue and operating income by geographical region are the two key performance indicators used by Group General Management, the main operating decision-maker. Results are prepared by target market on a monthly basis to help monitor and offset the effects of raw material price and foreign exchange volatility on margins as soon as they occur across all production entities.

Conversely, cash flow and balance sheet items are not tracked by market. They are instead prepared and tracked on a Group-wide basis.

Developing markets in the Asia-Pacific region are currently in an organizational phase and are not considered as a distinct operational sector. They are grouped together with the markets in the Americas region.

The Group's total revenue was down 1.0% in 2018, amounting to €3,312 million compared with €3,346 million in 2017. Excluding the 2.5% negative forex effect representing €83 million, the Group's organic growth [(1)] stood at 1.5% for the whole year. Organic revenue growth from the brands stood at 2.7%, whereas revenue from industrial and non-brand products were down 15%.

The breakdown of total revenue and operating income by region was as follows:

(in thousand euros)	Revenue				Operating income		
	2018	2017	Overall change	Of which organic growth	**2018**	2017	Variation
Europe	1,827,214	1,856,017	-1.6%	-1.3%	114,375	145,030	-21.1%
Americas, Asia-Pacific	765,432	750,397	2.0%	6.2%	30,037	27,995	7.3%
Middle East, Greater Africa	719,021	740,000	-2.8%	3.6%	15,341	42,036	-63.5%
TOTAL	**3,311,667**	**3,346,414**	**-1.0%**	**1.5%**	**159,753**	**215,061**	**-25.7%**

Despite interruptions in the supply of flagship brand products throughout the year, 12-month revenue showed a modest organic decline of 1.3%. In Europe, Bel's sales were penalized by the tough environment in the retail sector unfavorable to deploying promotional campaign plans for the Group's brands in both the cheese and fruit segments. In this region, selling prices were moderately increased but not enough to offset the sharp increase in dairy and fruit raw material prices. Despite the strong growth of snack products in slices and dip formats and optimized advertising and promotional spending, operating income in Europe declined 21.1%.

In the spirit of the approach sought by France's EGA (*États Généraux de l'Alimentation*) agricultural summit, and following the renewal of a joint agreement for a profitable and sustainable dairy industry announced by the Bel Group and the Bel West Producers Association (*Association des Producteurs Bel de l'Ouest - APBO*), retail food distributor Intermarché and Netto confirmed its engagement in this virtuous business model to ensure that value is shared in a concrete and transparent way, a first for a retail food chain. Bel is seeking a new path forward in trade talks by building on this approach, and similar agreements are in progress among sector players, including food retailers, manufacturers and producers.

Organic revenue growth in the Middle East, Greater Africa region stood at 3.6% for the fiscal year, compared with a 4.0% drop in 2017. Revenue in the region was sharply hit by a negative forex effect for €48 million. In the Middle East, Greater Africa region, Bel regained marked share and continued to adapt its offer to consumer purchasing power, in a context of shrinking cheese markets and lower consumer spending. The high prices of dairy raw materials and currency depreciation in these markets dragged down operating margin, which was down €27 million in 2018, versus the prior year.

The Asia-Pacific markets continued to develop and showed double-digit organic growth. Marked by a negative forex effect of €31 million over 2018, the region posted 6.2% organic revenue growth. Growth momentum in the markets of the Americas, Asia-Pacific region was confirmed, along with the alignment of the Group's product offerings to meet consumer demand. Sales in this region advanced 6.2% organically, even though selling prices were moderately increased. The region's operating income grew 7.3% despite the overall negative foreign exchange impact.

(1) *Organic growth corresponds to reported revenue growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis. The organic growth rate is calculated by applying the exchange rate for the prior year period to the current year period.*

3.2 Operating expenses by nature

Operating expenses by nature break down as follows:

(in thousands of euros)	2018	2017
Personnel expense	560,162	562,284
Depreciation and amortization expense	122,390	107,139
Other operating expense	2,425,490	2,451,294
TOTAL OPERATING EXPENSES	**3,108,042**	**3,120,717**

Other operating expenses include manufacturing raw materials and consumables used to make products sold, as well as other costs of goods and services sold.

3.3 Other non-recurring income and expenses

Other non-recurring income and expenses break down as follows:

(in thousands of euros)	2018	2017
Impairment and gains or losses on disposal of fixed assets	(7,749)	(1,999)
Restructuring costs	(34,667)	(5,005)
Other non-recurring income and expense	(1,457)	(3,632)
TOTAL OTHER NON-RECURRING INCOME AND EXPENSE	**(43,873)**	**(10,636)**

In 2018, "Impairment and gains from disposals of fixed assets" primarily included impairment of the ADLER brand in Germany for €3 million recognized as a result of the impairment test and amortization of the brands acquired from MOM Group, with a defined useful life, for €2.1 million.

In 2018, restructuring costs primarily included salary expenses and costs for the Group's transformation, including costs for the voluntary departure plan in France, announced on September 20, 2018, for €29 million. As in 2017, the other amounts correspond to non-replaced departure costs, primarily in Morocco and France.

In 2018, other non-recurring income and expenses included the cost of withdrawing from a multi-employer US pension fund for €4 million (see Note 4.11 Employee benefits), as well as income from a transaction signed with a supplier of Materne North America for €11.9 million.

3.4 Financial income and expenses

Financial income and expenses break down as follows:

(in thousands of euros)	2018	2017
Income from cash and cash equivalents	864	2,289
Cost of gross financial indebtedness	(28,980)	(26,561)
Net costs of financial debt	**(28,116)**	**(24,272)**
Net cost from discounting	(1,726)	(727)
Foreign currency gains (losses)	(1,588)	(14,783)
Other	1,164	3,011
Other financial income and expense	**(2,150)**	**(12,499)**
TOTAL NET FINANCIAL EXPENSE	**(30,266)**	**(36,771)**

In 2018, the cost of gross financial debt for the Group included the financial expenses related to recognition of reimbursement of the right-of-use debt associated with application of IFRS 16 for €4 million.

Foreign exchange expenses concerned mainly the impact of the depreciation of currencies at the subsidiaries in Turkey (-€2.4 million) and Iran (-€1.2 million) on their foreign currency debts. In 2017, this stemmed mainly from the unfavorable conversion of foreign assets and liabilities of the Group's Egyptian (€4.2 million) and Iranian (€5.7 million) subsidiaries.

The "other" line-item included dividends received in 2018 for €2.5 million from non-consolidated companies and an impairment charge for securities held for capital gains purposes and measured at fair value through the income statement.

3.5 Income tax expense

Income tax expenses break down as follows:

(in thousands of euros)	2018	2017
Current tax, including withholding tax	(42,755)	(38,710)
Deferred tax	13,326	46,718
TOTAL INCOME TAX EXPENSE	**(29,429)**	**8,008**

In 2018, the applicable corporate tax rate in France was 33.33%, to which a social security tax of 3.3% is added, bringing the total rate to 34.43%.

In 2018, the Group's effective tax rate was 22.6%. The difference between the applicable and effective income tax rates is summarized below:

(in%)	2018	2017
Standard tax rate *(including additional contributions)*	**34.4%**	**34.4%**
Impact of the difference in the current tax rates of foreign subsidiaries	-10.2%	-7.4%
Impact of change in tax rate in foreign companies	-4.4%	-22.2%
Impact of change in tax rate in France		-6.3%
Tax credits	-2.0%	-1.9%
Prior period carryforwards used during the year	-1.2%	-1.2%
Unused tax loss carryforwards from the period	0.1%	1.2%
Alternative minimum tax and non-creditable withholding tax	1.9%	2.4%
Permanent differences	3.1%	-0.2%
Deferred tax limitation	-0.9%	0.0%
Other items	1.8%	-3.3%
EFFECTIVE INCOME TAX RATE	**22.6%**	**-4.5%**

The share of earnings in countries with tax rates below French levels, *i.e.* Morocco, Egypt, US and the Netherlands, account for most of the "Impact of the difference in the current tax rates of foreign subsidiaries". The improvement in the "Impact of changes in tax rates" line stems primarily from the favorable tax rate change in the United States, Switzerland, the United Kingdom, the Netherlands and Belgium.

In 2017, the "Impact of changes in tax rates in France" was due to the lower tax rate voted in France in the 2017 budget law which will gradually bring the rate down to 25% from 2022. Consequently, long-term deferred taxes were revalued in accordance with the rates applicable from 2022.

3.6 Earnings per share

Basic earnings per share is calculated by dividing attributable net profit by the number of ordinary shares (6,872,335 at December 31, 2018) less the weighted average number of treasury shares (83,732 at December 31, 2018).

Diluted earnings per share is identical to basic earnings per share as the bonus shares awarded during the period were not dilutive.

NOTE 4 Balance sheet

4.1 Goodwill

Changes in goodwill for 2018 are presented in the following table:

(In thousands of euros)	2018	2017
GROSS VALUE AT OPENING	844,770	858,546
Translation differences	3,100	(13,776)
GROSS VALUE AT CLOSING	847,870	844,770
Accumulated write-downs at opening	**(52,630)**	**(50,382)**
Write-downs	-	(3,444)
Translation differences	812	1,196
Accumulated write-downs at closing	**(51,818)**	**(52,630)**
NET CARRYING AMOUNT OF GOODWILL FROM CONTINUING OPERATIONS	**796,052**	**792,140**

In 2018, impairment tests carried out on cash generating units showed no impairment charge to record on goodwill.

The following assumptions and parameters were used in the impairment testing of CGUs to determine their value in use:

- explicit forecasts for five years, apart from Safilait for which a seven-year horizon was used;
- Weighted Average Cost of Capital: country risk rates established by Coface were used to revise the discount rates determined for each country to take into account the notions of risk and time according to each CGU's profile and country risk.

The following economic assumptions were therefore adopted after this review:

	Goodwill (in thousands of euros)		Long-term growth rate		Discount rate	
	2018	2017	**2018**	2017	**2018**	2017
Europe	540,486	540,486	1%-2%	1%-2%	6.5%	6.5%
Americas, Asia-Pacific	230,740	227,423	0.5%-2%	0.5%-2%	8%	8%
Middle East, Greater Africa	24,826	24,231	2%-2.5%	2%-3%	11%	11%
TOTAL GROUP	**796,052**	**792,140**				

The Group tested the sensitivity of its CGUs to the following three factors:

- a 1% increase in the discount rate;
- a 0.5% decline in the long-term growth rate;
- a 1% decline in operating margin.

A 1% increase in the discount rate would result in the Group recognizing an additional impairment of €13 million.

A 0.5 point decline in the long-term growth rate would result in the Group recognizing additional impairment of around €2 million.

4.2 Other intangible assets

Changes in other intangible assets during the year were as follows:

(in thousands of euros)	2018	2017
Net carrying amount at January 1	**641,495**	**671,270**
Impact of change in consolidation scope	-	27
Acquisitions	12,518	10,278
Disposals, assets disposed of	(20)	(579)
Translation differences	9,969	(29,714)
Depreciation and write-downs	(17,213)	(9,806)
Reclassifications	492	19
NET CARRYING AMOUNT AT DECEMBER 31	**647,241**	**641,495**

A breakdown of property, plant and equipment by nature is presented in the following table:

	December 31, 2018			December 31, 2017
(In thousands of euros)	Gross value	Accumulated depreciation and write-downs	Net carrying amount	Net carrying amount
Concessions and patents	34,720	(18,154)	16,566	16,844
Brands	603,545	(13,835)	589,710	584,781
Software	195,130	(154,356)	40,774	39,347
Other	1,332	(1,141)	191	523
TOTAL	**834,727**	**(187,486)**	**647,241**	**641,495**

As in 2017, acquisitions of other intangible assets in 2018 were primarily related to the Group’s IT projects.

4.3 Property, plant and equipment and right-of-use assets

4.3.1 Property, plant and equipment

Changes in property, plant and equipment during the year were as follows:

(in thousands of euros)	2018	2017
Net carrying amount at January 1	**903,264**	**915,874**
Impact of change in consolidation scope	338	0
Acquisitions	157,871	150,311
Disposals, assets disposed of	(3,059)	(23,737)
Translation differences	(1,620)	(51,591)
Depreciation and write-downs	(95,390)	(87,577)
Reclassifications	(1,715)	(16)
NET CARRYING AMOUNT AT DECEMBER 31	**959,689**	**903,264**

A breakdown of property, plant and equipment by nature is presented in the following table:

	December 31, 2018			December 31, 2017
(in thousands of euros)	Gross value	Accumulated depreciation	Net carrying amount	Net carrying amount
Land	31,589	(6,180)	25,409	24,491
Constructions	469,566	(235,037)	234,529	222,488
Technical installations, fixtures, machinery and equipment	1,404,899	(840,605)	564,294	524,686
Other tangible assets	67,198	(43,812)	23,386	27,160
Assets in progress	113,014	(943)	112,071	104,439
TOTAL	**2,086,266**	**(1,126,577)**	**959,689**	**903,264**

The main acquisitions over the year concerned an increase in production capacities in France, the Netherlands, Canada and in the MOM Group companies.

"Depreciation, amortization and provisions" includes depreciation of property, plant and equipment primarily in France, the United States and Portugal.

4.3.2 Right-of-use assets

Right-of-use assets break down as follows:

(in thousands of euros)	2018
Net carrying amount at January 1	**-**
Impact of change in consolidation scope	-
Acquisitions	111,204
Disposals, assets disposed of	(147)
Translation differences	658
Depreciation and write-downs	(13,869)
Reclassifications	1,211
NET CARRYING AMOUNT AT DECEMBER 31	**99,057**

Right-of-use assets correspond to all contracts recognized in view of application of IFRS 16.

	December 31, 2018		
(in thousands of euros)	Gross value	Accumulated depreciation	Net carrying amount
Land	259	(173)	86
Constructions	101,097	(13,250)	87,847
Technical installations, fixtures, machinery and equipment	2,246	(755)	1,491
Shipping material	11,177	(1,686)	9,491
Other tangible assets	187	(45)	142
TOTAL	**114,966**	**(15,909)**	**99,057**

The most significant contracts concern office buildings leased for around €87 million.

Right-of-use assets recognized represent virtually all of the off-balance sheet commitments in terms of leases mentioned in Note 6.1 at the end of 2017 for €117.2 million.

4.4 Financial assets and liabilities

Financial assets break down as follows:

(in thousands of euros)	December 31, 2018				December 31, 2017
	Write-downs	**Fair value through OCI**	**Fair value through P&L**	**Balance sheet amount**	Balance sheet amount
Assets					
Financial investments	98	144,737	8,435	153,270	181,149
Other non-current financial assets		4,712		4,712	4,377
Non-current loans and advances	11,509			11,509	12,393
Non-current trade and other receivables	1,119			1,119	2,192
Current trade and other receivables	488,115			488,115	501,898
Other current financial assets	1,128			1,128	17,046
Current loans and advances	2,022			2,022	1,872
Current tax assets	34,924			34,924	52,440
Cash and cash equivalents	90,910		246,288	337,198	470,209

Financial liabilities recognizable under IFRS 7 are recorded in full at amortized cost with the exception of financial instrument liabilities, which are measured at fair value. They are detailed in Note 4.15.

4.5 Other non-current assets (excluding deferred taxes)

Changes in other non-current assets (excluding deferred taxes) were as follows:

(in thousands of euros)	December 31, 2018	December 31, 2017
Financial investments at opening	181,149	191,240
Change in fair value recognized in Other comprehensive income	(30,479)	(9,797)
Other changes	2,600	(294)
FINANCIAL INVESTMENTS AT CLOSING	**153,270**	**181,149**

Financial investments included 196,350 Unibel shares held by SOFICO and acquired at an average price of €14.25 per share. As of December 31, 2018, these shares were valued at €144.3 million based on the December 31, 2018 closing price.

On December 31, 2017, these shares were valued at €174.8 million based on the December 31, 2017 closing price.

4.6 Inventories and work-in-progress

Inventories and work-in-progress break down as follows:

(in thousands of euros)	December 31, 2018	December 31, 2017
Raw materials and other supplies	152,651	142,849
Work-in-progress, goods and services	1,704	1,323
Merchandise, finished goods and intermediate goods	217,691	225,135
GROSS VALUE	**372,046**	**369,307**
Inventory write-downs	(7,067)	(17,640)
NET CARRYING AMOUNT	**364,979**	**351,667**

The change in net inventories for the years presented breaks down as follows:

	2018			2017
(in thousands of euros)	Gross	Write-downs	Net amounts	Net amounts
At January 1	**369,307**	**(17,640)**	**351,667**	**350,931**
Change in gross inventory	429	-	429	18,187
Impact of change in consolidation scope	-	-	-	3,266
Change in write-downs	-	10,887	10,887	(1,019)
Translation differences	2,310	(314)	1,996	(19,698)
AT DECEMBER 31	**372,046**	**(7,067)**	**364,979**	**351,667**

4.7 Trade and other receivables

Trade and other receivables break down as follows:

(in thousands of euros)	December 31, 2018	December 31, 2017
Trade and other receivables	493,285	508,742
Write-downs	(5,170)	(6,844)
NET CARRYING AMOUNT	**488,115**	**501,898**

The change in trade and other receivables for the years presented breaks down as follows:

	2018			2017
(in thousands of euros)	Gross	Write-downs	Net amounts	Net amounts
At January 1	**508,742**	**(6,844)**	**501,898**	**571,426**
Changes in WCR	(15,830)	-	(15,830)	(46,609)
Impact of change in consolidation scope	147	-	147	(2,885)
Change in write-downs	-	1,652	1,652	(1,432)
Reclassifications	(6)	-	(6)	-
Translation differences	232	22	254	(18,602)
AT DECEMBER 31	**493,285**	**(5,170)**	**488,115**	**501,898**

At December 31, 2018, net current trade receivables represented 74% of total trade and other receivables, with trade receivables under 60 days due accounting for 12% and trade receivables over 60 days due accounting for 2%. Receivables older than 120 days and not covered by credit insurance are fully impaired.

On December 31, 2018, the Group used factoring of trade receivables for an amount of €52 million compared with €50.8 million in 2017. These trade receivables were not recognized on the balance sheet.

4.8 Net deferred taxes

Net deferred tax liabilities as of December 31, 2018 and changes in the net deferred tax position for the last two financial years were recorded as follows:

(in thousands of euros)	2018	2017
At January 1	**(244,820)**	**(307,001)**
Impact of change in consolidation scope	35	3,033
Changes recognized in equity	7,768	12,430
Changes recognized in the P&L	13,326	46,718
Restatements	(238)	
AT DECEMBER 31	**(223,930)**	**(244,820)**

Basis for deferred tax assets and liabilities

(in thousands of euros)	December 31, 2018	December 31, 2017
Goodwill from business	(29,918)	(27,791)
Fixed assets	(95,848)	(89,628)
Brands and concessions	(139,756)	(140,251)
Derivative financial instruments	3,035	(4,367)
Valuation of Unibel shares	(35,380)	(42,995)
Pensions and similar employee benefits	20,036	21,262
Tax loss carryforwards	25,350	25,426
Other	28,551	13,524
NET DEFERRED TAXES	**(223,930)**	**(244,820)**
of which:		
Deferred tax assets	*26,775*	*10,448*
Deferred tax liabilities	*(250,705)*	*(255,268)*

The “Other” line mainly concerns temporary items that are not tax-deductible.

Tax loss carryforwards

The Group has tax loss carryforwards that offer potential tax savings.

A deferred tax asset is recognized when the recovery of tax loss carryforwards is more likely than not to arise for either of the following reasons:

- either the deferred tax assets can be offset against tax liabilities set to mature during the period in which they are “deductible”; or
- taxable profits are expected during the recovery period.

Income tax assets related to tax loss carryforwards mainly concern MOM Group, amounting to €19.3 million, and the Fromageries Bel España subsidiary, amounting to €4.6 million.

Deferred tax assets that were unrecognized owing to uncertainties about the probability of recovering the corresponding tax loss carryforwards were as follows:

(in thousands of euros)	December 31, 2018 Tax loss basis	December 31, 2018 Unrecognized deferred tax assets	December 31, 2017 Tax loss basis	December 31, 2017 Unrecognized deferred tax assets
Expires in				
Less than one year	45	8	366	66
One to five years	2,261	447	1,752	343
May be carried forward indefinitely	13,324	3,362	20,233	5,061
TOTAL	**15,630**	**3,817**	**22,351**	**5,470**

Of the total unrecognized deferred tax assets at December 31, 2018, €2.7 million concerned the Grupo Fromageries Bel España subsidiary.

Changes in Spain's tax policy in 2014, 2016 and 2017 capped the deductibility of tax losses from previous years, and instead offered the possibility of carrying forward tax losses indefinitely.

4.9 Share capital information

4.9.1 Non-recyclable elements

Application of IFRS 9 on January 1, 2018 led the Group to assess the management models of the equity interests its holds.

The main equity investments owned by the Group concern Unibel, for a value of €144.3 million on December 31, 2018 and are owned by the SOFICO subsidiary. These shares are measured at fair value on the closing date and the Group deems that these shares, which are not held for trading purposes, would be marked to market through other comprehensive income. As such, and in application of the standard, all changes in fair value for these shares are recognized in non-recyclable reserves in the Group's equity. The 2017 comparison, previously classified under the "Other Comprehensive Income" under recyclable elements, has been reclassified under non-recyclable elements.

On December 31, 2017, non-recyclable elements in comprehensive income only included actuarial gains and losses associated with application of IAS 19.

4.9.2 Capital

The number of shares in Fromageries Bel's capital amounted to 6,872,335. In 2018, the Group's equity changed primarily due to income from the fiscal year and due to the dividend paid in May for the previous fiscal year and the impact from elements posted in the "Other Comprehensive Income".

Items recognized in the statement of comprehensive income are presented in the following table:

(thousands of euros)		At December 31, 2018 Group Share	At December 31, 2018 Minority interest share	At December 31, 2018 Total	At December 31, 2017 Total
Cash flow hedging	*Gross amounts*	(15,004)	-	(15,004)	13,014
	Income tax impact	5,275	-	5,275	(4,583)
Mark-to-market of financial investments	*Gross amounts*	(30,479)	-	(30,479)	(9,797)
	Income tax impact	10,490	-	10,490	3,379
Deferred tax limitation on Unibel shares	*Income tax impact*	(2,873)	-	(2,873)	6,163
Actuarial gains and losses arising on retirement obligations	*Gross amounts*	3,582	84	3,705	2,951
	Income tax impact	(1,200)	0	(1,200)	(927)
Translation differences		2,960	3,182	6,142	(80,109)
TOTAL		**(27,249)**	**3,266**	**(23,944)**	**(69,909)**

The mark-to-market of the main hedge contracted by the Group subsidiaries is described in Note 4.15.3.

The mark-to-market of financial concerns to Unibel shares owned by SOFICO (see Note 4.5).

Actuarial gains and losses recognized during the year are described in Note 4.11.2.

Depending on its financial positions and changing needs, the Group may adjust its share capital by issuing new shares, for example, or by purchasing and canceling existing shares.

The Group is not subject to equity covenants imposed by third parties.

Treasury shares

In 2018, 4,765 treasury shares were bought back. The number of treasury shares owned on December 31, 2018 was 83,732.

Bonus shares

In accordance with IFRS 2, personnel expenses arising from bonus share awards were recognized incrementally over the vesting period with counterpart entries in equity.

All of the bonus share awards are set out in Note 6.2.3 in chapter 6 “Shareholding and Share Transactions”.

A breakdown of bonus share plans is presented in the following table:

BONUS SHARE PLANS

(in thousands of euros)	Plan 2016/2019	Plan 2017/2020	Plan 2018/2021	TOTAL
Number of shares granted at the award date	6,717	8,241	8,809	
Number of shares awarded at December 31, 2018	2,230	2,308	5,414	
Fair value of share award (in €)	489	589	472	
Award criteria: percentage provisioned	44%	36%	71%	
Vesting period	3 years	3 years	3 years	
AMOUNT EXPENSED AT DECEMBER 31, 2018	**(290)**	**112**	**504**	**326**

4.10 Provisions

Changes in provisions for the years presented break down as follows:

(in thousands of euros)	2018	2017
Provisions at January 1	**25,208**	**26,662**
Increase (charges)	23,147	2,172
Reversals - offset against expenses	(953)	(2,215)
Reversals - cancelled provisions	(1,609)	(1,250)
Reclassifications	577	-
Translation differences	44	(161)
PROVISIONS AT DECEMBER 31	**46,414**	**25,208**
Of which less than a year	*26,417*	*6,856*

During 2018, the provisions for restructuring line item primarily included the costs estimated under the framework of a voluntary departure plan for France, for €19.2 million.

(in thousands of euros)	December 31, 2018	December 31, 2017
Provisions for disputes and litigation	4,266	3,922
Restructuring provisions	19,667	71
Provisions for other expenses	344	1,125
Provisions for other contingencies	22,137	20,090
PROVISIONS	**46,414**	**25,208**

4.11 Employee benefits

The Group contributes to various pension plans, post-employment benefits and other long-term benefits in accordance with the laws and practices of the countries where it is present.

These plans are either defined contribution plans or defined benefit plans. For defined contribution plans, the expense is recorded in the year the contributions are due and, the Group's obligation being limited to said contributions, no additional retirement provisions are accounted for. For defined benefit plans, the obligations are measured using the projected unit credit method.

4.11.1 Summary of various employee benefits (defined contribution plans)

Employees benefit from defined contribution plans in some of the Group's entities. These plans mainly provide employees with benefits that complement State pension plans. For these plans, the expense is recorded in the year the contributions are due and, the Group's obligation being limited to said contributions, no additional retirement provisions are accounted for.

Nevertheless, an exception exists in the United States. Bel Brands USA contributes to a multi-employer fund that is by its nature a defined benefit plan. The fund manager, however, is unable to determine with any precision the share of each participating entity's obligation for the benefits earned by current employees, with the earned benefits of former employees deferred and retired employees benefiting from life annuities paid by the fund. Accordingly, under the rules of IAS 19, the Company only recognizes its contributions paid into the fund as if it were a defined contribution plan even though this plan is by nature a defined benefit plan. During 2018, Bel Brands USA sought a withdrawal solution with the fund and after approval on December 4, 2018 by the social partners, signed a deal under which employees at the Little Chute plan would have their previous rights maintained, whereas contributions by Bel Brands would stop on January 31, 2019. As of February 1, 2019, the employees from this factory will be offered a defined contribution 401K plan, as for the Group's other plants in the US. The discounted cost of withdrawing from this fund is estimated at $4.7 million. This was booked as long-term debt on December 31, 2018. It is to be paid in 20 installments of $371,000. The definitive amount of the transaction should be finalized for the end of H1,2019.

4.11.2 Summary of different types of employee benefits (defined benefit plans)

These plans mainly consist of additional retirement benefits, post-employment benefits and long-service awards.

Employee benefits concern primarily European countries, with France, Germany and the Netherlands together accounting for €112 million, or 95% of a total €118 million in employee benefits.

Actuarial gains and losses on post-employment benefits are recognized in "Other items of comprehensive income" in the period during which they arise.

The following table provides a summary of the financial position of defined benefit plans:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2018	Total 2017
Gross defined benefit obligation	48,688	44,413	19,320	5,818	118,239	125,827
Fair value of plan assets	(36,313)	-	-	-	(36,312)	(39,977)
NET EMPLOYEE BENEFIT OBLIGATION RECORDED ON THE BALANCE SHEET	**12,375**	**44,413**	**19,320**	**5,818**	**81,927**	**85,850**

Changes in gross employee benefit obligations for defined benefit plans are presented in the following table:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2018	Total 2017
Gross defined benefit obligation at January 1	**52,701**	**47,450**	**19,468**	**6,208**	**125,827**	**136,908**
Change in gross defined benefit obligations recorded in profit and loss	939	3,600	544	566	5,649	6,206
Actuarial gains and loses recorded to other comprehensive income	(4,778)	(2,839)	214	(408)	(7,811)	(10,148)
Translation differences	-	-	-	(16)	(16)	(147)
Benefits paid during the year	(174)	(3,798)	(906)	(534)	(5,412)	(4,618)
Increase/Decrease	-	-	-	-	-	(2,373)
GROSS OBLIGATION AT DECEMBER 31	**48,688**	**44,413**	**19,320**	**5,816**	**118,236**	**125,827**

Changes in the fair value of benefit plan assets are presented in the table below:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2018	Total 2017
Fair value of plan assets at January 1	**(39,977)**	**-**	**-**	**-**	**(39,977)**	**(45,158)**
Interest income (expense) on plan assets	(679)	-	-	-	(679)	(733)
Return on plan assets above the discount rate	4,106	-	-	-	4,106	7,197
Costs borne by bodies responsible for managing plan assets	140	-	-	-	140	52
Benefits paid by funds to recipients during the year	174	-	-	197	371	210
Contributions paid to asset management organizations	(77)	-	-	(197)	(274)	
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**(36,313)**	**-**	**-**	**-**	**(36,313)**	**(39,977)**

In 2018, the net amount expensed to the income statement totaled €2.3 million and broke down as follows:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	**Total 2018**	Total 2017
Service cost for the year	56	2,602	234	354	3,246	4,219
Cost of past services	-	(2,359)	-	-	(2,359)	2,194
Past service cost following a plan change	-	98	-	111	209	87
Interest income from the present value of the obligations	895	728	327	134	2,084	-
Costs borne by bodies responsible for managing plan assets	140	-	-	-	140	52
Actuarial gains and losses on other long-term benefits during employment recognized during the year	(12)	(252)	(17)	(61)	(342)	(293)
Change in gross defined benefit obligations recorded in profit and loss	**1,079**	**817**	**544**	**538**	**2,977**	**6,258**
Interest income (expense) on plan assets	(679)	-	-	-	(679)	(733)
TOTAL NET EXPENSES RECOGNIZED ON THE INCOME STATEMENT	**400**	**817**	**544**	**538**	**2,299**	**5,525**

In the Netherlands, collective bargaining with dairy industry trade unions over retirement benefits resulted in the signature of an agreement in 2014 at the end of which the defined benefit plans were replaced by a defined contribution plan on January 1, 2015. The rights acquired by employees at December 31, 2014 were frozen and defined benefit plans are now closed to new employees.

Actuarial gains and losses recorded in the statement of comprehensive income can be broken down as follows:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	**Total 2018**	Total 2017
Actuarial gains and losses on the present value of obligations recognized during the year and arising from experience adjustements	(4,778)	(1,108)	14	8	(5,865)	(7,128)
Actuarial gains and losses of obligations recognized during the year and arising from changes to demographic assumptions	-	(349)	201	(369)	(517)	80
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to financial assumptions	-	(1,382)	-	(47)	(1,429)	(3,100)
Actuarial gains and losses recorded to other comprehensive income	**(4,778)**	**(2,839)**	**214**	**(408)**	**(7,811)**	**(10,148)**
Return on plan assets above the discount rate	4,106	-	-	-	4,106	7,197
TOTAL NET GAINS RECORDED IN THE STATEMENT OF COMPREHENSIVE INCOME	**(672)**	**(2,839)**	**214**	**(408)**	**(3,705)**	**(2,951)**

For defined benefit plans, obligations were measured according to actuarial techniques taking long-term assumptions into account. The main assumptions used by independent actuaries included the discount rate, the rate of salary increases, the turnover rate, and mortality rates.

In Europe, probable future benefits were written down to their present value using discount rates appropriate to each country. The discount rates were determined by using as a benchmark the yield on AA-rated corporate bonds with the same maturities as the commitments.

Assumptions weighted by obligation	December 31, 2018	December 31, 2017
Discount rate (weighted)	1.76%	1.75%
Rate of salary increases (weighted)	2.56%	2.54%
Duration (weighted)	17.6	18.0

The main financial assumption used to measure obligations in respect of defined benefit plans is the discount rate, which can have a significant impact on the outcome. A 100-point variation in the discount rate versus the main assumption used at December 31, 2018 would have the following effects:

	December 31, 2018
Decrease of 100 basis points	20%
Increase of 100 basis points	-15%

4.11.3 Description of main defined benefit plans

France

The Group's French entities are subject to a collective bargaining agreement established with the French dairy industry, apart from MBMA and Materne's employees who are subject to the National Collective Bargaining agreement of the Processed Food Products Industry. Both collective bargaining agreements provide for the payment of pensions to employees still present in the firm at the time of their retirement, with the retirement age being the same as that at which citizens are eligible for their State pension. This allowance is calculated as a percentage of the last salary earned, with the percentage determined according to the number of years of service at the time of retirement. These benefits are also subject to payroll on-costs which vary according to occupational category. This plan is not externally managed.

The entitlements of the end-of-career pension plans and long-service awards were modified during the 2018 fiscal year. The impact of these changes is recorded as an expense.

Germany

Germany had an additional defined benefit plan that has been closed to new entrants since March 2003, with new entrants shepherded into a defined contribution plan. The defined benefit plan pays a life annuity (with a 60% annuity granted to the retiree's surviving spouse and disability coverage) based on a percentage of the employee's last earned salary (based on the number of years in service capped at 35 years). The annuities are by law revised for inflation every three years.

The Netherlands

The Netherlands has two additional defined benefit retirement plans, one of which was established by a collective bargaining agreement with the dairy industry. The plans pay a life annuity at the date of retirement, with the retirement age set at 67. The annuity corresponds to the benefits acquired over the employee's length of service and is revised up annually to the beneficiary's date of retirement. The plans also pay an annuity to the employee's spouse or children in the event of death and provide disability coverage as well. The plans do not guarantee that the annuities for current retirees will be revalued in the future. They also do not guarantee the future evaluation of all the rights acquired by former employees who have acquired deferred benefits. Indexations are conditional on the financial health of the fund.

Both plans are financed via a shared multi-employer fund managed by Interpolis, an insurance firm. Interpolis determines the share of the fund owned by the two plans based on the value of the obligations calculated in accordance with statutory assumptions, which generally differ from standard assumptions. At end 2018, the fair value of plan assets in the Netherlands totaled €36.3 million, versus €40 million at end 2017.

4.12 Other non-current liabilities

Other non-current liabilities broke down as follows:

(in thousands of euros)	December 31, 2018	December 31, 2017
Investment grants	21,487	19,796
Amounts payable to personnel	23,039	23,178
Other	10,313	3,703
TOTAL	**54,839**	**46,677**

Amounts payable to personnel were primarily made up of CETs (*Compte Épargne Temps*) – Time Savings Accounts of French companies (allowances for paid leave in France) – and debt provisions relating to employee profit-sharing plans at French entities.

Other non-current debts included the recognition of the debt to the multi-employer US pension fund (see Note 4.11 Employee benefits) for an amount of €4 million.

4.13 Trade payable and other liabilities

Changes in trade payables and other liabilities are presented in the following table:

(in thousands of euros)	2018	2017
At January 1	**679,645**	**683,836**
Impact of change in consolidation scope	210	63
Changes in WCR	(50,667)	16,567
Reclassifications	15	6
Translation differences	(2,254)	(20,827)
AT DECEMBER 31	**626,949**	**679,645**

4.14 Net financial debt

Net financial debt is presented in the following table:

(in thousands of euros)		December 31, 2018	December 31, 2017
Bonds		497,837	637,232
NEU MTN [(1)]		50,000	-
Banks borrowing		137,199	245,379
Employee profit-sharing		7,827	9,746
Minority shareholders' put options		21,277	20,367
Deposits and guarantee deposits		218	-
BORROWINGS AND FINANCIAL LIABILITIES		714,358	912,724
TOTAL LONG-TERM LIABILITIES		714,358	912,724
Bonds		145,343	-
Bank borrowings		15,923	25,741
Employee profit-sharing		2,609	3,360
NEU CP [(2)]		4,367	39,979
Sundry loans and financial liabilities		10,125	35,718
Current account liabilities		90,171	82,108
Borrowings and financial liabilities		**268,538**	**186,906**
TOTAL SHORT-TERM DEBT		268,538	186,906
GROSS FINANCIAL DEBT - EXCLUDING FINANCE LEASE		982,896	1,099,630
Debt for right-of-use long term		84,588	477
Debt for right-of-use short term		16,047	551
DEBT FOR RIGHT OF USE	(A)	100,635	1,028
GROSS FINANCIAL DEBT		1,083,531	1,100,658
Current used bank facilities including overdrafts and accrued interest		9,414	1,991
Cash and cash equivalents		(337,198)	(470,209)
NET CASH AND CASH EQUIVALENTS		(327,784)	(468,218)
Current account assets		(872)	(55)
TOTAL NET DEBT	**(B)**	**754,875**	**632,385**
TOAL NET DEBT - EXCLUDING FINANCE LEASE	**(B – A)**	**654,240**	**631,357**

(1) Negotiable European Medium Term Notes.
(2) Negotiable European Commercial Paper.

The main financing transactions for 2018 are explained in Note 4.15.2.

The put options of Safilait's minority shareholders, included in long-term debts, were offset against equity.

Debts for right-of-use correspond to the right-of-use liability recognized in application of IFRS 16 as of 2018 for €100.6 million.

The change between off balance sheet commitments at end of 2017 and this debt booked in 2018 mainly reflects the discounting effect of the debt.

Current account liabilities mainly concern the parent company Unibel for an amount of €88.5 million on December 31, 2018 compared with €80.5 million on December 31, 2017 (see Note 8.2).

The repayment schedule for long-term debt excluding leases is set out in Note 4.15.4 Interest rate risk management.

(in thousands of euros)	Total	2 019	2 020	2 021	2 022	2 023	2024 and beyond
Financial debt - right of use - short-term	16,047	16,047					
Financial debt - right of use - long-term	84,588		12,744	10,728	10,586	8,313	42,217
TOTAL FINANCIAL DEBT - RIGHT OF USE	**100,635**	**16,047**	**12,744**	**10,728**	**10,586**	**8,313**	**42,217**

4.15 Financial instruments

4.15.1 Market risk management

The Treasury department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

4.15.2 Financial and liquidity risk management

The Group's net debt position on December 31, 2018 stood at €754.9 million, including lease debt in application of IFRS 16 and €654.2 million excluding leases.

The Group implemented policies aimed at limiting liquidity risk. In line with those policies, a significant share of the Group's financial resources is medium-term. The Group has confirmed credit lines and medium-term financing from its banks and from investors.

Pursuing its policy to diversify its financing sources, the Group undertook the following operations during 2018:

- early redemption of €100 million for a term loan initially due to mature in 2023;
- redemption of €5 million and $7.5 million in Schuldschein loans, as well as €20 million in Euro PP type bond loans due to mature;
- redemption of all treasury notes in euros, the total amount of which stood at €40 million on December 31, 2017, and the issue of treasury notes in dollars for a portfolio of $5 million on December 31, 2018;
- issue of five Negotiable European Medium Term Notes (NEU MTN) for a total of €50 million, maturing between 2021 and 2023, for a program of €200 million.

At December 31, 2018, the Group had significant liquidity, including:

- two confirmed syndicated credit lines maturing of €520 million and €300 million respectively. Maturity of these lines has been extended from 2022 to 2023. These lines have not been drawn;
- a $500 million commercial paper program, of which $5 million has been used;
- a NEU MTN program of €200 million, of which €50 million has been used;
- a Euro PP bond loan of €140 million maturing in December 2019, contracted with private investors;
- a €500 million bond issue maturing April 2024;
- an amortizable term loan of €100 million maturing in 2023;
- financing on the Schuldschein market, comprising €42m on maturity at between 2020 and 2023.

On December 31, 2018, the Group has a considerable amount of cash and cash equivalents, of €328 million, including €288 million at Fromageries Bel.

In its syndicated credit lines, its Euro PP and the Schuldschein, Fromageries Bel SA has committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium- and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt. On December 31, 2018, the ratio stood at 2.11 versus 1.92 on December 31, 2017.

The Group implemented a policy of pooling liquidity at the Fromageries Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or liquidity needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

In countries where the pooling of surpluses and liquidity needs is not allowed, subsidiaries invest their surpluses in money-market funds denominated in their local currency and, if needed, finance themselves primarily in local currency. The policy of systematic dividend payment also aims to limit recurring surpluses at subsidiaries level.

For information, available cash in North African and Middle Eastern countries amounted to €20 million on December 31, 2018 and represented the majority of the non-centralizable cash available.

However, some subsidiaries may have no alternatives to local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

4.15.3 Foreign exchange risk management

Fromageries Bel SA is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Group entities are exposed to foreign exchange risk on sales recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, *e.g.*, imports, exports and financial transactions.

The Group does not hedge its exposure to translation differences arising from consolidating its foreign subsidiaries. Conversely, it hedges exchange rate exposure arising from the payment of intragroup dividends denominated in foreign currency.

Hedging policy for foreign exchange exposure

The policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments. The Treasury Department is not a profit center. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all the French, European and North American entities. The Group Treasury Department provides these entities with the necessary currency hedges.

For subsidiaries in countries where there are no financial hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies. However, local currency devaluations can have a significant impact on the profitability of the concerned entity.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The hedge tenors for budget management does not exceed 18 months. On December 31, 2018, the maturity of the derivatives portfolio did not go beyond January 31, 2020. The cash flow from the budgeted 2018 and 2019 hedges is expected in 2019 and will thus impact income in 2019.

Hedging of foreign exchange rate fluctuations on imports, exports and financial transactions

Group entities recalculate their net foreign exchange exposures periodically during each budgetary review. To manage its exposure, the Group mainly uses forward contracts, currency options and cross-currency swaps.

HEDGING POSITIONS FOR FOREIGN EXCHANGE, INTEREST RATE AND RAW MATERIALS RISKS VERSUS THE PREVIOUS YEAR

Value of hedges secured by the Bel Group

	At December 31, 2018				At December 31, 2017			
(in thousands of euros) Category of transactions	Equity	Operating income	Financial income	Market value	Equity	Operating income	Financial income	Market value
Portfolio related to foreign exchange risk								
Forwards on operational transactions	(944)	(1,331)	-	(2,275)	3,434	1,992	-	5,426
Options on operational transactions	(1,134)	(5)	-	(1,139)	9,118	197	1,329	10,644
Forwards on dividends and investments	(145)	-	-	(145)	(52)	-	-	(52)
Options on futures dividends	(457)	-	-	(457)	-	-	-	-
Transactions on financing	-	-	(89)	(89)	-	-	(399)	(399)
Other operations	-	-	(74)	(74)	-	-	(130)	(130)
Total portfolio related to foreign exchange	**(2,680)**	**(1,336)**	**(163)**	**(4,179)**	**12,500**	**2,189**	**800**	**15,489**
Total portfolio related to interest rate	**2,087**	**-**	**-**	**2,087**	**1,477**	**-**	**-**	**1,477**
Raw material prices risk	**17**	**-**	**-**	**17**	**-**	**-**	**-**	**-**
Total portfolio Fromageries Bel	**(576)**	**(1,336)**	**(163)**	**(2,075)**	**13,977**	**2,189**	**800**	**16,966**
Portfolio related to risk of variation in US raw material prices	**(572)**	**-**	**(39)**	**(611)**	**(2,099)**	**-**	**(46)**	**(2,145)**
TOTAL BEL GROUP				**(2,686)**				**14,821**

On December 31, 2018, the Group had secured the following hedges:

Category of transactions (in thousands of euros)	Currencies	At December 31, 2018					At December 31, 2017				
		Commit-ment	Equity	Ope-rating income	Financial income	Market value	Commit-ment	Equity	Ope-rating income	Financial income	Market value
PORTFOLIO RELATED TO FOREIGN EXCHANGE RISK											
1 - CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS											
Forwards purchase	EUR GBP	25,750	171	(24)		147	18,500	67	2		69
Forwards sale	EUR PLN	30,500	66	5		71	33,000	643	186		829
Forwards purchase	EUR USD	78,211	(990)	(1,223)		(2,213)	92,541	1,698	1,606		3,304
Forwards purchase	Other	47,848	(149)	(90)		(239)	49,052	1,026	360		1,386
Forwards sale	Other	2,195	(41)			(41)	1,900		(162)		(162)
Forwards on operational transactions			**(944)**	**(1,331)**	**-**	**(2,275)**		**3,434**	**1,992**	**-**	**5,426**
2 - CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS											
Call purchase	EUR GBP	54,600	1,083			1,083	71,000	425		655	1,080
Put sale	EUR GBP	32,050	(371)			(371)	49,600	(14)		(407)	(421)
Put purchase	EUR PLN	39,000	373			373	36,000	614		389	1,003
Call sale	EUR PLN	21,000	(137)			(137)	25,750			(138)	(138)
Call purchase	EUR USD	155,645	402			402	137,263	6,747		775	7,522
Put sale	EUR USD	57,323	(2,726)			(2,726)	95,345			(226)	(226)
Call purchase	Other	64,268	756			756	59,081	1,405	197	449	2,051
Put sale	Other	32,791	(515)	(5)		(519)	33,784	(59)		(168)	(227)
Options on operational transactions			**(1,134)**	**(5)**	**-**	**(1,139)**		**9,118**	**197**	**1,329**	**10,644**
3 - CURRENCY FORWARD TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS											
Forwards purchase	EUR GBP						1,500	(52)			(52)
Forwards purchase	EUR USD	8,404	(301)			(301)					-
Forwards sale	Other	4,635	156			156					-
Forwards on dividends and investments			**(145)**	**-**	**-**	**(145)**		**(52)**	**-**	**-**	**(52)**
4 - CURRENCY OPTIONS TO HEDGE FUTURE DIVIDEND											
Put sale	EUR USD	8,214	(459)			(459)					-
Call purchase	EUR USD	15,534	2			2					-
Options on future dividends			**(457)**	**-**	**-**	**(457)**		**-**	**-**	**-**	**-**
5 -TRANSACTIONS TO HEDGE FINANCING FLOWS											
Swap sale	EUR GBP	7,738			86	86	10,127			15	15
Swap purchase	EUR PLN					-	7,717			(31)	(31)
Swap sale	EUR PLN	2,564			(8)	(8)					-
Swap sale	EUR USD	53,785			(155)	(155)	65,343			(389)	(389)
Swap sale	Other	263			2	2	7,312			(5)	(5)
Swap purchase	Other	25,132			(14)	(14)	4,275			11	11
Transactions on financing			**-**	**-**	**(89)**	**(89)**		**-**	**-**	**(399)**	**(399)**
6 - OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY											
Call sale	EUR GBP	4,000			(52)	(52)	11,500			(44)	(44)
Call sale	EUR USD	3,906			(6)	(6)	8,000			(66)	(66)
Call sale	Other	978			(16)	(16)	3,126			(20)	(20)
Other operations			**-**	**-**	**(74)**	**(74)**		**-**	**-**	**(130)**	**(130)**
TOTAL PORTFOLIO RELATED TO FOREIGN EXCHANGE			**(2,680)**	**(1,336)**	**(163)**	**(4,179)**		**12,500**	**2,189**	**800**	**15,489**

The transactions are expressed according to the direction of the currency cross.
- *futures purchase EUR USD means that the Group is buying EUR and selling USD;*
- *call purchase EUR GBP means that the Group buys a EUR call/GBP put option;*
- *swap on futures sale EUR GBP means that the Group borrows EUR so is selling futures on EUR, lends GBP so is purchasing futures on GBP.*

On December 31, 2018, the market value of derivatives hedging highly probable future transactions and recognized in equity was negative at €2.7 million, compared with a positive amount of €12.5 million on December 31, 2017.

The Group's main currency exposure is the US dollar, the Pound Sterling and the Polish Zloty. The valuations shown exclude the impact of deferred taxes.

A 1% increase in the EUR/USD rate, before hedging, would negatively impact operating income by €2.3 million on an annual basis.

A 1% increase in the EUR/GBP rate, before hedging, would negatively impact operating income by €0.9 million on an annual basis.

A 1% decrease in the EUR/PLN rate, before hedging, would negatively impact operating income by €0.7 million on an annual basis.

On December 31, 2018, 2019 budget net exposure relative to the main currencies was hedged at a ratio between 75% and 100%, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge valuation complied with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group uses an external provider to determine the valuations.

The above items are presented in accordance with hedge accounting principles of IFRS 9. On January 1, 2018, the impact of the first application of IFRS 9 on the hedging of exchange rate and commodities risk consisted of reclassifying changes in the time value of cash flow hedge options in the active portfolio on January 1, 2018, from reserves to recyclable comprehensive income for an amount of -€2.1 million.

4.15.4 Interest rate risk management

Most of the Group's financing is arranged by Fromageries Bel, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

At December 31, 2018, the Group hedged interest rate risk through interest rate swaps:

		At December 31, 2018					At December 31, 2017				
Category of transactions (in thousands of euros)	Currency	Commitment	Equity	Operating income	Financial income	Market value	Commitment	Equity	Operating income	Financial income	Market value
PORTFOLIO RELATED TO INTEREST RATE											
Fixed-rate borrower swaps	EUR	50,000	(457)			(457)	100,000	(236)			(236)
Fixed-rate payer swaps	EUR	10,000	46			46					
Fixed-rate borrower swaps	USD	87,336	2,498			2,498	83,382	1,713			1,713
TOTAL PORTFOLIO RELATED TO INTEREST RATE			**2,087**	**-**	**-**	**2,087**		**1,477**	**-**	**-**	**1,477**

The following hedging balance corresponds to hedges of Group's loans.

CHANGE IN INTEREST RATE HEDGING PORTFOLIO ON DECEMBER 31, 2018

(in millions)		2018	2019	2020	2021	2022	2023
Interest-rate swaps	EUR	60	57.5	52.5	45	35	-
Interest-rate swaps	USD	100	95	85	70	50	-

An increase of 1% across the yield curve would positively impact Group equity by €3.6 million on an annual basis.

A decrease of 1% across the yield curve would negatively impact Group equity by €2.9 million on an annual basis.

Analysis of gross financial debt (excluding leasing), by nature, maturity and type of rate

As at December 31, 2018	Net financial debt			Impact of derivative instruments			Financial debt after impact of derivative instruments		
(In thousands of euros) Maturity	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
2019	(156,675)	(111,826)	(268,501)	(6,867)	6,867	-	(163,542)	(104,959)	(268,501)
2020	(27,323)	(11,419)	(38,742)	(13,734)	13,734	-	(41,056)	2,315	(38,742)
2021	(26,890)	(35,861)	(62,751)	(20,600)	20,600	-	(47,491)	(15,260)	(62,751)
2022	(24)	(28,915)	(28,940)	(27,467)	27,467	-	(27,492)	(1,448)	(28,940)
2023	(30,074)	(54,601)	(84,675)	(58,668)	58,668	-	(88,742)	4,067	(84,675)
≥ 2024	(499,288)	-	(499,288)			-	(499,288)	-	(499,288)
TOTAL	**(740,274)**	**(242,622)**	**(982,896)**	**(127,336)**	**127,336**	**-**	**(867,611)**	**(115,286)**	**(982,896)**

Commercial papers are issued at fixed rate but are treated as floating rate instruments in the table owing to its short maturities and expected renewals.

4.15.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. “Major counterparties” are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group’s foreign exchange and interest rate hedges were immaterial at December 31, 2018.

4.15.6 Raw materials risk management

The Group is exposed to price increases of raw materials, particularly for milk, cheese, milk powder and butter. So far, the Group has not been able to implement a global systematic policy to hedge raw materials prices. The US units have a raw materials hedging policy using forward markets in Chicago. During 2018, on behalf of French subsidiary FBPF, Fromageries Bel implemented a few hedging contracts for its butter purchases on the European Energy Exchange.

On December 31, 2018, FBSA and Bel Brands had the following positions:

	At December 31, 2018		At December 31, 2017	
Category of transactions	Number of contracts	Market value (in thousand euros)	Number of contracts	Market value (in thousand euros)
EEX Cash Settled Butter				
Forward purchase	600	17	-	-
TOTAL EEX CASH SETTLED BUTTER		**17**		**-**
TOTAL FRANCE		**17**		**-**
CME Class III Milk				
Forward purchase	371	(479)	622	(1,475)
Call purchase	942	382	475	86
Put sale	446	(137)	277	(293)
TOTAL CME CLASS III MILK		**(234)**		**(1,682)**
CME Cash Settled Cheese				
Forward purchase	215	(447)	239	(423)
Call purchase	300	183	288	122
Put sale	228	(111)	216	(162)
TOTAL CME CASH SETTLED CHEESE		**(375)**		**(463)**
CME Cash Settled Butter				
Forward purchase	4	(2)	-	-
TOTAL CME CASH SETTLED BUTTER		**(2)**		**-**
TOTAL U.S.		**(611)**		**(2,145)**
TOTAL GROUPE BEL		**(594)**		**(2,145)**

On December 31, 2018, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity was a negative €0.6 million, compared with a negative amount of €2.1 million on December 31, 2017.

4.15.7 Fair value hierarchy disclosures based on IFRS 7

IFRS7 classification (in thousands of euros)	At December 31, 2018				At December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Foreign exchange derivatives		(4,179)		(4,179)		15,489		15,489
Interest rate derivatives		2,087		2,087		1,478		1,478
Raw materials derivatives	(594)			(594)	(2,145)			(2,145)
TOTAL	**(594)**	**(2,092)**	**-**	**(2,686)**	**(2,145)**	**16,967**	**-**	**14,822**
Mutual funds	90,910			90,910	160,455			160,455
TOTAL	**90,316**	**(2,092)**	**-**	**88,224**	**158,310**	**16,967**	**-**	**175,277**

NOTE 5 Cash flows

5.1 Cash flow from operating activities

The "(Increase) decrease in inventories, receivables and payables" broke down as follows:

(in thousands of euros)	Note	2018	2017
Change in inventories and write-downs	4.6	(11,316)	(25,975)
Change in trade and other receivables	4.7	14,178	48,042
Change in trade payables and other liabilities		(41,145)	9,235
INCREASE (DECREASE) IN INVENTORIES, CURRENT RECEIVABLES AND PAYABLES		**(38,283)**	**31,302**

Reconciliation with the change in "Trade payables and other liabilities" on the balance sheet is as follows:

TRADE PAYABLES AND OTHER LIABILITIES

(in thousands of euros)	Note	2018	2017
Changes in WCR	4.13	(50,667)	16,567
Adjustments for fixed asset payables		9,966	(8,183)
Change in fair value of hedging instruments		(444)	851
CHANGE IN TRADE PAYABLES AND OTHER LIABILITIES		**(41,145)**	**9,235**

5.2 Cash flow from investing activities

Acquisitions of tangible and intangible fixed assets primarily concerned increases in production capacity in France, the Netherlands, Canada and in the MOM Group. (see Notes 4.2 and 4.3).

5.3 Cash flow from financing activities

5.3.1 Increase (decrease) in current accounts with entities outside the scope of consolidation

The "Increase (decrease) in current accounts with entities outside the scope of consolidation" breaks down as follows:

(in thousands of euros)	2018	2017
(Increase) decrease in current accounts with:		
Unibel	7,953	16,346
Other non-consolidated companies	(308)	(137)
TOTAL	**7,645**	**16,209**

5.3.2 Issue and repayment of debt

	Issues	Repayments	
Gross debt end of December 31, 2017 (see Note 4.14)			**1,100,658**
of which:			
Bonds	912	(20,405)	
NEU MTN [(1)]	50,000	0	
Banks borrowings	9,029	(125,313)	
NEU CP [(2)]	4,367	(39,995)	
Employee profit-sharing	7,724	(10,393)	
Sundry loans and financial liabilities	230	(2,339)	
Gross debt variation for the period	**72,261**	**(198,446)**	**(126,185)**
Other financing variations			**108,579**
Amounts related to assets held under finance lease			99,607
Current account liabilities			8,063
Minority shareholders' put option			910
Translation differences			**754**
Impact of changes in consolidation scope			**(276)**
GROSS DEBT END OF DECEMBER 31, 2018 (see Note 4.14)			**1,083,531**

(1) *Negotiable European Medium Term Notes.*
(2) *Negotiable European Commercial Paper.*

Issues and repayments of debt are described in Note 4.15.2.

NOTE 6 Financial commitments

6.1 Table of off balance sheet commitments

(in thousands of euros)	2018	2017
Off- balance sheet commitments given, related with Company's financing	**69,044**	**179,477**
Financial guarantees given	**9,141**	**22,355**
Other	5,594	16,085
Commitments received, related to the issuer's operating activities	3,547	6,270
Asset orders	**59,903**	**157,122**
Leases	37,726	37,976
• less than one year	11,675	117,163
• one to five years	6,032	22,108
• more than five years	5,605	52,107
Power purchase	38	42,948
Subcontracting	3,222	
Other	5,048	
Autres	2,232	1,983

(in thousands of euros)	2018	2017
Commitments received	**836,658**	**853,160**
Off-balance sheet commitments received , related to Company financing	**820,000**	**820,000**
Credit lines received and unused	820,000	820,000
Commitments received, related to the issuer's operating activities	**16,658**	**33,160**
Financial guarantees received	14,752	24,721
Other	1,906	8,439

Financial guarantees given notably corresponded to two guarantees totaling €10.6 million and granted by Fromageries Bel to cover a Credit Facility Agreement for the two consolidated Ukrainian subsidiaries.

In 2018, Fromageries Bel SA renewed the agreement with APBO (*Association des producteurs de lait Bel Ouest*), initially signed in December 2017, which stipulates:

- a guaranteed average annual reference price for all of 2019 for milk purchased from APBO producers, fixed at €350 per 1,000 liters;
- the deployment by all APBO producers of farming practices that set these producers apart, including a GMO-free diet for dairy herds and the enhancement of grazing (commitment to a minimum of 150 days in fields per year);
- compensation for implementing these practices in the form of monthly premiums for a total of €15 per 1000 liters produced.

As part of the acquisition of the MOM group, the Group accepted a sale agreement (call option) from the MOM group's managers for all the MOM group shares they own, exercisable on Bel's request until April 30, 2022

NOTE 7 Litigation and disputes

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were booked for any probable and measurable costs that might arise from these lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at December 31, 2018. The entities making up the Group are periodically subject to tax audits in the countries where they are based:

- tax arrears and penalties were booked for accepted tax adjustments and provisioned if the amounts in question were not definitively known;
- contested tax adjustments were carefully reviewed and generally provisioned unless it was clear that the entity would be able to assert the validity of its position in the event of litigation. The entities making up the Group are periodically subject to tax audits in the countries where they are based.

NOTE 8 Related parties

8.1 Management benefits

(in thousands of euros)	2018	2017
Remuneration and benefits in kind	5,550	5,677
Director's fees	164	207
TOTAL SHORT-TERM BENEFITS	**5,714**	**5,884**
Bonus shares	-	1,220
TOTAL LONG-TERM BENEFITS	**-**	**1,220**

Management in this note refers to members of the Board of Directors and the Management Committee.

8.2 Operations with related parties

(In thousands of euros)	2018	2017
Amount of transactions	15,524	24,199
of which Unibel	6,567	6,467
of which other non-consolidated companies	8,957	17,732
Associated receivables	99	120
Associated payable and current accounts	90,745	83,746
of which Unibel	88,361	80,493
of which other non-consolidated companies	2,384	3,253
Unibel shares	144,317	174,775

At December 31, 2018, the amount of related-party transactions included €6.6 million paid to Unibel (holding company), of which €6.0 million in personnel expenses billed back to Fromageries Bel SA under a service agreement dated December 14, 2001, and €9 million in operating expenses billed back to Fromageries Bel SA by Bel Proche et Moyen-Orient Beyrouth, Bel Middle East, Bel China and other unconsolidated Group entities.

Related parties' associated payables and current accounts mainly concerned Unibel (holding company), with a €88.4 million current account versus €80.5 million on December 31, 2017 (see Note 4.14).

Unibel shares held by SOFICO were valued at €144.3 million, based on the closing share price on December 31, 2018 (see Note 4.5).

The Group had no significant off-balance sheet commitments with related parties.

NOTE 9 Subsequent events

No significant events have occurred since the end of the reporting period.

NOTE 10 Consolidation scope

Companies	Countries	2018 Percentage of legal control	2018 Percentage of interest	2017 Percentage of legal control	2017 Percentage of interest
By global integration					
Fromageries Bel	France	Parent company	Parent company	Parent company	Parent company
Fromageries Picon	France	99.99	99.99	99.99	99.99
Fromageries Bel Production France	France	100.00	100.00	100.00	100.00
SAS FR	France	100.00	100.00	100.00	100.00
SICOPA	France	100.00	100.00	100.00	100.00
SOFICO	France	100.00	100.00	100.00	100.00
SOPAIC	France	100.00	100.00	100.00	100.00
Fromagerie Boursin SAS	France	100.00	100.00	100.00	100.00
Société des Produits Laitiers	France	100.00	100.00	100.00	100.00
Newton Holding	France	68.06	74.42	68.06	74.80
MBMA Holding SAS	France	68.06	74.42	68.06	74.80
MBMA SAS	France	68.06	74.42	68.06	74.80
Mont Blanc SAS	France	68.06	74.42	68.06	74.80
Materne SAS	France	68.06	74.42	68.06	74.80
Fromagerie Bel Algérie	Algeria	100.00	100.00	100.00	100.00
Bel Deutschland	Germany	100.00	100.00	100.00	100.00
Bel Belgium	Belgium	100.00	100.00	100.00	100.00
Queijo Bel Brasil	Brazil	-	-	95.00	95.00
Fromageries Bel Canada	Canada	100.00	100.00	100.00	100.00
Materne Canada	Canada	68.06	74.42	68.06	74.80
Bei Lao Zi (Shanghai) Food Trading co	China	100.00	100.00	-	-
Bel Cheese Korea	Korea	100.00	100.00	100.00	100.00
Fromageries Bel Côte d'Ivoire	Ivory Coast	100.00	100.00	100.00	100.00
Bel Egypt Distribution	Egypt	100.00	100.00	100.00	100.00
Bel Egypt Expansion For Cheese Production	Egypt	100.00	100.00	100.00	100.00
Grupo Fromageries Bel España	Spain	100.00	100.00	100.00	100.00
Bel Americas	USA	-	-	100.00	100.00
Bel Brands USA	USA	100.00	100.00	100.00	100.00
Bel USA	USA	100.00	100.00	100.00	100.00
Materne North America Corp.	USA	68.06	74.42	68.06	74.80
Bel UK	Great Britain	100.00	100.00	100.00	100.00
Fromageries Bel Hellas	Greece	100.00	100.00	100.00	100.00
Bel-Rouzaneh Dairy Products company	Iran	100.00	100.00	100.00	100.00
Bel Italia Spa	Italy	100.00	100.00	100.00	100.00
Bel Japon	Japan	100.00	100.00	100.00	100.00
Fromageries Bel Maroc	Morocco	67.99	67.99	67.99	67.99
S.I.E.P.F.	Morocco	100.00	100.00	100.00	100.00

Companies	Countries	2018 Percentage of legal control	2018 Percentage of interest	2017 Percentage of legal control	2017 Percentage of interest
Bel Africa	Morocco	100.00	100.00	100.00	100.00
Safilait	Morocco	70.48	60.88	70.48	60.88
Bel Nederland	Netherlands	100.00	100.00	100.00	100.00
Royal Bel Leerdammer	Netherlands	100.00	100.00	100.00	100.00
Bel Polska	Poland	100.00	100.00	100.00	100.00
Fromageries Bel Portugal	Portugal	100.00	100.00	100.00	100.00
Syraren Bel Slovensko AS	Slovakia	99.88	99.88	99.88	99.88
Bel Nordic A.B.	Sweden	100.00	100.00	100.00	100.00
Bel Suisse	Switzerland	100.00	100.00	100.00	100.00
Bel Syrie	Syria	100.00	100.00	100.00	100.00
Bel Syry Cesko	Czech Republic	100.00	100.00	100.00	100.00
Bel Karper Gida Sanayi	Turkey	100.00	100.00	100.00	100.00
Bel Shostka Ukraine	Ukraine	100.00	100.00	96.92	96.92
Bel Shostka Service	Ukraine	100.00	100.00	99.89	96.81
Bel Cheese Mexico	Mexico	100.00	100.00	100.00	100.00
Quesos Bel Mexico	Mexico	100.00	100.00	100.00	100.00
Bel Vietnam	Vietnam	100.00	100.00	100.00	100.00

NOTE 11 Fees of the Statutory Auditors and members of their networks

(In thousands of euros)	Deloitte & Associés Amounts 2018	Deloitte & Associés Amounts 2017	Deloitte & Associés % 2018	Deloitte & Associés % 2017	Grant Thornton Amounts 2018	Grant Thornton Amounts 2017	Grant Thornton % 2018	Grant Thornton % 2017
Certification and limited half-year review for individual and consolidated financial statements								
Issuer	268	208	58%	56%	273	213	52%	53%
Companies consolidated under global integration method	122	123	26%	33%	176	158	34%	39%
SUB-TOTAL	390	331	84%	89%	449	371	86%	93%
Services other than book certification								
Issuer	72	40	15%	11%	33	29	6%	7%
Companies consolidated under global integration method	2	0	0%	0%	40	0	8%	0%
SUB-TOTAL	74	40	16%	11%	73	29	14%	7%
TOTAL	**464**	**370**	**100%**	**100%**	**522**	**399**	**100%**	**100%**

Services other than book certification primarily include certification of covenants and grants and the independent third party's audit of the non-financial performance report.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verifi cation of the information concerning the Group presented in the Management Report.

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

To the Annual General Meeting of Fromageries Bel,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Fromageries Bel for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, and of the financial position of the Group, as at December 31, 2018, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit assignment in compliance with the independence rules applicable to us, for the period from January 1, 2018, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Observation

Notwithstanding the conclusion expressed above, we would draw your attention to Note 1 "Accounting principles, rules and methods – Standards, amendments and interpretations not mandatory from January 1, 2018 but applied early" which presents the change in accounting method resulting from early application of the IFRS 16 standard for "Leases".

Justification of assessments – key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year, as well as our approach to addressing those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

APPLICATION OF THE IFRS 16 STANDARD

NOTE "STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT MANDATORY FROM JANUARY 1, 2018 BUT APPLIED EARLY"

NOTE 1.1 "IFRS 16: LEASES"

Identified risk	Our response
The Group applied IFRS 16 early as of January 1, 2018. The main restatements made relate to the recognition of right-of-use assets for operating office, warehouse and vehicle leases. The Group opted for the simplified retrospective transition method, which consists in not restating previous periods. At December 31, 2018, the net value of right-of-use assets recognized in the Group's balance sheet was €99.1 million. Corresponding total net debt amounted to €100.6 million. This was a key audit matter for the following reasons: • the impact on the Group's debt; • the work necessary to do a contract inventory; • the establishment of different calculation assumptions.	We examined the procedures performed by the Group to determine the impact of this new standard on its financial statements. We performed the following to evaluate whether IFRS 16 was correctly applied: • we analyzed the methodology that was used in this first application of the standard based on the work conducted by the external consultancy assisting the Group; • we verified the exhaustive nature of the contracts, as well as the exact nature of the related information, including in the scope of application of IFRS 16 with help from our respective networks and on the primary components; • we assessed the assumptions used with the support of our valuation specialists, particularly with respect to the discount rates applied to lease flows and the duration of liabilities; • we carried out our own assessment of right-of-use assets for major leases to confirm the calculations made by the Company.

EVALUATION OF GOODWILL

NOTE 4.1 "GOODWILL"

NOTE 1.5 "OTHER SIGNIFICANT ACCOUNTING POLICIES AND RULES"

Identified risk	Our response
Goodwill amounted to €796 million at December 31, 2018. The goodwill impairment tests performed by management for each of the Group's Cash Generating Units (CGU) are largely based on judgments and assumptions, such as for: • future cash flows; • discount rates (WACC) and long-term growth rates used to project these future cash flows. As a result, any variation in these assumptions could change the recoverable amount of this goodwill. We therefore considered that goodwill impairment tests was a key audit matter.	We examined the processes and procedures involved in the impairment testing performed by the Group. We performed the following procedures on the impairment tests of each of the CGUs: • we reconciled cash flow forecasts with the latest business plans approved by management; • we analyzed the consistency of the assumptions used with the performance history of the Group and/or the CGUs concerned; • we confirmed the reasonableness of the key business assumptions (notably future growth prospects) and of the perpetual growth rate with the local financial controllers, particularly with regard to changes in i) the consumption environment in the main markets in which the Group operates, ii) the relevant factors used to determine the prices of the primary components of production (milk, fat, apples) and iii) the conditions for negotiating selling prices with the main distribution networks; • with the support of our valuation specialists, we assessed the valuation model and discount rates used against market benchmarks; • we reviewed the sensitivity analysis performed by management against our own sensitivity calculations.

ASSESSMENT OF RISKS AND LITIGATION AND OTHER PROVISIONS

NOTE "PROVISIONS" IN PARAGRAPH 1.5 "OTHER SIGNIFICANT ACCOUNTING POLICIES AND RULES"

NOTE 4.10 "PROVISIONS"

Identified risk	Our response
The Group might be involved in judicial, arbitration and/or legal proceedings in the normal course of its business. The outcome of these proceedings, summons and/or lawsuits, and the positions taken by the Group, are inherently based on assumptions, assessments or estimations made by management. The corresponding risk assessment carried out by management prompted the Group to book provisions amounting to €46.4 million at December 31, 2018 (versus €25.2 million at December 31, 2017), of which restructuring provisions of €19.7 million. This was a key audit matter for the following reasons: • uncertainty about the outcome of the proceedings underway; • the extent to which this assessment depends on estimations and judgments made by management; • and, therefore, the potentially material impact on consolidated profit/loss and equity if these estimations were to vary.	We examined the procedures performed by the Group to identify and list all the risks. We took note of the risk analysis performed by the Group and discussed the actual or potential status of each major litigation with the management of the Company and of its subsidiaries. We obtained and tested the reasons for recognizing or, conversely, for not recognizing a provision, primarily during exchanges between the Group, its lawyers and other parties involved in the litigations, and also the underlying reason for the restructuring provisions. We also directly questioned the Group's lawyers to confirm our understanding of the litigations underway or closed as well as the amount of claims made, in order to assess whether adequate provisions had been recognized. We did the following to assess the estimation of the restructuring provision as well as the reasoning for booking it in the 2018 fiscal year: • assessment of the departure hypotheses with regards to the head office reorganization plans and the eligible population; • revision of the calculation for estimating departure costs, according to the type of primary reasons for departure considered; • verifying the event causing the provision with regard for the representative labor organizations' consultation and information procedures.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by the legal and regulatory texts on the information related to the Group included in the Group's management report.

We have no observations to make on their fair presentation or their consistency with the consolidated financial statements.

We confirm that the consolidated non-financial performance report as referred to in Article L. 225-102-1 of the French Commercial Code (Code de commerce) can be found in the Group's Management Report. We would specify that, in keeping with the provisions set out in Article L. 823-10 of this code, we did not verify whether the information contained in this report is a fair presentation or consistent with the consolidated financial statements, and it must be addressed in a separate report drafted by an independent third party.

Report on other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of Fromageries Bel by your General Meetings of June 25, 1998 for Deloitte & Associés, and of May 12, 2010 for Grant Thornton.

As at December 31, 2018, Deloitte & Associés was in the 27th consecutive year of its mandate, taking into account acquisitions or mergers of firms that took place before that date, and Grant Thornton in the 9th consecutive year of its mandate.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, with respect to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or on the quality of management of the affairs of the Company.

During any audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit. Furthermore:

- he identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- he obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- he evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- he assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, he is required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- he evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- he obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, where appropriate, any significant internal control deficiencies that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements for the year and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Neuilly-Sur-Seine, Wednesday, March 27, 2019

The Statutory Auditors

Deloitte & Associés	**Grant Thornton**
Pierre-Marie MARTIN	French member of Grant Thornton International
	Virginie PALETHORPE

5.5.2 Company financial statements at December 31, 2018

Comparative income statements at December 31, 2018

In thousands of euros	Notes	2018	2017
OPERATING INCOME			
Sales of merchandise (goods purchased for resale)		114,114	114,499
Production sold:			
• sales - goods		1,161,448	1,162,174
• sales - construction works			
• sales - services			
• Revenues from ancillary operations		38,627	41,176
TOTAL PRODUCTION SOLD		1,200,075	1,203,350
REVENUE FROM SALES (INCLUDING EXPORTS OF 711,904)	3	1,314,188	1,317,849
Change in finished goods and in-progress inventories:			
• work-in-progress goods			
• work-in-progress services		273	(1,565)
• Finished goods		867	14,263
TOTAL CHANGE IN FINISHED GOODS AND IN-PROGRESS INVENTORIES		1,140	12,698
Self-constructed fixed assets		3,266	5,568
Government grants – operations		72	20
Reversals of provisions, write-downs, depreciation and amortization		2,209	3,226
Expense transfers	4	35,461	22,758
Other revenue		74,402	98,776
TOTAL I		**1,430,738**	**1,460,895**
OPERATING EXPENSES			
Cost of merchandise (goods purchased for resale) sold during the year:			
• purchase of merchandise (goods purchased for resale)		72,175	71,063
• change in inventories of merchandise (goods purchased for resale)		(322)	10,756
Total purchase costs of goods resold		**71,853**	**81,819**
Operating costs incurred through third parties and consumed during the period:			
• Purchases of inventoried raw ingredients and supplies			
raw materials		*0*	*6*
other production supplies		*(2,180)*	*2,077*
• Increase (decrease) in raw material and supply inventories		(122)	(43)
• Purchases from subcontractors		780,162	761,267
• Purchases of non-inventoried materials and supplies		2,593	1,947
• Outside services			
outside personnel	*5*	*7,839*	*13,125*
lease payments			
others		*418,011*	*452,295*
TOTAL OPERATING COSTS INCURRED THROUGH THIRD PARTIES		1,206,303	1,230,674

In thousands of euros	Notes	2018	2017
Taxes other than income tax			
• on compensation		3,549	3,555
• others		8,987	8,781
TOTAL TAXES OTHER THAN INCOME TAX		12,536	12,336
Personnel expenses			
• wages and salaries		80,569	79,051
• payroll on-costs		34,526	33,890
TOTAL PERSONNEL EXPENSES	5	115,095	112,941
Depreciation, amortization and provisions for the year			
• depreciation of fixes assets		10,160	10,850
• provisions for fixed assets		0	38
• provision for current assets		229	68
• Provision for contingencies and losses		1,415	1,873
TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR		11,804	12,829
Sundry expenses		13,561	11,976
TOTAL II		**1,431,152**	**1,462,575**
1 - PROFIT FROM OPERATIONS (I - II)		**(414)**	**(1,680)**
NET PROFIT/(LOSS) FROM JOINT VENTURES			
PROFIT OR LOSS TRANSFERRED III			
LOSS OR PROFIT TRANSFERRED IV			
FINANCIAL INCOME			
From participating interests		130,793	145,343
From other long-term marketable securities and receivables		0	1
Other interest and similar income		2,073	1,035
Reversal of provisions and transfers of financial expenses		465	14,697
Foreign exchange gains		52,512	65,623
Net profits from sales of marketable securities		55	308
TOTAL V		**185,898**	**227,007**
FINANCIAL EXPENSES			
Depreciation, amortization and provisions for the year		3,133	754
Interets and similar expenses		26,750	29,129
Foreign exchange losses		49,727	63,373
Net losses from sales of marketable securities		95	87
TOTAL VI		**79,705**	**93,343**
2 - NET FINANCIAL RESULT (V - VI)	**6**	**106,193**	**133,664**
3 - PRETAX PROFIT (LOSS) ON ORDINARY ACTIVITIES (I-II+III-IV+V-VI)		**105,779**	**131,985**

In thousands of euros	Notes	2018	2017
EXTRAORDINARY INCOME			
From operations		556	1,238
From capital transactions			
• proceeds from disposal of fixed assets		15,807	938
• investment grants transferred to income		101	212
• other		3	2
TOTAL FROM CAPITAL TRANSACTIONS		15,911	1,152
Reversal of provisions and transfers of extraordinary expenses		9,519	7,566
TOTAL VII		**25,986**	**9,956**
EXTRAORDINARY EXPENSE			
From operations		17,695	5,737
From capital transactions			
• carrying amount of capitalized assets and long-term investments sold		2,145	1,004
• other			600
TOTAL FROM CAPITAL TRANSACTIONS		**2,145**	**1,604**
Depreciation and provisions for the year			
• regulated provisions		4,431	10,568
• depreciation and other provisions for the year		19,225	6,623
TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR		23,656	17,191
TOTAL VIII		**43,496**	**24,532**
4 - EXTRAORDINARY PROFIT (LOSS) (VII - VIII)	**7**	**(17,510)**	**(14,576)**
Employee profit-sharing (IX)		2,053	2,246
Income tax (X)	8	(6,015)	(18,239)
TOTAL INCOME (I + III + V + VII)		**1,642,622**	**1,697,858**
TOTAL EXPENSES (II + IV + VI + VIII + IX + X)		**1,550,391**	**1,564,456**
5 - NET PROFIT (LOSS)		**92,231**	**133,402**

Comparative balance sheets at December 31, 2018

Assets

In thousands of euros	Notes	2018 Gross amounts	2018 Depreciation and write downs	2018 Net amounts	2017 Net amounts
CAPITAL ASSETS					
Intangible assets					
Concessions, patents, licences, brands, processes,					
software, rights and similar assets		91,365	76,032	15,333	14,039
Business goodwill [1]		221,533		221,533	221,533
Other					
Intangible assets in progress		11,567		11,567	12,288
		324,465	76,032	248,433	247,860
Property, plant and equipment					
Land		745	546	199	265
Suspense account					
Constructions		25,709	11,828	13,881	13,977
Technical installations, fixtures, machinery and equipment		49,377	36,356	13,021	12,694
Other		7,143	4,378	2,765	2,996
Assets in the course of construction		1,391		1,391	4,011
Advances and down-payments					13
		84,365	53,108	31,257	33,956
Long-term investments [2]					
Participating interests		1,200,187	17,749	1,182,438	1,183,903
Loans to and receivables from participating interests		654,357	796	653,561	673,224
Other long-term financial assets		5,141	1,180	3,961	5,141
Loans		6,441	1	6,440	6,434
Others		24,617		24,617	22,046
		1,890,743	19,726	1,871,017	1,890,748
TOTAL I	9	**2,299,573**	**148,866**	**2,150,707**	**2,172,564**
CURRENT ASSETS					
Inventories and work-in-progress					
Raw materials and other supplies		1,133	121	1,012	1,076
Work-in-progress (goods and services)		1,258		1,258	979
Finished and intermediate goods		18,640	90	18,550	17,592
Merchandise (goods purchased for resale)		2,175	18	2,157	1,884
		23,206	229	22,977	21,531
Advances and down-payments made to suppliers		307		307	251
Receivables from operations [3]					
Trade and other receivables		153,350	968	152,382	198,443
Other	10	21,864		21,864	30,188
		175,214	968	174,246	228,631

In thousands of euros	Notes	2018 Gross amounts	2018 Depreciation and write downs	2018 Net amounts	2017 Net amounts
Sundry receivables (c)	11	132,927	67	132,860	82,997
Subscribed capital called and unpaid					
Marketable securities	12	90,910		90,910	157,614
Short-term financial instruments	13	7,668		7,668	24,723
Cash on hand and bank balances		198,482		198,482	250,674
Prepaid expenses and suspense account (3)	14	4,456		4,456	4,354
TOTAL II		**633,170**	**1,264**	**631,906**	**770,775**
Expenses amortized over several years III					
Bond discounts to be amortized IV		2,163		2,163	2,571
Unrealized losses on foreign exchange V	15	3,242		3,242	13,015
TOTAL ASSETS (I + II + III + IV + V)		**2,938,148**	**150,130**	**2,788,018**	**2,958,925**
(1) Of which leasehold right					
(2) Of which less than a year (gross)				*655,088*	*674,402*
(3) Of which more than a year (gross)				*61*	*472*

LIABILITIES

In thousands of euros	Notes	2018	2017
EQUITY			
Share capital (of which paid: 10,308)	17	10,308	10,308
Paid-in capital		22,106	22,106
Revaluation adjustments		54	56
Reserves			
• Legal reserve		1,099	1,099
• Regulated reserves		168	168
• Other		487,657	487,657
Retained earnings		462,310	376,427
Profit for the year		92,231	133,402
Investment grants		315	416
Regulated provisions	18	37,662	40,989
TOTAL I	**19**	**1,113,910**	**1,072,628**
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for contingencies		10,335	10,296
Provisions for losses		22,174	3,290
TOTAL II	**20**	**32,509**	**13,586**
DETTES (1)			
Financial debt			
• Convertible bonds			
• Other bonds	21	645,439	665,457
• Bank borrowings (2)	22	131,684	237,858
• Sundry borrowings and financial liabilities	23	186,534	300,710
		963,657	1,204,025
ADVANCES AND DOWN PAYMENTS RECEIVED 96 90		**81**	**96**
Payables from operations			
• Trade and other payables		174,385	223,691
• Taxes payable, payroll and on-cost amounts payables		39,378	39,587
• Other	24	23,802	31,795
		237,565	295,073
Other liabilities			
• Amounts payable to fixed asset suppliers and related accounts		3,270	3,938
• Income tax payable			
• Other	25	424,190	333,618
		427,460	337,556
SHORT-TERM FINANCIAL INSTRUMENTS	13	5,264	5,223
DEFERRED INCOME AND SUSPENSE ACCOUNT FOR UNREALIZED GAINS ON FINANCIAL INSTRUMENTS	26	398	16,968
TOTAL III		**1,634,426**	**1,858,941**
Unrealized gains on foreign exchange transactions IV	**15**	**7,173**	**13,770**
TOTAL LIABILITIES (I + II + III + IV + V)		**2,788,018**	**2,958,925**
(1) Of which more than a year		*689,952*	*956,073*
Of which current/less than a year		*939,209*	*880,677*
(2) Of which current used bank facilities and cash in bank		*1,573*	*356*

APPENDIX TO ANNUAL FINANCIAL STATEMENTS

SUMMARY OF NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1 Accounting rules and methods

To give a true and fair view of the operating results of the past year and the financial position, assets and liabilities of the Company at December 31, 2018, the annual financial statements were prepared in accordance with French GAAP (generally accepted accounting principles) and the rules and regulations of France's accounting standards authority, the *Autorité des Normes Comptables* (ANC).

The recommended rules and methods were applied with respect to the general principles listed in the French Commercial Code, in particular those pertaining to a going concern, the independence of financial years, the recognition of items in the financial statements on a historical cost basis, prudence, and the permanence of accounting methods from year to year.

The various items recorded in the financial statements were measured using historical cost, except for property, plant and equipment, and long-term investments adjusted under legal revaluations.

The principal methods used are as follows:

1.1 Intangible assets

These include:

- computer software, amortized over a period of five years, except for the PACE project to implement SAP, amortized over an eight-year period;
- goodwill from businesses acquired or received as consideration by Group entities is not amortized but is subject to annual impairment testing and is recorded under assets at acquisition cost;
- goodwill.

Impairment testing consists of comparing the net carrying amount of the asset to its recoverable amount, which is the higher of the asset's fair value or its value in use.

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset or asset group and from the ultimate disposal of the asset.

The cash flows used to determine value in use are derived over five years from the business plans of entities using the brands. Revenue and future cash flow projections are based on reasonable and supportable assumptions in line with market data available for each user entity.

All Research and Development costs are expensed in the year in which they are incurred.

Start-up costs are also expensed in the year in which they are incurred.

1.2 Tangible assets

Property, plant and equipment are measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition), or production cost (excluding financial expense).

In accordance with the components approach (Article 214-9 of the French general chart of accounts), each item of property, plant or equipment is accounted for separately and assigned a specific depreciation schedule.

Assets are straight-line depreciated over the period they are actually used, as follows:

- Constructions:
  - administrative and commercial — 40 years
  - property fittings and fixtures — 10 years
- Machinery and equipment — 5 to 20 years
- Vehicles — 4 to 15 years
- Office furniture and equipment — 4 to 15 years

In accordance with paragraph 111 of Official Tax Bulletin 4 A-13-05, when the first original component's normal useful life exceeds the asset's useful life, the said component may be depreciated over the asset's useful life rather than over its normal useful life.

As such, the difference between tax depreciation (calculated according to terms allowed by French tax authorities, *e.g.* accelerated depreciation, extraordinary depreciation) and depreciation is posted under "Excess tax depreciation" in regulated provisions.

When subjected to impairment losses, all items, depreciable or not, are marked down to current value.

1.3 Financial fixed assets

Participating interests and other long-term investments are recognized on the balance sheet at their acquisition cost, less write-downs for impairment losses deemed necessary or prudent.

From January 2007, the Company decided to integrate the transfer duties, fees and commissions arising from such acquisitions into the acquisition cost in accordance with Opinion 2007-C of the CNC (French accounting Board), thereby qualifying them for a tax deduction in the form of excess tax depreciation over five years.

The value of such investments at the closing date reflects their value-in-use based on cash flow projections derived from five-year budgetary data

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset or asset group and from the ultimate disposal of the asset.

The cash flows used to determine value in use are derived from the subsidiaries' business plans.

Fromageries Bel shares purchased under authorizations granted by the Annual General Meeting are included under this heading at their acquisition cost. If necessary, write-downs for impairment losses based on the weighted average listed share price of the last month of the financial year are recorded.

1.4 Inventories and work-in-progress

Inventories are valued at the lower of their cost price and their net realizable value. Cost price is calculated using the "weighted average cost" or the "first-in, first-out" method.

The cost of materials and supplies is stated at purchase price plus incidental expenses such as transport, commissions and transit.

Manufactured goods are valued at production cost including the cost of materials consumed, the depreciation of production assets, and direct or indirect production costs, excluding financial expense.

An impairment charge for inventories is recognized when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

The parent company primarily owns finished goods inventories acquired from its French production company, Fromageries Bel Production France, with the aim of selling those inventories, as well as work-in-progress inventories (internally developed IT projects), which will be billed back to its subsidiaries.

1.5 Receivables and payables

Receivables and payables are recognized at nominal value.

Impairment losses are recognized based on the degree of non-recoverability of the receivables.

Bills for collection are recorded under "Trade and other receivables" once issued or received.

1.6 Marketable securities

Marketable securities are recorded at their purchase price, excluding incidental expenses, and are written down to market value at the closing date when closing value is less than their carrying amount.

1.7 Foreign currency transactions

Income and expenses denominated in foreign currency are recorded in euros based on the exchange rate in effect at the transaction date.

Receivables, cash and debts denominated in foreign currency are translated into euros at the closing exchange rate at year-end.

The resulting translation differences are posted to:

- the income statement for cash and cash equivalents;
- the balance sheet under "Exchange differences" for receivables and debts.

Unrealized gains on foreign exchange transactions are not recognized in the income statement.

Conversely, contingency provisions are booked for unrealized losses on foreign exchange transactions that are not offset.

1.8 Provisions for contingencies and losses

Provisions for contingencies and losses are booked when the Company has an obligation to a third party at the balance sheet date in cases where the nature of the obligation is precisely known but there are uncertainties about the amount or timing of related outflows and are no expectations for at least an equivalent, offsetting obligation from the same third party.

Provisions for contingencies and losses are assessed using the most probable assumptions for future events.

1.9 Obligations arising from pensions, retirement and similar employee benefits

Retirement obligations exclusively concern the allocation of post-employment benefits established by a collective bargaining agreement with the French dairy industry.

Post-employment benefits allocated to employees are not provisioned for but are recorded under off-balance sheet commitments.

Conversely, obligations arising from long-service awards due to Bel employees are fully provisioned for, based on an actuarial valuation realized under the same conditions as post-employment benefits.

1.10 Financial instruments

Fromageries Bel SA is exposed to foreign exchange risks as a result of its international business and presence.

Since 2002, the Company has implemented a central exchange rate policy that aims to hedge the budgetary risk on currency purchases and sales for all French, European, North American and Japanese entities.

The Company hedges all exposure to exchange risks inherent to transactions denominated in foreign currency by using prime counterparty, market-listed derivative instruments, such as purchases and sales of foreign currency futures and options, thus limiting counterparty risk. The management period for the hedges does not exceed 18 months.

Conversely, exchange risk on net investment in foreign subsidiaries is not hedged, except for the amount of dividends receivable.

While receivables and debts denominated in foreign currency are recorded on the balance sheet in euros at year-end, unrealized net hedging results on transactions already realized have no impact on earnings unless they are losses (in which case a provision is set aside) or gains offsetting unrealized losses on hedging instruments marked to market at the balance sheet date (in which case a provision is not set aside).

Unrealized gains and losses arising from hedging transactions yet to be settled are deferred until the day the transactions are actually realized.

Pursuant to ANC 2015-05 for forward financial instruments and hedging, applicable to commercial and industrial companies for fiscal years beginning on or after January 1, 2017, foreign exchange gains and losses related to trade receivables/payables are recognized in operating income.

Since the majority of the Group's financing is arranged by Fromageries Bel SA, management of interest rate risk is also centralized at this unit.

All Fromageries Bel SA financing is issued at floating rates.

To protect against an unfavorable rise in interest rates, while partially taking advantage of any interest rate declines, Fromageries Bel hedges interest rate risk through interest rate swaps or collars which combine simultaneous cap purchases and floor sales.

1.11 Income tax

In France, Fromageries Bel SA heads a tax consolidation group that includes the following entities: Fromageries Bel Production France, SASFR, Fromageries Picon, Société des Produits Latiers, SOFICO, SICOPA, SOPAIC, ATAD, and Fromagerie Boursin.

As the lead company, Fromageries Bel SA is designated as the sole entity liable for corporate income taxes due by the tax consolidation group comprising it and the entities included in the tax consolidation scope.

Income tax that would be payable in the absence of tax consolidation is recorded in the accounts of the consolidated subsidiaries. Tax savings or expenses related to tax losses or arising from adjustments are now integrated by the parent company and restored to the subsidiaries when they become profitable.

1.12 Investment grants

Investment grants are recorded under equity.

They are released to income, reported as extraordinary income and apportioned over the same schedule as the depreciation schedule of the assets they financed.

1.13 Revenue

Revenue from sales of goods, merchandise, raw materials and other goods and services rendered in the course of ordinary activities is recorded as soon as the transfer of ownership takes place or the service was rendered.

Revenue from sales is presented net of any discounts or allowances.

Charges arising from trade cooperation agreements with distribution channels are disclosed in "Other outside services" and presented in operating expenses.

1.14 Advertising expenses

Also included in "Other outside services" are advertising, promotional and public relations costs which are expensed in the year in which they are incurred.

1.15 Distinction between income from ordinary activities and extraordinary profit (loss)

Income from ordinary activities represents the sum of operating income and net financial income. It therefore includes all income and expense directly related to the Company's ordinary activities.

Extraordinary income and expenses are comprised of material items that cannot be considered inherent to the Company's ordinary activities because of their nature or unusual character.

1.16 Estimates

In preparing its financial statements, the Company sometimes uses estimates and assumptions to determine the value of assets and liabilities, notably for provisions, participating interests and intangible assets.

These estimates and assumptions are made based on information and positions known at the balance sheet date and may vary significantly from actual values.

NOTE 2 Main events

During the 2018 financial year

In a particularly demanding market backdrop, the Group is facing significant challenges to protect its competitiveness, especially in France.

In view of this, on September 20, 2018, the Group announced a project for a new organization including a reduction in headcount, especially at the head office in Suresnes, under the framework of a voluntary departure scheme.

The cost of rolling out the transformation plan in France, estimated so far at €19 million, was provisioned for in the accounts closed on December 31, 2018.

NOTE 3 Revenue

The revenue presented takes into account the specific characteristics of Fromageries Bel's sector in accordance with the professional accounting guide for the French dairy industry.

REVENUE BY REGION

in thousands of euros	2018	2017
France	602,284	614,046
Other European countries	336,413	324,679
Rest of the world	375,491	379,124
TOTAL	**1,314,188**	**1,317,849**

Revenue was down by 0.28% compared with the previous year (down by 4.86% 2017).

At constant exchange rates, using the average exchange rate for the past year, revenue fell by 0.93% (after falling 4.64% in 2017).

NOTE 4 Expense transfers

Transfer of expenses for a total amount of €35,461 thousand, included €15,534 thousand in advertising and distribution expenses, €7,100 thousand in personnel and expatriate expenses, and €8,327 thousand in unallocated expenses

NOTE 5 Compensation and headcount

MANAGEMENT COMPENSATION

(in thousands of euros)	2018	2017
Directors' fees paid to members of the Board of Directors (included in "Other operating expenses")	188	211

Fromageries Bel executives are paid by Unibel and the expense, which totaled €4,272 thousand in 2018, is billed back to the Company.

AVERAGE HEADCOUNT

	Personnel employed		Personnel supplied to the Company	
	2018	**2017**	2018	**2017**
Executives and managers	663	652	1	0
Non executive technicians and supervisors	284	294	4	5
Staff employees	73	78	2	2
Workers	0	0	0	0
TOTAL	**1,020**	**1,024**	**7**	**7**

CICE (tax credit for competitiveness and employment)

A €738 thousand gain was recognized for the year as a personnel expense deduction.

The CICE credit is mainly dedicated to investments in research and product innovation, as well as training programs.

NOTE 6 Financial income (expense)

Financial income (expense) concerns:

(in thousands of euros)	**2018**	2017
Dividends	95,159	111,071
Income from receivables related to equity interests [1]	35,635	34,272
Other revenue		1
Gains from sales of marketable securities	(41)	221
Write-downs (and reversals) on exchange rate risks	(1,045)	1,026
Write-downs (and reversals) on participating interests	(1,215)	10,947
Interest income (expense)	(25,085)	(26,124)
Foreign exchange gains (losses)	2,785	2,250
TOTAL	**106,193**	**133,664**

(1) Income from receivables related to equity interests in MOM Group.

NOTE 7 Exceptional profit (loss)

Exceptional profit (loss) consisted primarily of:

(in thousands of euros)	2018	2017
Regulated provisions	3,327	(3,809)
Provisions for disputes and litigation and other extraordinary expenses	(27,671)	(9,347)
Net profit (loss) from disposals of fixed assets	13,662	(66)
Severance costs	(7,181)	(1,174)
Other extraordinary income	252	208
Loss on repurchase of shares awarded to employees		(600)
Share of investment grants transferred to income	101	212
TOTAL	**(17,510)**	**(14,576)**

NOTE 8 Income tax

Income tax breaks down as follows:

Income tax payable for the year concerning (in thousands of euros)	2018		2017	
	Base	Amount	Base	Amount
Profit (loss) from ordinary activities (including profit sharing)	103,725	(2,643)	129,738	(16,159)
Extraordinary profit (loss)	(17,510)	(3,562)	(14,576)	(3,017)
Effect of the tax consolidation regime		189		937
TOTAL		**(6,016)**		**(18,239)**

EFFECT OF PROSPECTIVE INCREASES AND DECREASES

Tax base	Balance 12/31/18	Changes in 2018	Balance 12/31/17
TAX-BASE INCREASE			
Excess tax depreciation	35,954	(3,325)	39,279
Revaluation	1,776	(1)	1,777
Financial instruments	941	1,379	(438)
Other temporary differences	452	85	367
TOTAL 1	**39,123**	**(1,862)**	**40,985**
TAX-BASE DECREASE			
Employee benefits	16,481	(1,968)	18,449
Discounting of deposits and guarantee deposits	2,210	(46)	2,256
Inventory valuation difference	1,582	1,516	66
Provisions for risks and liabilities	19,260	19,165	95
Expenses not tax-deductible	1,976	(201)	2,177
Employee profit-sharing	2,153	(108)	2,261
Provision for asset write-downs	1,653	(15)	1,668
Location financement	541	541	0
Other temporary differences	5,559	(901)	6,460
TOTAL 2	**51,415**	**17,983**	**33,432**
TOTAL A: NET INCREASE IN BASE	**(12,292)**	**(19,845)**	**7,553**
PROSPECTIVE INCREASE/DECREASE IN INCOME TAX	**(4,555)**	**(7,156)**	**2,277**

2017 effective tax rate = 39.43%.

2018 effective tax rate = 34.43%.

In 2018 the applicable corporate tax rate in France was 33.33% to which was added 3.3% for a total rate of 34.43%. However, under the framework of the gradual reduction in the corporate tax rate, a rate of 28% was applied to income up to €500,000.

NOTE 9 Capital assets

During the 2018 financial year

STATEMENT OF FIXED ASSETS

(in thousands of euros)	Gross amount at 01/01/2018	Increases	Decreases	Transfers	Gross amount at 12/31/2018
INTANGIBLE ASSETS					
Concessions, patents, licenses, brands, processes, software, rights and similar assets	84,960	2,929		3,476	91,365
Business goodwill	221,533				221,533
Others					
Intangible assets in progress	12,288	6,503	4,007	(3,217)	11,567
PROPERTY, PLANT AND EQUIPMENT					
Real property	25,179	956	568	887	26,454
and equipment	46,591	483	117	2,420	49,377
Other	7,451	461	928	159	7,143
Assets in the course of construction	4,025	1,091		(3,725)	1,391
Advances and down-payments	13		13		0
LONG-TERM INVESTMENTS					
Participating interests	1,201,616	329	1,758		1,200,187
Other	707,642	67,177	84,263		690,556
TOTAL	**2,311,298**	**79,929**	**91,654**		**2,299,573**

STATEMENT OF DEPRECIATION AND AMORTIZATION

(in thousands of euros)	At 01/01/2018	Increases	Decreases	At 12/31/2018
INTANGIBLE ASSETS	70,921	5,111		76,032
PROPERTY, PLANT AND EQUIPMENT				
Real property	10,936	1,765	296	12,405
Technical installations, fixtures, machinery and equipment	33,813	2,541	29	36,325
Other	4,455	743	820	4,378
TOTAL	**120,126**	**10,160**	**1,145**	**129,140**

Intangible assets

The goodwill arising from the acquisition of Boursin totaled €220,039 thousand.

The increase in intangible assets stemmed primarily from internally developed IT projects totaling €5,991 thousand.

Property, plant and equipment

The €1,106 thousand increase in this item mainly concerned the overhaul of the Maison de la Vache qui Rit and the purchase of equipment for Research Centers.

Long-term investments

The gross value of participating interests fell by €1,428 thousand in 2018 (see table of subsidiaries and interests).

This change stemmed from: (in thousands of euros)

- capital reduction by BBE for Cheese Production 1,708
- cancellation of the MVQR Gestion following the TUP 50
- capital increase at ATAD 330

Bel Syrie (Syria) shares are written down by 100%, or €15,660 thousand and as are Bel Tunisie (Tunisia) shares, or €2,053 thousand.

Loans and receivables relating to equity interests include loans granted to the following subsidiaries:

- Bel Karper 7,809
- Bel Tunisie Distribution 796
- Bel Rouzaneh Company 112
- Newton holding 417,033
- MBMA 135,000
- Materne North America 92,021

The Bel Tunisie Distribution loan has been written down 100% since 2009. Bel Tunisie Distribution is in court-ordered liquidation.

The Company held 84,962 treasury shares valued at €23,320 thousand, compared with 80,197 treasury shares valued at €20,970 thousand at December 31, 2017.

NOTE 10 Other receivables from operations

This line item includes:

(in thousands of euros)	2018	2017
Trade and other payables	7,307	13,297
VAT	14,270	16,144
Of which the reimbursement of requested VAT credits	2,645	2,824
Others	287	747
TOTAL	**21,864**	**30,188**

NOTE 11 Sundry receivables

This line item includes:

(in thousands of euros)	2018	2017
Income tax receivables	13,084	28,080
Current accounts	113,385	51,945
Tax consolidation accounts	933	681
Others	5,525	3,291
TOTAL	**132,927**	**83,997**

On December 31, 2018, the gross value of outstanding cash advances to subsidiaries came to:

(in thousands of euros)	2018	2017
Fromageries Bel Production France	43,952	25,750
Fromageries Boursin SAS		2,790
ATAD		49
Bel Canada	11,973	
Bel UK	3	2
Bel Tunisie mktg	5	6
Bel Italia	4,773	1,556
Bel Polska	1	7,474
Bel Côte d'Ivoire	2,100	507
Bel Portugal		
Bel Japon	12,227	4,394
Quesos Bel Mexico		
Bel Suisse	660	
Bel Australia		
MOM		
MBMA	9,853	7,677
Mont Blanc	9,537	
Materne North America	8,448	1,704
Materne	9,851	35
Other outstanding cash advances (less than €1,000 thousand)	1	1
TOTAL	**113,384**	**51,945**

Additionally, the balance of income tax payable due by entities in the tax consolidation scope totaled €933 thousand in 2018 versus €681 thousand in 2017.

NOTE 12 Marketable securities

Cash on hand, consisting mainly of marketable securities measured at the last known closing price or net asset liquidation value, totaled €90,910 thousand versus €157,614 thousand in 2017.

NOTE 13 Financial instruments

Other short-term financial instruments include premiums paid (assets) and received (liabilities) on currency options and interest rate hedges marked to market at the balance sheet date.

Because these are for hedging purposes, the corresponding adjustments are posted to the following balance-sheet line items:

- prepaid expenses and unrealized losses on financial instruments;
- deferred income and suspense account for unrealized gains on financial instruments.

They are treated according to the symmetry principle.

NOTE 14 Prepaid expenses

Prepaid expenses relating to operational activities totaled €2,190 thousand (€2,877 thousand in 2017) and those relating to Financial activities amounted to €2,266 thousand (€1,477 thousand in 2017).

NOTE 15 Foreign exchange differences

DURING THE 2018 FINANCIAL YEAR

(in thousands of euros)	Amounts	Differences offset	Provisions for foreign exchange losses*
UNREALIZED LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
• from long-term investments	2,328	2,328	
• from trade receivables	506	130	376
• from short term financial instruments	1		1
• from financial liabilities	192	192	
• from debts	215	47	168
TOTAL	**3,242**	**2,697**	**545**
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
• from long-term investments	98	60	
• from trade receivables	98	60	
• from short term financial instruments	2	2	
• from financial liabilities	6,833	2,520	
• from debts	240	220	
TOTAL	**7,173**	**2,802**	

* *From translation differences only.*

DURING THE 2017 FINANCIAL YEAR

(in thousands of euros)	Amounts	Differences offset	Provisions for foreign exchange losses*
UNREALIZED LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
• from long term investments	11,732	11,732	
• from trade receivables	1,195	1068	127
• from short term financial instruments	7	7	
• from financial liabilities			
• from debts	81	68	13
TOTAL	**13,015**	**12,875**	**140**
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
• from trade receivables	316	231	
• from short term financial instruments			
• from financial liabilities	12,550	11,732	
• from debts	903	528	
TOTAL	**13,769**	**12,491**	

* *From translation differences only.*

NOTE 16 Provisions for impairment

DURING THE 2018 FINANCIAL YEAR

(in thousands of euros)	Amount at the begining of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Intangible assets	1,637			1,637
Property, plant and equipment	100		68	32
Long-term investments	18,510	1,215		19,725
Inventories and work-in-progress	85	220	76	229
Trade receivables	1,090	10	132	968
Sundry receivables	1,000		934	66
Marketable securities				
TOTAL	**22,422**	**1,445**	**1,210**	**22,657**
Of which charges and reversals:				
posted to operating income/expenses		*230*	*276*	
posted to financial income/expenses		*1,215*		
posted to extraordinary income/expenses			*934*	

The provision write-back of €934 thousand euros relates to the withholding tax liability at the Bel Egypt subsidiary (provision used). The provision for capital assets primarily concerned the impairment of CAPAGRO shares (€1,179 thousand).

DURING THE 2017 FINANCIAL YEAR

(in thousands of euros)	Amount at the begining of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Intangible assets	1,637			1,637
Property, plant and equipment	299	38	237	100
Long-term investments	29,478		10,968	18,510
Inventories and work-in-progress	206	58	179	85
Trade receivables	1,090	10	10	1,090
Sundry receivables		1,000		1,000
Marketable securities				
TOTAL	**32,710**	**1,106**	**11,394**	**22,422**
Of which charges and reversals:				
posted to operating income/expenses		*106*	*426*	
posted to financial income/expenses			*10,968*	
posted to extraordinary income/expenses		*1,000*		

The €10,968 thousand provision for loans and receivables relating to participating interests mainly concerned Bel Rouzaneh (Iran) was reversed and not used. The allocation of €1,000 thousand relates to withholding tax liability at our Bel Egypt subsidiary.

NOTE 17 Capital

The share capital is made up of 6,872,335 shares with a par value of €1.50, of which 84,962 were held by the Company on December 31, 2018 carrying 13,394,174 voting rights exercisable at Annual General Meetings.

Double voting rights are attributed to any fully paid-up registered shares held for at least four years by the same shareholder. At December 31, 2018 a total of 6,606,801 double voting rights were available for exercise at general meetings.

NOTE 18 Regulated provisions

Provision charges and reversals corresponding to regulated provisions are recorded under extraordinary income.

DURING THE 2018 FINANCIAL YEAR

(in thousands of euros)	Amount at the begining of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	39,279	4,431	7,756	35,954
Special revaluation provisions*	3		2	1
Reinvested capital gains	1,707			1,707
TOTAL	**40,989**	**4,431**	**7,758**	**37,662**

* *Only concerns the constructions line item.*

The decrease in excess tax depreciation was primarily related to intangible assets, in particular internally produced software.

DURING THE 2017 FINANCIAL YEAR

(in thousands of euros)	Amount at the beginining of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	35,466	10,568	6,755	39,279
Special revaluation provisions*	7		4	3
Reinvested capital gains	1,707			1,707
TOTAL	**37,180**	**10,568**	**6,759**	**40,989**

* *Only concerns the constructions line item.*

NOTE 19 Changes in equity

(in thousands of euros)	
Equity at December 31, 2016	**1,001,808**
Revaluation adjustments	(4)
Dividends (Combined AGM of May, 11, 2017)	(67,005)
Additional paid-in capital	
Cancellation of dividends on treasury shares	817
Free reserves	
Investment grants	(199)
Regulated provisions	3,809
Profit for the year	133,402
Equity at December 31, 2017	**1,072,628**
Revaluation adjustments	(3)
Dividends (Combined AGM of May, 14, 2018)	(48,106)
Additional paid-in capital	
Cancellation of dividends on treasury shares	587
Free reserves	
Investment grants	(101)
Regulated provisions	(3,326)
Profit for the year	92,231
EQUITY AT DECEMBER 31, 2018	**1,113,910**

NOTE 20 Provisions for contingencies and losses

			Decreases (reversal)		
(in thousands of euros)	Amount at the beginining of the year	Provisions (charges)	Offset against expenses	Cancelled provisions	Amount at year end
Disputes and litigation	8,474	1	18	810	7,647
Foreign exchange losses	465	1,510	465		1,510
Restructurings		19,224			19,224
Withholding tax	1,356	1,178	1,356		1,178
Stock option plan	2,344	150		302	2,192
Other	947	87	185	91	758
TOTAL	**13,586**	**22,150**	**2,024**	**1,203**	**32,509**
Of which charges and reversals:					
posted to operating income/expenses		*1,415*	*1,541*	*393*	
posted to financial income/expenses		*1,510*	*465*		
posted to extraordinary income/expenses		*19,225*	*18*	*810*	

The main reversals of the year relate primarily to provisions for employee litigation.

NOTE 21 Other bonds

Two bonds were issued in 2012, one for €140,000 thousand maturing December 20, 2019 and the other for €20,000 thousand maturing December 20, 2018, then a third of €500,000 thousand was issued in April 2017, with a coupon of 1.50% and maturing on April 24, 2024, excluding €5,458 thousand in accrued interest not yet due. All three bonds, which were fully subscribed at the issue date, were issued at par.

NOTE 22 Bank borrowings

This line item mainly consists of a Schuldschein financing transaction. It comprises two tranches and two term loans for:

- €224,000 thousand with maturities of two, four and seven years at variable or fixed rates;
- $207,500 thousand (€196,850 thousand) with maturities of two and seven years at variable or fixed rates.

An initial repayment of €77,000 thousand was made in June 2017 on the loan in euros as well as a reimbursement of $100,000 thousand dollars (€94,868 thousand).

Two credit lines were reclassified as short term, €5,000 thousand and $7,500 thousand (€5,767 thousand, due on June 28, 2018).

In 2018, two reimbursements were made for the euro loan: the first in March for €50,000 thousand the second of a same amount in December. These were early redemptions for the maturity in 2023.

A $5,000 thousand line was reclassified as short term (€4,701 thousand), maturing on September 30, 2019.

Favorable exchange rates with the dollar reduced the debt by €6,358 thousand.

Accrued interest not yet due on the bonds is €774 thousand euros.

NOTE 23 Sundry borrowings and financial liabilities

This item primarily concerns liabilities relating to participating interests in Grupo Fromageries Bel España for €125,776 thousand - accrued interest included (€121,888 thousand in 2017), and with Bel Egypt Expansion for Cheese for €1,132 thousand – accrued interest included (€16,711 thousand in 2017), as well as other commercial paper loans of €4,367 thousand (€40,000 thousand in 2017) and the employee profit-sharing scheme of €4,807 thousand – accrued interest included (€5,945 thousand in 2017).

In 2018, the Group also issued five Negotiable European Medium Term Notes (NEU MTN) for a total of €50 million, maturing between 2021 and 2023, for a program of €200 million.

NOTE 24 Other debts from operations

This line item was entirely made up of trade and related receivables amounting to €31,795 thousand versus €31,795 thousand in 2017.

NOTE 25 Other sundry payables

(in thousands of euros)	2018	2017
Interest-bearing advances from Group entities, excluding accrued interest	408,007	325,110
Excess payment of income tax of entities included in the tax consolidation scope	6,948	4,051
Provisioned debt for employee profit-sharing plan	2,158	2,265
Other	7,077	2,192
TOTAL	**424,190**	**333,618**

NOTE 26 Deferred income and unrealized gains on financial instruments

Prepaid expenses relating to operational activities totaled €36 thousand (€2 thousand in 2017) and those relating to Financial activities amounted to €362 thousand (€16,966 thousand in 2017).

NOTE 27 Effect of tax exemption assessments

(in thousands of euros)	2018	2017
Net profit for the year	92,231	133,402
Income tax	(6,015)	(18,239)
Pretax profit	**86,216**	**115,163**
Change in regulated provisions	(3,327)	3,809
PRETAX PROFIT EXCLUDING ASSESSED TAX EXEMPTIONS	**82,889**	**118,972**

NOTE 28 Deferred income, accrued expenses, payables and receivables represented by bills of exchange

DEFERRED INCOME

(in thousands of euros)	2018	2017
Trade and other receivables	2,944	4,155
Other trade receivables	15,188	23,649
Sundry receivables		0
Cash on hand and bank balances	55	27
TOTAL	**18,187**	**27,831**

ACCRUED EXPENSES

(in thousands of euros)	2018	2017
Bonds	5,439	5,458
Bank borrowings	774	866
Sundry borrowings and financial liabilities	7,869	4,011
Trade and other payables	78,270	77,600
Taxes payable and payroll and on-cost amounts payable	33,143	34,008
Other trade payables	22,464	24,349
Amounts payable to fixed asset suppliers and related accounts	41	183
Other liabilities – sundry payables	4,900	762
TOTAL	**152,900**	**147,237**

RECEIVABLES AND PAYABLES REPRESENTED BY BILLS OF EXCHANGE

(in thousands of euros)	2018	2017
Trade and other receivables	380	445
Trade and other payables		
Amounts payable to fixed asset suppliers and related accounts		

The Company does not make payments by bills of exchange but settles its payables by bank transfer.

NOTE 29 Financial commitments

in thousands of euros	2018	2017
COMMITMENTS GIVEN		
Bank guarantees	206	2,026
Guarantees given for a foreign subsidiary (Bel Rouzaneh and Bel Australia)	443	655
Partnership liability in GIEs, SCIs, etc.	4	1,789
Retirement indemnities (see Note 29.1)	16,482	18,450
Guarantees given for a foreign subsidiary (Bel Shotska Ukraine and Bel Shostka Service)	10,564	10,127
TOTAL	**27,699**	**33,047**
COMMITMENTS RECEIVED		
Syndicated credit lines (see Note 29.2)	820,000	820,000
Export receivable guarantees	6,867	15,782
Performance bond		
TOTAL	**826,867**	**835,782**
RECIPROCAL COMMITMENTS (EXCLUDING CURRENCY FUTURES AND FINANCIAL LEASES)		
Real estate rentals (see Note 29.3)	59,256	62,317
• less than a year 6,584		
• from one to five years 26,336		
• over five years 26,336		
Asset rentals	4,729	1,443
• less than a year 1,916		
• from one to five years 2,813		
• over five years		
Asset orders	1,463	2,035
Stock option plan (see Note 29.4)	1,421	1,221
TOTAL	**66,869**	**67,016**

29.1 Obligations arising from pensions, retirement and similar employee benefits

Post-employment benefits were subject to an actuarial valuation using the projected unit credit method based on the following assumptions:

- voluntary retirement (giving rise to the additional payment of payroll on-costs) at the age of:
  - 62 for managers and executives and progressively 65 depending on the year of birth,
  - 60 for technicians and supervisors and progressively 63 depending on the year of birth,
  - 60 for all other employees and progressively 63 depending on the year of birth;
- length of service, mortality rate and employee turnover rate;
- the discount rate and the rate of inflation:
  - 2018: a nominal discount rate of 1.7% including an inflation rate of 1.8%,
  - 2017: a nominal discount rate of 1.7% including an inflation rate of 1.8%.

Post-employment benefits earned by employees are not provisioned for but recorded under off-balance sheet commitments (see above).

29.2 Financial instruments

29.2.1 Market risk management

The Treasury department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

29.2.2 Financial and liquidity risk management

Pursuing its policy to diversify its financing sources, the Group undertook the following operations during 2018:

- early redemption of €100 million for a term loan initially due to mature in 2023;
- redemption of €5 million and $7.5 million in Schuldschein loans, as well as 20 million in Euro PP type bond loans due to mature;
- redemption of all treasury notes in euros, the total amount of which stood at €40 million on December 31, 2017, and the issue of treasury notes in dollars for a portfolio of $5 million on December 31, 2018;
- issue of five Negotiable European Medium Term Notes (NEU MTN) for a total of €50 million, maturing between 2021 and 2023, for a program of €200 million.

At December 31, 2018, the Group had significant liquidity, including:

- two confirmed syndicated credit lines maturing of €520 million and €300 million respectively. Maturity of these lines has been extended from 2022 to 2023. These lines have not been drawn;
- a €500 million commercial paper program, of which €5 million has been used;
- a NEU MTN program of €200 million, of which €50 million has been used;
- a Euro PP bond loan of €140 million maturing in December 2019, contracted with private investors;
- a €500 million bond issue maturing April 2024;
- an amortizable term loan of €100 million maturing in 2023;
- financing on the Schuldschein market, comprising €42 million on maturity at between 2020 and 2023.

In its syndicated credit lines, its Euro PP and the Schuldschein, Fromageries Bel SA has committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium- and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt. On December 31, 2018, the ratio stood at 2.07 versus 1.92 on December 31, 2017.

The Group implemented a policy of pooling liquidity at the Fromageries Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or liquidity needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

29.2.3 Foreign exchange risk management

Fromageries Bel SA is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Fromageries Bel SA is exposed to foreign exchange risk on sales recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, *e.g.*, imports, exports and financial transactions.

Hedging policy for foreign exchange exposure

The management policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments. The Treasury Department is not a profit center. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all the French, European and North American entities. The Group Treasury Department provides these entities with the necessary currency hedges.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 months. On December 31, 2018, the maturity of the derivatives portfolio did not go beyond January 31, 2020. The cash flow from the budgeted 2018 and 2019 hedges is expected in 2019 and will thus impact income in 2019.

Hedging of foreign exchange rate fluctuations on imports, exports and financial transactions

Fromageries Bel recalculates its net foreign exchange exposure periodically during each budgetary review. To manage its exposure, Fromageries Bel SA mainly uses futures contracts, currency options and cross-currency swaps.

On December 31, 2018, the Group had secured the following hedges:

Type of transactions (in thousands of euros)	Cross	Entity	At December, 31, 2018 Commitment	At December, 31, 2018 Market value	At December, 31, 2017 Commitment	At December, 31, 2017 Market value
Portfolio related to foreign exchange risk						
1 - PORTFOLIO OF CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS						
Forward purchase	EUR GBP		25,750	147	18,500	69
Forward sale	EUR PLN		30,500	71	33,000	829
Forward purchase	EUR USD		78,211	(2,213)	92,541	3,304
Forward purchase	Other		47,848	(239)	49,052	1,386
Forward sale	Other		2,195	(41)	1,900	(162)
FORWARDS ON OPERATIONAL TRANSACTIONS				**(2,275)**		**5,426**
2 - PORTFOLIO OF CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS						
Call *purchase*	EUR GBP		54,600	1,083	71,000	1,080
Put *sale*	EUR GBP		32,050	(371)	49,600	(421)
Put *purchase*	EUR PLN		39,000	373	36,000	1,003
Call *sale*	EUR PLN		21,000	(137)	25,750	(138)
Call *purchase*	EUR USD		155,645	402	137,263	7,522
Put *sale*	EUR USD		57,323	(2,726)	95,345	(226)
Call *purchase*	Other		64,268	756	59,081	2,051
Put *sale*	Other		32,791	(519)	33,784	(227)
OPTIONS ON OPERATIONAL TRANSACTIONS				**(1,139)**		**10,644**
3 -PORTFOLIO OF CURRENCY FORWARD CONTRACTS SET UP WITH GROUP SUBSIDIARIES						
Forward purchase	EUR USD	Bel Brands USA	5,620	(207)	4,800	245
Forward sale	EUR USD	Bel Brands USA	6,020	222	6,944	(355)
Forward purchase	EUR CAD	Bel Canada	1,700	58	-	-
Forward sale	EUR CAD	Bel Canada	3,584	(122)	2,122	(22)
Forward sale	USD CAD	Bel Canada	122	(9)	528	22
Forward purchase	EURJPY	Bel Japon	1,000	(25)	-	-
Forward sale	EURJPY	Bel Japon	7,159	177	5,076	(567)
Forward purchase	DKK EUR	Bel Nordic	538	(2)	764	1
Forward purchase	NOK EUR	Bel Nordic	845	(43)	281	(13)
Forward sale	NOK EUR	Bel Nordic	602	31	-	-
Forward sale	EUR SEK	Bel Nordic	993	(68)	523	(16)
Forward purchase	EUR PLN	Bel Polska	1,468	14	10,498	(391)
Forward purchase	EUR CHF	Bel Suisse	536	3	-	-
Forward sale	EUR CHF	Bel Suisse	536	(3)	1,286	(77)
Forward sale	EUR CZK	Bel Syry Cesko	2,274	43	1,999	134
Forward purchase	EUR CZK	Bel Syry Cesko	1,700	(32)	-	-
Forward sale	EUR GBP	Bel Uk	9,137	251	6,817	(61)
Forward purchase	EUR USD	Bel USA	-	-	300	15
Forward sale	EUR USD	Bel USA	1,587	58	702	(36)
FORWARDS ON OPERATIONAL TRANSACTIONS				**346**		**(1,121)**

Type of transactions (in thousands of euros)	Cross	Entity	At December, 31, 2018		At December, 31, 2017	
			Commitment	**Market value**	Commitment	Market value
4 - CURRENCY FORWARD AND OPTION CONTRACTS TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS						
Forward purchase	EUR GBP				1,500	(52)
Forward purchase	EUR USD		8,404	(301)	-	-
Forward sale	Other		4,635	156	-	-
FORWARDS ON DIVIDENDS				**(145)**		**(52)**
5 - CURRENCY OPTIONS TO HEDGE FUTURE DIVIDENDS						
Put *sale*	EUR USD		8,214	(459)	-	-
Call *purchase*	EUR USD		15,534	2	-	-
CURRENCY OPTIONS ON DIVIDENDS				**(457)**		**-**
6 - TREASURY SWAPS IN CURRENCY						
Swap sale	EUR GBP		7,738	86	10,127	15
Swap sale	EUR PLN		-	-	7,717	(31)
Swap sale	EUR PLN		2,564	(8)	-	-
Swap sale	EUR USD		53,785	(155)	65,343	(389)
Swap sale	Other		263	2	7,312	(5)
Swap sale	Other		25,132	(14)	4,275	11
TREASURY SWAPS				**(89)**		**(399)**
7 - OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY						
Call *sale*	EUR GBP		4,000	(52)	11,500	(44)
Call *sale*	EUR USD		3,906	(6)	8,000	(66)
Call *sale*	Other		978	(16)	3,126	(20)
OTHER TRANSACTIONS				**(74)**		**(130)**

Transactions are presented in the order of the cross-currency operation shown. For example:
- *buy EUR USD futures means that the Group is buying EUR and selling USD;*
- *call purchase EUR GBP means that the Group is buying a EUR call/GBP put option;*
- *swap sell EUR GBP futures means that the Group is borrowing EUR (and then selling EUR futures), and lending GBP (and then buying GBP futures)."*

Fromageries Bel SA guarantees its subsidiaries' foreign currency denominated budget year flows through annual foreign exchange guarantees which are issued once the previous budget year has been collected. At December 31, 2018, Fromageries Bel SA's subsidiary hedging portfolio hedged only subsidiaries' foreign exchange risks relating to the 2018 budget year and collected in 2019.

The Group's main currency exposure is the US dollar, the Pound Sterling and the Polish Zloty. The valuations shown exclude the impact of deferred taxes.

On December 31, 2018, 2019 budget net exposure relative to the main currencies was hedged at a ratio between 75% and 100%, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements complied with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group uses an external provider to determine the valuations.

29.2.4 Interest rate risk management

Most of the Group's financing is arranged by Fromageries Bel SA, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

At December 31, 2018, the Group hedged interest rate risk through interest rate swaps:

Type of transactions (in thousands of euros)	Currency	At December, 31, 2018		At December, 31, 2017	
		Commitment	**Market value**	Commitment	Market value
PORTFOLIO RELATED TO INTEREST RATE					
Fixed-rate borrower swaps	EUR	50,000	(457)	100,000	(236)
Fixed-rate payer swap	EUR	10,000	46	-	-
Fixed-rate borrower swaps	USD	87,336	2,498	83,382	1,713
TOTAL PORTFOLIO RELATED TO INTEREST RATE			**2,087**		**1,477**

The following hedging balance corresponds to hedges on some of Fromageries Bel SA's floating-rate loans.

(in millions)		**2018**	2019	2020	2021	2022	2023
Interest-rate swaps	EUR	60	57.5	52.5	45	35	-
Interest-rate swaps	USD	100	95	85	70	50	-

29.2.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. "Major counterparties" are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group's foreign exchange and interest rate hedges were immaterial at December 31, 2018.

29.2.6 Raw materials risk management

During 2018, on behalf of French subsidiary FBPF, Fromageries Bel SA implemented a few hedging contracts for its butter purchases on the European Energy Exchange.

On December 31, 2018, FBSA had the following positions:

Type of transactions	At December, 31, 2018 Number of contracts	At December, 31, 2018 Market value (in thousands of euros)	At December, 31, 2017 Number of contracts	At December, 31, 2017 Market value (in thousands of euros)
EEX Cash Settled Butter				
Forward purchase	600	17	-	-
TOTAL EEX CASH SETTLED BUTTER		17		-
TOTAL FRANCE		**17**		**-**

29.2.7 Equity risk management

At December 31, 2018, Fromageries Bel SA had no equity derivatives.

29.3 Real estate rentals

By signing a lease on its future head office in the first half of 2014, the Group made a firm commitment to pay rent on the new premises over the next 9 years, representing a total amount of €59 million.

29.4 Existing bonus share plans

The commitment given corresponds to the difference between the award amount, which takes into account the rate of completion of performance milestones, and the provision recorded in the amount of €2,192 thousand.

A breakdown of bonus share plans is presented in the following table:

(in thousands of euros)	2018 Plan cash	2018 Plan shared	2017 Plan cash	2017 Plan shared	2016 Plan cash	2016 Plan shares	TOTAL
Total number of shares awarded *	3,757	8,809	3,514	8,241	2,792	6,717	
Award criteria: percentage accrued	71	71	36	36	43.8	43.8	
Number of shared awarded at December, 31, 2018	2,311	5,414	1,009	2,308	465	2,230	
Share value in €	493.03	183.99	527.00	183.99	467.00	183.99	
Amount expensed in 2017			828	519	109	(69)	1,387
Amount expensed In 2018	782	535	(345)	(207)	(395)	(272)	398

* *Authorized by the Board.*

Also included in personnel expenses was the provision for the 2016 Fromageries Bel SA cash plan totaling -€86 thousand and representing 591 shares as well as the provision for the 2017 Fromageries Bel SA cash plan totaling €53 thousand and representing 985 shares and the provision for the 2018 Fromageries Bel SA cash plan totaling €238 thousand and representing 1,217 shares.

29.5 Other commitments

Litigation and disputes

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were booked for any probable and measurable costs that might arise from these lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at the close of the year.

NOTE 30 Parent company consolidating the group's financial statements

The financial statements of Fromageries Bel SA, the parent company of the Bel Group, are included in the consolidation of the Unibel Group, which has its headquarters at 2, Allée de Longchamp in Suresnes near Paris.

A copy of the financial statements can be obtained at this address and can also be consulted on the website www.groupe-bel.com.

NOTE 31 Subsequent events

No significant events have occurred since the end of the reporting period.

MATURITIES OF RECEIVABLES AND PAYABLES AT DECEMBER 31, 2018

Headings and line items (in thousands of euros)	Gross amounts	Maturity	
		Due 1 year or less	Due more than 1 year [5]
RECEIVABLES			
Fixed asset receivables:			
Loans to and receivables from participating interests	654,357	654,357	
Loans [1]	6,441	322	6,119
Other	29,758	982	28,776
Current asset receivables:			
Trade and other receivables	153,350	153,350	
Other	155,098	155,098	
Prepaid expenses	4,456	4,395	61
TOTAL	**1,003,460**	**968,504**	**34,956**
DEBTS			
Other bonds [2]	645,439	145,439	500,000
Borrowings [2] and current used facilities at banks [3]	131,684	6,714	124,970
Sundry borrowings and financial liabilities [2] [4]	186,534	132,433	54,101
Trade and other payables	174,466	174,466	
Taxes payable and payroll and on-cost amounts payable	39,378	30,655	8,723
Amounts payable to fixed asset suppliers and related accounts	3,270	3,270	
Income tax payable			
Other liabilities [4] [5]	447,992	445,834	2,158
Deferred income	398	398	
TOTAL	**1,629,161**	**939,209**	**689,952**
(1) granted during the year	*324*		
Loans recovered during the year	*319*		
(2) Borrowings subscribed during the year	*262,046*		
Borrowings reimbursed during the year	*507,379*		
(3) Of which:			
– originally no more than two years	*2,347*		
– originally more than two years	*129,337*		
(4) To associates (other debts line item)	*414,954*		
(5) Debts maturing in more than five years	*2,158*		

PARTICIPATING INTERESTS AND INVESTMENTS IN ASSOCIATES

(in thousands of euros)	Subsidiaries	Amounts concerning entities in which the Company has an equity interest
LINE ITEMS		
Participating interests	1,182,474	
Loans to and receivables from equity interests	653,561	
Other long-term financial assets	23,320	
Loans		4
Other financial investments		
Trade and other receivables	67,009	
Other current assets	116,773	
Subscribed capital called and unpaid		
Sundry borrowings and financial liabilities	126,909	
Trade and other payables	73,102	
Amounts payable to fixed asset suppliers and related accounts		
Other liabilities	420,780	
Dividends and interest income	130,793	
Other financial income	1,505	
Financial expenses	6,932	

Related-party transactions:

- Cash management agreement with Unibel

  At December 31, 2018, the Company had received a €88,499 thousand cash advance from Unibel. The advance, bearing interest at the EONIA rate plus 100 basis points, generated a financial expense of €566 thousand recorded in 2018.

- Service agreement with Unibel

  In 2018, €6,458 thousand were expensed under the service agreement with Unibel.

- Operating expenses billed back to Fromageries Bel SA by unconsolidated Group entities

  In 2018, a total of €9,136 thousand in operating expenses were billed back to Fromageries Bel.

TABLE OF SUBSIDIARIES AND INTERESTS

Entities	Share capital (1)	Equity other than share capital (1)	% of share capital held	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Amount of endorsements, guarantees and letters of intent provided by the Company	Dividends collected by the Company during the year
	In thousands of currencies			Gross	Net	In thousands of euros		
I - DETAILED INFORMATION								
Subsidiaries (more than 50%-owned by the Company):								
French entities								
Fromageries Picon 2 Allée de Longchamp 92150 Suresnes	600 EUR	2,812 EUR	99.975	5,638	5,638			1,500
Fromageries Bel Production France 2 Allée de Longchamp 92150 Suresnes	48,917 EUR	119,554 EUR	100.000	132,209	132,209	43,951		14,543
SAS des Fermiers Réunis 2 Allée de Longchamp 92150 Suresnes	7,200 EUR	10,733 EUR	99.848	18,118	18,118			839
SOFICO 2 Allée de Longchamp 92150 Suresnes	2,339 EUR	9,120 EUR	99.965	2,376	2,376			3,398
Fromagerie Boursin SAS Route de St Aquilin 27120 Croisy-sur-Eure	2,825 EUR	18,024 EUR	100.000	23,630	23,630			926
SICOPA 2 Allée de Longchamp 92150 Suresnes	591,402 EUR	456,928 EUR	100.000	780,174	780,174			70,180
LVQR Diffusion 2 Allée de Longchamp 92150 Suresnes	50 EUR	395 EUR	100.000	50	50			
ATAD 2 Allée de Longchamp 92150 Suresnes	300 EUR	(35 EUR)	100.000	413	378			
Newton Holding 2 Allée de Longchamp 92150 Suresnes	253,168 EUR	323,418 EUR	68.060	190,300	190,300	417,033		
Foreign entities								
Bel Tunisie - Tunis/Tunisie	3,000 TND	(7,695 TND)(2)	99.000	2,053	0			
Bel Syrie - Damas/Syrie	1,045,000 SYP	99,341 SYP	99.976	15,660	0			
Bel Algérie SpA - Alger/Algérie	2,358,693 DZD	5,531,291 DZD	99.023	21,170	21,170			672
II - GENERAL INFORMATION								
Subsidiaries not covered in paragraph I								
a) French subsidiaries (aggregate)				19	19			
b) Foreign subsidiaries (aggregate)				8,377	8,377			3,101
Interests not covered in paragraph I								
a) In French entities (aggregate)								
b) In foreign entities (aggregate)								

(1) French GAAP data for French entities and IFRS data for foreign entities.
(2) 2008 data.

Inventory of investments and participating interests

(in thousands of euros)		Net carrying amount of the balance sheet 2018	Net carrying amount of the balance sheet 2017
EQUITY INTERESTS			
French entities			
188,415,809	Newton Holding	190,300	190,300
3,706,666	Fromageries Boursin SAS	23,630	23,630
239,635	SAS des Fermiers Réunis “SASFR”	18,118	18,118
39,426,801	Société Industrielle Commerciale et de Participation “SICOPA”	780,174	780,174
132,208,521	Fromageries Bel Production France	132,209	132,209
155,865	Société Financière et Commerciale “SOFICO”	2,376	2,376
19,995	Fromageries Picon	5,638	5,638
10,000	ATAD	378	83
999	Société des Produits Laitiers “SPL”	15	15
3,333	LVQR DIFFUSION	50	50
	MVQR GESTION		50
Entities with a net carrying amount below €15 per category of shares		4	4
		1,152,892	1,152,647
Foreign entities			
76,664	Bel Egypt Expansion for Cheese Production	7,223	8,931
2,335,653	Bel Algérie SpA	21,170	21,170
594	Bel Tunisie		
1,044,745	Bel Syrie		
10	Bel Vietnam	1,152	1,152
Entities with a net carrying amount below €15 per category of shares		2	2
		29,547	31,255
TOTAL PARTICIPATING INTERESTS		**1,182,439**	**1,183,902**
OTHER LONG-TERM FINANCIAL ASSETS			
French entities			
50,000	CAP AGRO	3,864	5,044
1,120	SOGAL-SOCAMUEL	17	17
84,962	Fromageries Bel	23,319	20,969
Entities with a net carrying amount below €15 per category of shares		25	25
		27,225	26,055
Foreign entities			
26,044	Parmalat	56	56
		56	56
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		**27,281**	**26,111**
MARKETABLE SECURITIES		**90,910**	**157,614**

COMPANY EARNINGS AND OTHER FINANCIAL HIGHLIGHTS OVER THE LAST FIVE YEARS (ARTICLES R. 225-81, R. 225-83 & R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Item	2018	2017	2016	2015	2014
I. SHARE CAPITAL AT YEAR-END					
Share capital	10,308,503	10,308,503	10,308,503	10,308,503	10,308,503
Number of ordinary shares outstanding	6,872,335	6,872,335	6,872,335	6,872,335	6,872,335
II. OPERATIONS AND RESULTS FOR THE FINANCIAL YEAR					
Revenue, net of VAT	1,314,188,053	1,317,849,203	1,385,125,072	1,434,159,274	1,423,861,417
Earnings before tax, profit-sharing, depreciation, amortization and write-downs	114,668,722	125,036,074**	116,860,557	127,959,921	126,089,383
Income tax	(6,015,645)	(18,239,459)	7,654,506	10,069,368	6,579,315
Profit-sharing owed for the financial year	2,053,071	2,246,437	2,885,920	3,258,259	3,279,297
Earnings after tax, profit-sharing, depreciation, amortization and write-downs	92,230,775	133,401,905	101,721,485	116,143,510	97,941,058
Dividends paid out	34,018,058*	48,106,345*	67,005,266*	61,851,015*	42,952,094*
III. EARNINGS PER SHARE					
Earnings after tax and profit-sharing, but before depreciation, amortization and write-downs	17.26	20.52	15.47	16.68	16.91
Earnings after tax, profit-sharing, depreciation, amortization and write-downs	13.42	19.41	14.80	16.90	14.25
Dividend per share	4.95	7.00	9.75	9.00	6.25
IV. PERSONNEL					
Average number of employees during financial year	1,020	1,024	1,005	994	988
Total payroll for the financial year	76,417,529	74,201,969	74,300,273	71,725,992	72,600,991
Amount of employee benefits paid for in the financial year (social security, volunteer work)	38,678,052	38,739,043	38,996,129	38,582,462	38,271,055

* *Theoretical amount since treasury shares held by the Company are not entitled to dividends. The corresponding amount of unpaid dividends is allocated to "Retained earnings".*

** *Amount modified vs 2017 publication.*

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

For the year ended December 31, 2018

At the Annual General Meeting of Fromageries Bel

Opinion

In compliance with the assignment entrusted to us by your Annual General Meetings, we have audited the accompanying annual financial statements of Fromageries Bel for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit assignment in compliance with the independence rules applicable to us, for the period from January 1, 2018, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period.

These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the annual financial statements.

VALUATION OF EQUITY SECURITIES

NOTE 1.3 "ACCOUNTING RULES AND METHODS - FINANCIAL ASSETS"

Identified risk	Our response
As of December 31, 2018, equity investments are recorded in the balance sheet at a net book value of €1,182 million, or 42% of total assets. They were recorded on the date of acquisition at their acquisition cost. When the value in use of the securities is lower than their net book value, a provision for depreciation is recorded for the difference in value. The value in use is determined on the basis of cash flow projections from the five-year budget data of the subsidiaries. Given the significance of equity securities in the balance sheet and the sensitivity of the valuation models to the assumptions used in the determination of cash flows, we considered the valuation of the value in use of equity investments as a key point of our audit.	Our assessment of the valuation of the equity securities is based on the process put in place by the Company to determine the value in use of the equity securities. Our work included: • verifying the consistency of the shareholding ratios used by the Company with the financial statements of the various companies; • in situations when the share of net worth is less than the value of the securities, obtaining the cash flow forecasts of the entities concerned and reconciling them to the subsidiaries' business plans; • verifying the consistency of the assumptions used with the Group's and the entities' performance history, and confirm, primarily through interviews with the finance managers in each geographical area, future growth prospects.

ASSESSMENT OF RISKS AND LITIGATION AND OTHER PROVISIONS

NOTE "PROVISIONS" IN PARAGRAPH 1.5 "OTHER SIGNIFICANT ACCOUNTING POLICIES AND RULES"

NOTE 4.10 "PROVISIONS"

Identified risk	Our response
The Group might be involved in judicial, arbitration and/or legal proceedings in the normal course of its business. The outcome of these proceedings, summons and/or lawsuits, and the positions taken by the Group, are inherently based on assumptions, assessments or estimations made by management. The corresponding risk assessment carried out by management prompted the Group to book provisions amounting to €32.5 million at December 31, 2018 (versus €13.6 million at December 31, 2017), of which restructuring provisions of €19.7 million. This was a key audit matter for the following reasons: • uncertainty about the outcome of the proceedings underway; • the extent to which this assessment depends on estimations and judgments made by management; • and, therefore, the potentially material impact on consolidated profit/loss and equity if these estimations were to vary.	We examined the procedures performed by the Group to identify and list all the risks. We took note of the risk analysis performed by the Company and discussed the actual or potential status of each major litigation with the management of the Company and of its subsidiaries. We obtained and tested the reasons for recognizing or, conversely, for not recognizing a provision, primarily during exchanges between the Group, its lawyers and other parties involved in the litigations. We also directly questioned the Group's lawyers to confirm our understanding of the litigations underway or closed as well as the amount of claims made, in order to assess whether adequate provisions had been recognized. We did the following to assess the estimation of the restructuring provision as well as the reasoning for booking it in the 2018 fiscal year: • assessment of the departure hypotheses with regards to the head office reorganization plans and the eligible population; • revision of the calculation for estimating departure costs, according to the type of primary reasons for departure considered; • verifying the event causing the provision with regard for the representative labor organizations' consultation and information procedures.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by the legal and regulatory texts.

Information included in the management report and in the other documents on the financial situation and the annual financial statements sent to the shareholders

We do not have any observations as to the fair presentation and the consistency with the annual financial statements of the information included in the Board of Directors management report and in the other documents on the financial situation and the annual financial statements sent to the Shareholders.

We attest to the fair presentation and the consistency with the annual financial statements of the information on payment times mentioned in article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In application of the law, we ensured that the various information related to stakeholdings and control and to the identity of the holders of the capital or voting rights were communicated to you in the management report.

Report on other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of Fromageries Bel by your General Meetings of June 25, 1998 for Deloitte & Associés, and of May 12, 2010 for Grant Thornton.

As at December 31, 2018, Deloitte & Associés was in its 27th year mandate, without any interruption taking into account acquisitions or mergers of firms that took place before that date, and for Grant Thornton in its 9th year mandate, without any interruption.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, with respect to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or on the quality of management of the affairs of the Company.

During any audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit. Furthermore:

- he identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- he obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- he evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- he assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, he is required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, where appropriate, any significant internal control deficiencies that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Neuilly-sur-Seine, Wednesday, March 27, 2019

The Statutory Auditors French original signed by

Deloitte & Associés	Grant Thornton
Pierre-Marie MARTIN	French member of Grant Thornton International
	Virginie PALETHORPE

5.5.3 Information on the Statutory Auditors

Identity of the Statutory Auditors

The **Statutory Auditors** are:

- **Deloitte & Associés,** represented by Pierre-Marie Martin

  185, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine

  Deloitte Touche Tohmatsu, which became Deloitte & Associés in 2005, was appointed as Statutory

  Auditor by the Combined General Shareholders' Meeting on June 24, 1997. Its term was renewed on May 12, 2015 for a term of six financial years, expiring on 2021 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2020.

  Deloitte & Associés is a member of the Compagnie régionale des Commissaires aux comptes de Versailles;

- **Grant Thornton,** represented by Virginie Palethorpe

  29, rue du Pont, 92200 Neuilly-sur-Seine

  Grant Thornton was appointed as Statutory Auditor by the Combined General Shareholders' Meeting on May 16, 2013, replacing Pierre-Henri Scacchi, a company that resigned as Statutory Auditor; its term was renewed on May 12, 2015 for a term of six financial years, expiring on 2021 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2020.

  Grant Thornton is a member of the Compagnie régionale des Commissaires aux comptes de Versailles.

The **Alternate Auditors** are:

- **Bureau d'études administratives sociales et comptables (BEAS)**

  7/9, villa Houssay – 92200 Neuilly-sur-Seine

  BEAS was appointed as Alternate Auditor at the Combined General Shareholders' Meeting on June 25, 1998. BEAS's term as Alternate Auditor to Deloitte & Associés was renewed on May 12, 2015 for a term of six financial years, expiring on 2021 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2020.

  BEAS is a member of the Compagnie régionale des Commissaires aux comptes de Versailles;

- **Institut de gestion et d'expertise comptable (IGEC)**

  22, rue Garnier, 92200 Neuilly-sur-Seine

  IGEC was appointed as Alternate Auditor to Grant Thornton at the Combined General Shareholders' Meeting on May 16, 2013, replacing Pierre-François Allioux, who resigned; its term was renewed on May 12, 2015, for a term of six financial years, expiring on 2021 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2020. IGEC is a member of the Compagnie régionale des Commissaires aux comptes de Versailles.

Information on resignations or non-renewals of the statutory auditors' terms

No resignations or non-renewals occurred in 2018.

Statutory auditors' fees

This information is included in Note 11 to the consolidated financial statements.

5.6 VERIFICATION OF ANNUAL FINANCIAL INFORMATION

5.6.1 Statement of verification of historical financial information

See the Statutory Auditors' reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2018, in paragraphs 5.5.1 and 5.5.2 respectively of this Registration Document.

For previous years, see the following reports included by reference in this Registration Document pursuant to Article 28 of Commission Regulation (EC) No. 809/2004:

- the Statutory Auditors' reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2017, as well as the financial statements themselves, can be found in paragraphs 5.5.1 ("Consolidated financial statements at December 31, 2017") and 5.5.2 ("Company financial statements at December 31, 2017"), respectively, of the Company's Registration Document filed with the AMF on March 29, 2018 under number D18-0217;
- the Statutory Auditors' reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2016, as well as the financial statements themselves, can be found in paragraphs 5.5.1 ("Consolidated financial statements at December 31, 2016") and 5.5.2 ("Company financial statements at December 31, 2016"), respectively, of the Company's Registration Document filed with the AMF on March 20, 2017 under number D17-0185.

Both of these Registration Documents referred to above are available on the website of the AMF (www.amf-france.org) and on the Company's website (www.groupe-bel.com).

5.6.2 Other information verified by the Statutory Auditors

OPEN TRADE PAYABLES WHICH ARE OVERDUE AT THE CLOSING DATE (ARTICLE D. 444 I.-1°)

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (more than 1 day)
(A) Overdues groups						
Number of invoices	5080					616
Total amount (incl. VAT) (in euros)	94,039,436	446,434	971,319	1,604,850	1,704,364	4,726,967
Total amount, in% of the annual purchase amount (incl. VAT)	*6.85%*	*0.03%*	*0.07%*	*0.12%*	*0.12%*	*0.34%*
Total amount, in% of the annual turnover amount (incl. VAT)						
(B) Excluded invoices from (A), related to non posted or under litigation trade payables/receivables						
Number of exclusions	103					
Total amount of exclusions (incl. VAT) (in euros)	3,625,503					
(C) Reference payments terms (contractual or legal - art. L. 441.6 or art. L. 443.1 of French Trade Code)						
Payment terms used to overdues calculation	30/40/50 days end of 10-day period: contractual payments terms					

OPEN TRADE RECEIVABLES WHICH ARE OVERDUE AT THE CLOSING DATE (ARTICLE D. 444 I.-1°)

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (more than 1 day)
(A) Overdues groups						
Number of invoices	5,744					2,243
Total amount (incl. VAT), in euros	126,357,716	5,219,361	574,235	277,685	(212,954)	5,858,328
Total % of purchases for the year (incl. VAT)						
Total amount, in% of the annual revenue amount (incl. VAT)	8.6%	0.4%	0.0%	0.0%	0.0%	0.4%
(B) Excluded invoices from (A), related to non posted or under litigation trade payables/receivables						
Number of exclusions	2,582					
Total amount of exclusions (incl. VAT)	16,095,171					
(C) Reference payments terms (contractual or legal - art. L. 441.6 or art. L. 443.1 of French Trade Code)						
Payment terms used to calculate overdues	30 days, end of 10-day period, invoice date (France): contractual payment terms 60 days, boarding date (Export): contractual payment terms					

In the consolidated financial statements

Research and Development expenditure totaled €23,734,000 in 2018.

In the annual financial statements

In accordance with Article 223 *quater* and Article 39.4 of the French General Tax Code, expenses and costs that are not tax-deductible totaled €442,924, with tax corresponding to €152,499.

5.6.3 Financial information not included in the financial statements

This paragraph is not applicable.

5.7 DATE OF LATEST FINANCIAL INFORMATION

The most recent financial year for which financial information was audited was the year ended December 31, 2018.

5.8 FINANCIAL INFORMATION FOR INTERIM AND OTHER PERIODS

5.8.1 Quarterly and half-year financial information

None

5.8.2 Other financial information for interim periods

As no financial position after December 31, 2017 has been published, these paragraphs are not applicable.

5.9 DIVIDEND PAYOUT POLICY

(in euros by share)	2014	2015	2016	2017	2018
Net dividend	6.25	9.00	9.75	7.00	4.95

The Combined General Meeting of May 14, 2018, will be asked to approve a dividend of €4.95 per share for the 2018 financial year. The dividends will be distributed on Wednesday May 29, 2018. Future net dividends will depend on the Company's ability to generate profits, its financial position, its growth strategy and any other factor deemed relevant to the dividend distribution by the Board of Directors.

5.10 LEGAL AND ARBITRATION PROCEEDINGS

Information concerning judicial and arbitration proceedings appears in chapter 2 "Risk factors and insurance" of this Registration Document.

5.11 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

At December 31, 2018, the Group's net financial debt excluding finance lease debt totaled €654 million (38% of equity) compared with €632 million (37% of equity) at December 31, 2017.

In 2018, the Group reimbursed 100 million Term Loans denominated in euros, €5 million and USD7.5 million in Schuldschein financing, 20 million EURO PPs and 40 million Neu CPs. The Group also issued €50 million in 3-year and 5-year Neu MTNs. The untapped credit lines totaling €520 million and €300 million were extended to 2023.

SHAREHOLDING AND SHARE TRANSACTIONS (1)

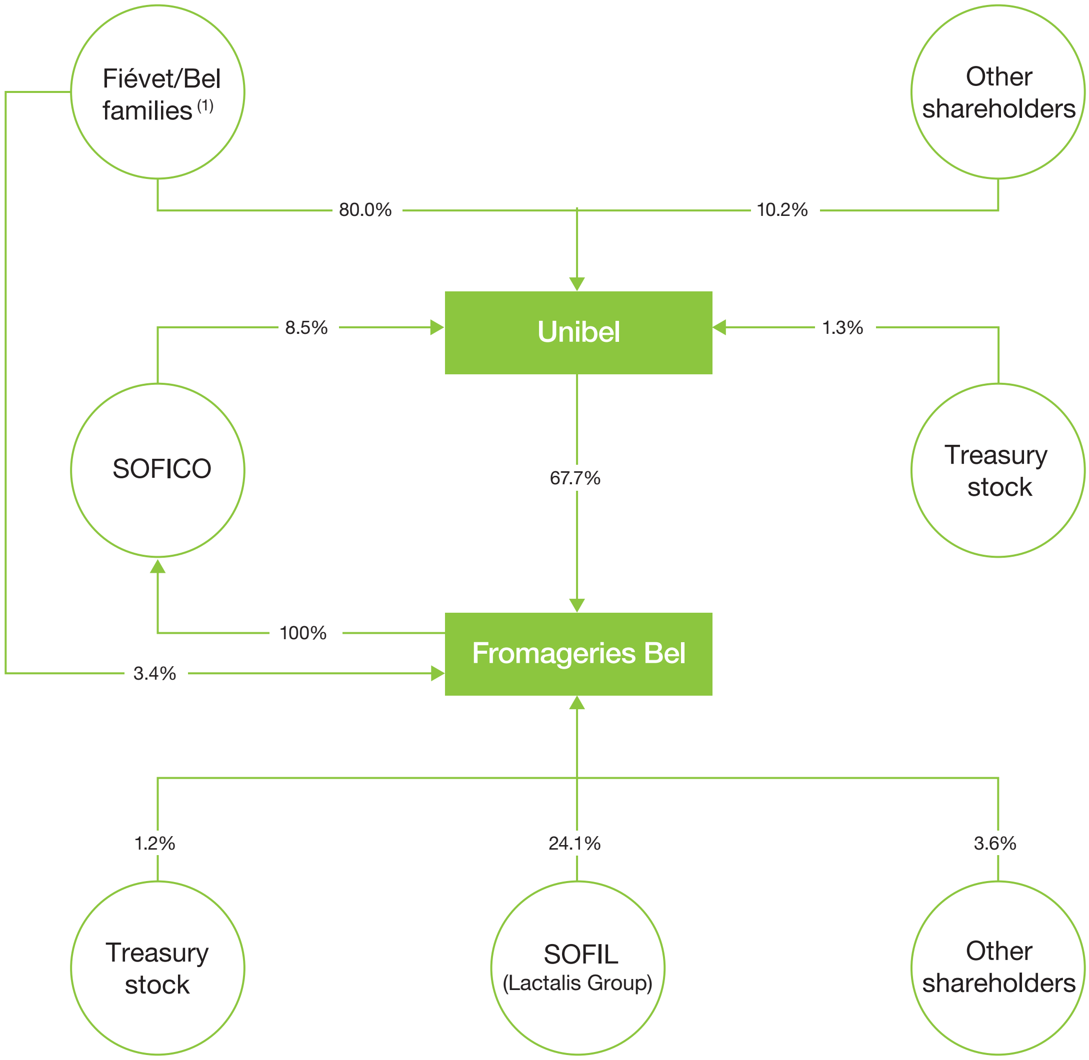
6

(1) *This chapter forms part of the corporate governance report.*

6.1 SHAREHOLDING AND SHARE CAPITAL

6.1.1 Shareholding at December 31, 2018 and over the last three years

BEL GROUP SHAREHOLDING ORGANIZATIONAL CHART (as a % of share capital) (2)



(1) This chapter forms part of the corporate governance report.

(2) This item includes the signatories of the Unibel shareholders' agreement which came into force on September 23, 2013 and controlled companies.

To the issuer's knowledge, Fromageries Bel's share capital is broken down between shareholders as follows:

Fromageries Bel at December 31, 2018	Share capital		"Gross" voting rights		AGM voting rights	
	Number	%	Number	%	Number	%
Unibel [(a)]	4,651,237	67.68%	9,302,474	69.01%	9,302,474	69.45%
Fiévet-Bel family group [(b)]	237,221	3.45%	474,049	3.52%	474,049	3.54%
CONCERT SUBTOTAL	4,888,458	71.13%	9,776,523	72.53%	9,776,523	72.99%
SOFIL/Lactalis Group [(c)]	1,653,323	24.06%	3,306,646	24.53%	3,306,646	24.69%
Other shareholders	245,592	3.57%	311,005	2.31%	311,005	2.32%
PUBLIC SUBTOTAL	1,898,915	27.63%	3,617,651	26.44%	3,617,651	27.01%
Treasury stock	84,962	1.24%	84,962	0.63%	-	0.00%
TOTAL	**6,872,335**	**100%**	**13,479,136**	**100%**	**13,394,174**	**100%**

(a) Entity controlled at the highest level by the Fiévet-Bel family.
(b) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013, and the companies other than Unibel that they control.
(c) Entity controlled at the highest level by the Besnier family and not represented on the Board of Directors.

No material change occurred in shareholding or voting rights since December 31, 2018.

The share capital is composed of 6,872,335 shares, to which 13,479,136 gross voting rights and 13,394,174 voting rights eligible for Annual General Meetings (AGMs) were attached at December 31, 2018. This difference corresponds to treasury shares.

Of the shares, 97.5% are in registered form and held by 257 shareholders; 97.3% receive double voting rights after being registered continuously for four years. In April 2016, 1,355 shareholders together held 157,680 bearer shares, *i.e.* more than 99% of the existing bearer shares. The issuer does not have any more recent information regarding bearer shareholders.

Unibel, a French *société anonyme* (public corporation) with a Management Board and a Supervisory Board, holds more than two-thirds of the share capital and voting rights (AMF notice No. 210C0461 of May 28, 2010). It is controlled by members of the Fiévet-Bel family group who are bound by an agreement published by the AMF (French financial markets regulator) on September 26, 2013. This agreement is described in AMF notice No. 213C1436 of September 26, 2013 and in Unibel's Registration Document. These shareholders currently control 80% of the share capital and 88% of the gross voting rights of Unibel.

In addition, Société Financière et Commerciale (SOFICO), a wholly-owned subsidiary of Fromageries Bel, holds 8.45% of Unibel treasury shares.

The Lactalis Group, controlled by the Besnier family, holds more than 20% of the share capital and voting rights of Fromageries Bel through its subsidiary Société pour le Financement de l'Industrie Laitière (SOFIL) (AMF notice No. 211C0106 of January 28, 2011). The Lactalis group is not represented in any of the Bel Group's governing bodies

To the issuer's knowledge, no other shareholder directly or indirectly holds, alone or in concert, more than 5% of the share capital or voting rights, and no shareholder outside the family group or SOFIL holds, alone or in concert, in any way, shape or form, more than 1% of the share capital or voting rights.

No legal or statutory ceilings were exceeded during the year.

Under Articles 787 B, 885 I *bis* and 885 I *quater* of the French General Tax Code, lock-up agreements, known as "Dutreil agreements", were signed by shareholders and in particular by members of the Fiévet-Bel family group and Unibel.

The most recent lock-up agreements have the following features:

Lock-up agreement	
Type	Collective
Registration date/start date	01/09/2019
Initial duration of the collective commitment	2 years
Renewal	Tacit, every 3 months
% of share capital committed on the signing date	70.5%
% of voting rights committed on the signing date	71.9%
Executive signatory	Antoine Fiévet
Signatory holding at least 5% of the share capital	Unibel

"Dutreil agreements" provide direct or indirect shareholders covered by the scope of the agreement with tax exemptions of 75% of the tax base in terms of transfer duties and solidarity wealth tax. In return, beneficiaries of these exemptions commit not to sell or transfer their shares for a minimum individual or collective period of six years.

Changes in the breakdown of share capital over the last three years

The following table indicates the breakdown of share capital and voting rights that can be exercised at AGMs over the last three years.

	12/31/2018			12/31/2017			12/31/2016		
	Shares	**% share capital**	**% of AGM voting rights**	Shares	% share capital	% of AGM voting rights	Shares	% share capital	% of AGM voting rights
Unibel [(a)]	4,651,237	67.68%	69.45%	4,651,237	67.68%	69.38%	4,651,237	67.68%	69.48%
Fiévet-Bel family group [(b)]	237,221	3.45%	3.54%	237,221	3.45%	3.54%	237,221	3.45%	3.54%
CONCERT SUBTOTAL	4,888,458	71.13%	72.99%	4,888,458	71.13%	72.92%	4,888,458	71.13%	73.02%
SOFIL/Lactalis Group [(c)]	1,653,323	24.06%	24.69%	1,653,323	24.06%	24.70%	1,653,323	24.06%	24.74%
Other shareholders	245,592	3.57%	2.32%	250,357	3.64%	2.37%	246,906	3.59%	2.30%
PUBLIC SUBTOTAL	1,898.915	27.63%	27.01%	1,903,680	27.70%	27.08%	1,900,229	27.65%	27.02%
Treasury shares	84,962	1.24%	0.00%	80,197	1.17%	0.00%	83,648	1.22%	0.00%
TOTAL	**6,872,335**	**100%**	**100%**	**6,872,335**	**100%**	**100%**	**6,872,335**	**100%**	**100%**

(a) Entity controlled at the highest level by the Fiévet-Bel family.
(b) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013, and the companies other than Unibel that they control.
(c) Entity controlled at the highest level by the Besnier family and not represented on the Board of Directors.

6.1.2 Information on control of the share capital

To the Company's knowledge, there are no agreements containing clauses affecting at least 0.5% of shares or voting rights and providing for preferential sale or purchase conditions, nor do any agreements exist whose implementation could, at a later date, lead to a change in control of the Company.

All medium- and long-term financing agreements relating to Fromageries Bel and certain subsidiaries directly or indirectly controlled by Fromageries Bel have a change in control clause stipulating that banks and investors may request the repayment of the advances and credit lines granted, plus interest and all other amounts due, on condition that the majority of lending institutions request this repayment. Change in control is the hypothesis under which the Company's majority shareholders cease to directly or indirectly hold over half of the share capital and voting rights in Fromageries Bel.

No other agreement would be modified or would end in the event of a change in control of the Company.

The family shareholders are represented by Antoine Fiévet, Chairman and Chief Executive Officer, who is also a member of the Unibel Management Board, and by Florian Sauvin, a member of the Board of Directors and the Management Board.

Unibel, the Group's lead holding company, is a Director of the Company. Bruno Schoch, Chairman of the Unibel Management Board, is Unibel's permanent representative on the Fromageries Bel Board of Directors.

Measures taken to ensure that control is not abused are as follows:

- the Board of Directors has three independent directors out of seven members: Thierry Billot (Lead Independent Director), Fatine Layt, and Nathalie Roos. The committees of the Board also have a majority of independent members;
- a charter is in place to which all Directors adhere and which defines their duties, specifying, in particular, that Directors must act in the best interest of the Company under all circumstances, that they must represent all shareholders, and that they must abstain in the event of a conflict of interests;
- the Chief Executive Officer's powers are curtailed (see section 4.1.4, "Organization and work performed by the Governance Bodies").

The composition of the administrative and management bodies and the governance principles applied are detailed in section 4.1, "Governance principles" and in section 4.2, "Compensation and benefits".

6.1.3 Share capital

Situation at December 31, 2018

The amount of share capital subscribed and fully paid up was €10,308,502.50 at December 31, 2018. It is divided into 6,872,335 shares with a par value of €1.50.

Each share confers the right to ownership in the Company's assets, a share in the profits, and in the liquidation surplus proportional to the percentage of share capital that it represents.

Equity securities, non-equity shares, options

At December 31, 2018, there were no equity securities, non-equity shares, or options. Information on bonus share award programs in place is detailed in section 6.2.3, "Stock options/ performance shares".

DELEGATIONS AND AUTHORIZATIONS GRANTED BY THE ANNUAL GENERAL MEETING TO THE BOARD OF DIRECTORS (IN ACCORDANCE WITH ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE) CURRENTLY VALID OR TERMINATED DURING THE YEAR

Date of the AGM	Purpose of the delegation	Authorized maximum nominal amount or number of shares	Delegation duration and/ or expiry date	Date and terms of use by the Board of Directors
May 12, 2016	Authorization given to the Board of Directors to grant bonus shares already existing or to be issued by the Company for personnel and/or corporate officers of the Company and of its subsidiaries.	30,000 shares	38 months, i.e. up to July 11, 2019	(a)
May 11, 2017	Delegation given to the Board of Directors to increase share capital in favor of employees who are members of a Company savings scheme, without subscription rights.	Maximum nominal amount of capital increases may not exceed 1% of the share capital at the date on which the decision to increase the share capital was made	26 months, i.e. up to July 10, 2019	(b)
May 14, 2018	Authorization to be given to the Board of Directors to grant bonus shares already existing and/or to be Issued by the Company for personnel and/or corporate officers of the Company and related companies.		38 months, i.e. up to July 13, 2021	(c)

(a) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.
(b) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.
(c) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.

Changes in the share capital over the last five years

Date	Type of operation	Number of shares created or canceled	Variation of nominal capital (in euros)	Reserves	At the end of the operation, nominal (in euros)	Number of shares
01/01/2014	Starting position	-	-	-	10,308,502.50	6,872,335
12/31/2018	Final position	-	-	-	10,308,502.50	6,872,335

Exceeding of statutory ceilings

In addition to the ceilings defined in legal and regulatory provisions, Article 10 of Fromageries Bel's Articles of Incorporation states that any individual or legal entity, acting alone or in concert, having obtained, in any manner, alone or in concert, within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, a number of securities representing a share equal to 1% of the share capital and/or voting rights at the Annual General Meeting, or any multiple of this percentage, must inform the Company of the total number of shares they possess via registered mail with notice of receipt addressed to the head office within 15 days of crossing the 1% ceiling. This obligation applies under these conditions every time the percentage of share capital and/or voting rights possessed falls below one of these ceilings. Should these stipulations not be complied with, the shares exceeding the ceiling subject to disclosure shall be stripped of their voting rights. If adjusted, the corresponding voting rights may not be exercised until the expiration of the time frame provided for by law and the regulations currently in effect. However, except when one of the ceilings listed in Article L. 233-7 is crossed, this penalty shall only be applied at the request, recorded in the Annual General Meeting minutes, of one or more shareholders holding, together or separately, at least 5% of the share capital and/or voting rights of the Company.

Identifiable bearer securities

For the purpose of identifying holders of securities, the Company has the right, in accordance with Article 9 of its Articles of Incorporation, to request from the central depository the name or company name, nationality and address of holders of securities that grant, immediately or in the long term, voting rights at its own Shareholders' Meetings, as well as the number of securities held by each one, and if applicable, any restrictions that may be attached to the securities.

Failure by holders of securities or their intermediaries to communicate the information above may, subject to the conditions stipulated by the law, lead to the suspension or removal of their voting rights and the right to dividend payments associated with the shares.

These data are processed in compliance with the confidentiality rules established by Article L. 228-2 of the French Commercial Code. In accordance with law 78-17 of January 6, 1978 as amended, shareholders have the right to access, correct or challenge information concerning them and can exercise that right by contacting the General Secretariat at Unibel headquarters.

Changes to shareholders' rights

As the Articles of Incorporation do not set out any specific provisions, any change in rights attached to securities making up the share capital is governed by legal requirements.

Annual General Meetings – Meeting notification method – Terms of admission and conditions for exercising voting rights

Meeting notification methods, terms of admission and conditions for exercising voting rights for the Annual General Meetings are governed by law and Articles 20 and 21 of the Company's Articles of Incorporation, and read as follows:

- Ordinary and Extraordinary General Meetings are made up of all shareholders, regardless of the number of shares they hold;
- the Ordinary Annual General Meeting meets at least once a year in the half-year following the closure of each financial year, subject to the extension of this deadline by adjudication;
- Extraordinary General Meetings or Ordinary General Meetings convened extraordinarily may meet during the year;
- Annual General Meetings take place at the head office or in any other location indicated in the notice of meeting;
- the agenda is approved by the party issuing the notice, subject to the exceptions provided for by law. Only items on the agenda may be discussed, except for circumstances permitted by law concerning the removal of Directors and their replacement;
- the right to participate in Annual General Meetings is subject to the registration of securities in the shareholder's name or in the name of the intermediary registered on their behalf, pursuant to article L. 228-1 of the French Commercial Code, by the second business day before the Annual General Meeting at midnight, Paris time, either in the registered securities accounts kept by the Company or in the bearer securities accounts kept by the authorized intermediary;
- regarding bearer securities, the registration of securities in the accounts held by the authorized intermediary is recorded by a registration certificate issued by the latter;
- shareholders may also vote by mail in accordance with applicable laws and regulations.

If unable to attend the Annual General Meeting in person, any shareholder may participate either by:

- voting by mail, or
- designating a representative of his or her choice, such as the Chairman, the shareholder's spouse or civil partner, another shareholder or any other person (individual or legal entity), under the terms and conditions set forth by the legal and regulatory provisions in force, even without appointing a proxy.

If power of representation is given by a shareholder without indicating a specific proxy, the Chairman of the Annual General Meeting shall vote in favor of adopting draft resolutions presented or approved by the Board of Directors and shall vote against adopting any other draft resolutions.

The forms for designating a proxy and voting by mail are drawn up and made available to shareholders pursuant to current legislation.

6.1.4 Voting rights

On December 2, 1935, the Extraordinary General Meeting instituted double voting rights.

In accordance with Article 24 of the Articles of Incorporation, a double voting right that is conferred on bearer shares, in view of the percentage of share capital they represent, is granted to fully paid-up shares having proof of being registered under the same shareholder for at least four years.

The double voting right automatically ceases for any share that is converted to bearer form or transferred. However, transfer following inheritance, liquidation of marital property between spouses, or *inter vivos* donations for a spouse or relative entitled to inherit shall not interrupt the aforementioned four-year time frame and the acquired rights shall be retained.

Furthermore, in the event of a capital increase by incorporation of reserves, profits or share premiums, the double voting right may be conferred, as from their issue, to registered shares granted freely to a shareholder in connection with old shares that received this right.

The double voting right may be removed by a decision of the Extraordinary General Meeting after approval by the Special Meeting of Beneficiary Shareholders.

In the event of the division of share ownership, the voting rights attached to the shares belong to the bare owner (*nu-propriétaire*), with the exception of decisions relating to the allocation of profits, which fall to the beneficial owner (*usufruitier*).

6.2 STOCK EXCHANGE

Fromageries Bel was listed on the Paris stock exchange on December 11, 1946.

Currently, 6,872,335 Fromageries Bel shares are listed on the double fixing market on Euronext Paris, compartment A.

Fromageries Bel shares are eligible on the long-only Deferred Settlement Service (SRD), so-called because taking into account the limited liquidity of the security, short selling is not allowed.

ISIN code: FR 0000121857 – Ticker symbol: FBEL.

6.2.1 Changes in Fromageries Bel share price and trading volumes

	(en euros)			Number of securities traded	Volume (in thousands of euros)	Average price (in euros)	CAC All Tradable closing price
	Highest	Lowest	Last				
2014	**314.00**	**265.20**	**292.00**	**80,573**	**22,618**	**280.71**	**3,316**
2015	**440.00**	**285.00**	**436.90**	**26,147**	**8,390**	**334.19**	**3,721**
2016	**577.00**	**405.00**	**489.10**	**15,247**	**7,336**	**481.11**	**3,436**
January 2017	518.00	489.10	510.00	2,240	1,129	503.87	3,777
February 2017	516.00	495.20	507.00	621	316	508.63	3,780
March 2017	529.49	505.00	515.00	1,130	585	517.27	3,900
April 2017	550.00	516.01	550.00	1,984	1,054	531.16	4,004
May 2017	575.00	537.00	549.90	825	456	552.42	4,182
June 2017	563.99	533.00	549.00	1,290	701	543.50	4,137
July 2017	625.99	553.00	590.00	510	294	577.42	4,062
August 2017	590.00	540.00	540.00	599	339	565.73	4,028
September 2017	557.99	512.00	515.00	812	437	537.70	4,100
October 2017	532.00	496.11	499.99	1,923	980	509.54	4,233
November 2017	501.00	461.06	483.50	3,083	1,496	485.14	4,226
December 2017	499.99	466.11	489.98	2,543	1,218	478.86	4,218
2017	**625.99**	**461.06**	**489.98**	**17,560**	**9,005**	**524.16**	**4,054**

	(en euros)			Number of securities traded	Volume (in thousands of euros)	Average price (in euros)	CAC All Tradable closing price
	Highest	Lowest	Last				
January 2018	505.00	476.00	486.00	2,785	1,384	496.83	4,316
February 2018	505.00	478.00	486.00	1,395	678	486.07	4,147
March 2018	565.00	476.00	492.00	1,514	797	526.70	4,109
April 2018	500.00	484.00	486.00	196	97	492.36	4,208
May 2018	500.00	466.00	466.00	459	218	474.92	4,353
June 2018	468.00	440.00	450.00	911	417	457.92	4,264
July 2018	488.00	436.00	458.00	638	282	442.24	4,255
August 2018	456.00	432.00	432.00	216	95	438.19	4,284
September 2018	430.00	378.00	378.00	4,728	1,841	389.46	4,243
October 2018	380.00	360.00	372.00	812	302	372.30	4,064
November 2018	372.00	316.00	316.00	2,235	764	341.96	3,949
December 2018	318.00	292.00	292.00	3,807	1,172	307.76	3,740
2018	**565.00**	**292.00**	**292.00**	**19,696**	**8,047**	**433.72**	**4,161**
January 2019	342.00	286.00	326.00	1,461	459	314.38	3,770
February 2019							

6.2.2 Summary of transactions by executives and similar persons

No transactions by executives and similar persons involving the Company's shares were recorded in 2018 in accordance with Article 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation.

Executive	Type of operation	Number of operations	Amount of operations (in thousands of euros)
	None		

6.2.3 Stock options – performance shares

To date, the Group has never used stock options.

However, bonus issue plans under performance conditions have been implemented since 2007. Since April 2011, beneficiaries of the first plan have been free to sell the shares they were awarded.

A plan has been put in place each year since this date. The following table summarizes the plans affecting 2017.

FROMAGERIES BEL BONUS ISSUE PLANS

Plan no.	8	9	10	11	12
AGM authorization	05/10/2012	05/12/2015	05/12/2016	05/11/2017	05/14/2018
Award date	08/27/2014	07/29/2015	07/29/2016	07/28/2017	05/15/2018
Vesting date	08/29/2016	07/30/2017	07/29/2019	07/28/2020	05/17/2021
Availability date	08/29/2018	07/30/2019	07/29/2019	07/28/2020	05/18/2021
Number of securities attributed	5,447	5,527	6,717 [(a)]	8241	8,809
Number of securities transferred (transferable)	5,049	5,068	(2,230) [(a)]	(2,308) [(a)]	(5,414) [(a)]
Number of employee beneficiaries	96	102	88 [(a)]	90 [(a)]	92 [(a)]

(a) Subject to attendance and performance conditions.

The Board of Directors voted on the twelfth bonus issue plan on May 15, 2018. Under the plan, 8,809 shares were awarded to 92 beneficiaries. These shares will be transferred to the beneficiaries on May 17, 2021 depending on the ROCE and EBITDA performance over two periods: the performance in the 2018 and 2019 fiscal years, and the performance in the 2018, 2019, and 2020 fiscal years. These results will also be multiplied by a coefficient linked to the organic growth in revenue and the portion of innovation in revenue.

No corporate officer was transferred bonus shares.

The ten largest awards to employees represented 3,236 shares.

After taking into account known results and departures, a total of 9,976 existing shares could still be awarded under the plans underway at December 31, 2018.

At December 31, 2018, employees held no stake in Fromageries Bel's share capital within the meaning of article L. 225-102 of the French Commercial Code.

6.2.4 Share buyback program: report and description

Report on share buyback programs

The Combined General Meeting of May 14, 2018 authorized the Board of Directors to implement a share buyback program in accordance with applicable regulations, for a period of 18 months from said Meeting (*i.e.*, until November 13, 2019). This authorization replaced the one granted by the Annual General Meeting of May 11, 2017.

As part of the share buyback program voted on by the Annual General Meeting of May 14, 2018, at the end of February, Fromageries Bel acquired 1,601 treasury shares at an average share price of €383.04 for a total amount of €613,248, at a cost of €1,839.75.

No shares were transferred to the beneficiaries of the tenth bonus share plan.

Number of treasury shares at December 31, 2018

Number of shares held in treasury	84,962
% of capital held in treasury	1.24%
Market value	€23,320 thousand
Net carrying value	€23,320 thousand
Par value (€1.50 per share)	€127 thousand

Description of the share buyback program submitted to the Combined General Meeting on May 22, 2019

Pursuant to Article 241-2 of the AMF General Regulation and Regulation (EU) no. 596/2014 of April 16, 2014, this description outlines the purposes and terms of the Company's share buyback program. This program will be put to the Annual General Meeting on Wednesday May 22, 2019 for authorization.

Objectives of share capital held on February 28, 2019

Number of shares held directly and indirectly: 85,504, representing 1.24% of the share capital.

Number of shares held broken down by objective:

Supporting the stock price via a liquidity contract	None
Acquisition	None
Hedging stock options or other employee shareholding plans	**85,504**
Hedging marketable securities entitling the allocation of shares	None
Cancellation	None

Since Fromageries Bel does not use derivatives, there are no open buy or sell positions.

New share buyback program

- Subject to program approval by the Annual General Meeting of Wednesday, May 22, 2019.
- Securities concerned: ordinary shares.
- Maximum share of capital for which the buyback is authorized: 10% of share capital (*i.e.* 687,233 shares at the date of this report), this limit being set on the day of the buyback in order to take into account potential capital increases or decreases that could take place throughout the duration of the program. The number of shares taken into account to calculate this limit corresponds to the number of purchased shares less the number of shares resold during the program for liquidity purposes.
- As the Company may not hold more than 10% of its share capital, given the number of shares already held (84,962 shares, *i.e.* 1.24% of share capital), the maximum number of shares that may be purchased is 602,271 shares (*i.e.*, 8.76% of share capital) unless the securities already held are sold, transferred or canceled.

- Maximum purchase price: €500.
- Maximum amount for the program: €343,616,500.
- Terms of the buyback: shares may be purchased by any means, including the acquisition of blocks of securities, and at any time decided by the Board of Directors. The Company reserves the right to use options or derivatives, pursuant to the applicable regulations. These transactions may also be carried out during a public offering in compliance with the regulations in effect.
- Objectives:
  - ensure the hedging of stock option plans and/or free share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group;
  - keep the shares purchased and later exchange or purchase them as part of potential external growth transactions, it being specified that the shares acquired for this purpose may not exceed 5% of Company capital;
  - ensure the hedging of securities entitling the allocation of Company shares under current regulations;
  - potentially cancel the shares purchased in accordance with the authorization to be granted by the Extraordinary General Meeting;
  - perform operations on the secondary market or ensure the liquidity of the share using an investment service provider under a liquidity contract in accordance with the AMAFI Ethics Charter permitted by regulations, if such a contract were to be put in place;
- program duration: 18 months from the Annual General Meeting of Wednesday, May 22, 2019 *i.e.* until Saturday, November 21, 2020.

COMBINED GENERAL MEETING ON MAY 22, 2019

7

7.1 AGENDA

Ordinary items

1. Approval of the annual financial statements for the year ended December 31, 2018 and approval of non-deductible expenses and charges
2. Approval of the consolidated financial statements for the year ended December 31, 2018
3. Allocation of income and setting of the dividend
4. Statutory Auditors' Special Report on regulated agreements and commitments and acknowledgement of the absence of a new agreement
5. Ratification of the nomination by co-option of Florian Sauvin as a Director
6. Approval of fixed, variable and extraordinary elements of total remuneration and benefits of any kind paid or allocated for the past fiscal year to Antoine Fiévet, Chairman and Chief Executive Officer
7. Approval of fixed, variable and extraordinary elements of total remuneration and benefits of any kind paid or allocated for the past fiscal year to Bruno Schoch, Deputy General Manager until July 26, 2018
8. Approval of the principles and criteria for the determination, distribution and allocation of the fixed, variable and extraordinary components of the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer
9. Authorization to be granted to the Board of Directors for the Company to buy back its own shares in accordance with Article L. 225-209 of the French Commercial Code, duration of the authorization, terms and ceiling

Extraordinary items

10. Authorization to be granted to the Board of Directors to cancel the shares purchased by the Company in accordance with Article L. 225-209 of the French Commercial Code, duration of the authorization and ceiling
11. Change in the Company's corporate name and correlative change in Article 3 of the Company's articles of association
12. Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the capital with cancellation of the preferential subscription right for the benefit of participants in the Company savings plan, in application of articles L. 3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issue price, possibility of granting bonus shares in application of article L. 3332-21 of the French Labor Code
13. Authorization to be granted to the Board of Directors to freely grant existing and/or future shares to employed staff and/or certain corporate officers of the Company or related companies or economic interest groups, shareholders' waiver of their preferential subscription right, length of authorization, cap, duration of acquisition periods, in particular in the event of invalidity and conservation when applicable
14. Delegation of powers to proceed with a division of the par value of shares subject to the suspensive condition that the Board of Directors decides on the principle of the rights issue within the framework of Resolution 12 of this General Meeting and, if necessary, delegates implementation to the Chairman and Chief Executive Officer
15. Powers to carry out formalities

7.2 TEXT OF THE DRAFT RESOLUTIONS

Ordinary items

FIRST RESOLUTION - Approval of the annual financial statements for the year ended December 31, 2018 – Approval of non-deductible expenses and charges

Having reviewed the Board of Directors' Report and the Statutory Auditors' Reports for the year ended December 31, 2018, the Annual General Meeting approves the annual financial statements for the year that ended December 31, 2018, as presented, showing a profit of €92,230,775.83.

The Annual General Meeting approves the amount of expenses and costs referred to in Article 39.4 of the French General Tax Code, totaling €442,923.50, as well as the corresponding amount of tax.

SECOND RESOLUTION - Approval of the consolidated financial statements for the year ended December 31, 2018

Having reviewed the Board of Directors' Report and the Statutory Auditors' Reports on the consolidated financial statements for the year ended December 31, 2018, the Annual General Meeting approves the financial statements, as presented, showing a profit of €96,467,725 (Group share).

THIRD RESOLUTION - Allocation of income for the year and setting of the dividend to be distributed

At the proposal of the Board of Directors, the Annual General Meeting decides to allocate the income for the year ended December 31, 2018 as follows:

Starting point	
Retained earnings previously brought forward	€462,310,152.59
Profit for the year	€92,230,775.83
Distributable profit	€554,540,928.42
Allocation of income	
Distribution of a dividend of €4.95 gross per share, a maximum dividend distributed equal to	€34,018,058.25
Retained earnings to carry forward after allocation	€520,522,870.17
Total	€554,540,928.42

The Annual General Meeting notes that the overall gross dividend per share is set at €4.95.

When it is paid to natural persons residing in France for tax purposes, the dividend is either subject to a single taxation on the gross dividend at the flat rate of 12.8% (Article 200 A of the French General Tax Code), or, at the tax payer's express, irrevocable and comprehensive choice, to graduated income tax after a 40% standard deduction (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social contributions at a rate of 17.2%.

The ex-dividend date is set at May 24, 2019.

Dividends will be paid on May 28, 2019.

As the Fromageries Bel shares that may be held by the Company on the ex-dividend date are not intended for this purpose, the sums corresponding to the unpaid dividends for these shares shall be allocated to retained earnings.

In compliance with the provisions set out in Article 243 bis of the French General Tax Code, the Annual General Meeting notes that the distributed dividends and income for the last three years were as follows:

	Earnings eligible for the standard deduction		
For the year	Dividends	Other distributed earnings	Earnings not eligible for the standard deduction
2017	€48,106,345, or €7 per share		
2016	€67,005,266.25 or €9.75 per share	-	-
2015	€61,851,015* or €9.00 per share	-	-

* *Including the amount of the dividend corresponding to treasury shares not paid out and allocated to retained earnings.*

FOURTH RESOLUTION - Statutory Auditors' Special Report on regulated agreements and undertakings, and acknowledgement of the absence of a new agreement

Having listened to a reading of the Special Statutory Auditors' Report mentioning the absence of a new agreement of the kind referred to in Article L. 225-38 of the French Commercial Code, the Annual General Meeting takes duly note of the report.

FIFTH RESOLUTION - Ratification of the nomination by co-option of Florian Sauvin as a Director

The Annual General Meeting ratifies Florian Sauvin's appointment to the Board of Directors, co-opted by the Board of Directors on July 26, 2018, as a replacement for James Lightburn, who stepped down, for the remainder of his predecessor's term of office, *i.e.* until Fromageries Bel's 2020 Ordinary Annual General Meeting.

SIXTH RESOLUTION - Approval of fixed, variable and extraordinary elements of total remuneration and benefits of any kind paid or allocated for the past fiscal year to Antoine Fiévet, Chairman and Chief Executive Officer

The General Meeting, acting in application of Article L. 225-100 paragraph II of the French Commercial Code, approves the fixed, variable and extraordinary elements of total remuneration and benefits of any kind paid or attributed to Antoine Fiévet, Chairman and Chief Executive Officer, for the past year for his term of office, as stated in the report presenting the resolutions to the Shareholders' General Meeting.

SEVENTH RESOLUTION - Approval of fixed, variable and extraordinary elements of total remuneration and benefits of any kind paid or allocated for the past fiscal year to Bruno Schoch, Deputy General Manager until July 26, 2018

The General Meeting, acting in application of Article L. 225-100 paragraph II of the French Commercial Code, approves the fixed, variable and extraordinary elements of total remuneration and benefits of any kind paid or attributed to Bruno Schoch, Deputy General Manager, until July 26, 2018, for the past year for his term of office as presented in the report presenting the resolutions of the Shareholders' General Meeting.

EIGHTH RESOLUTION - Approval of the determining principles and criteria for the distribution and award of the fixed, variable and extraordinary components constituting the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer

The General Meeting, acting in application of paragraphs 1 and 3 of Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation to the Chairman and Chief Executive Officer of fixed, variable and extraordinary elements of attributable total remuneration and benefits of any kind for his term of office, as presented in the report provided for in the last paragraph of Article L. 225-37 of the French Commercial Code, presented in the report presenting the resolutions to the Shareholders' General Meeting.

NINTH RESOLUTION - Authorization to be granted to the Board of Directors to have the Company buy back its own shares as provided for under Article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms and ceiling

Having reviewed the Board of Directors' report, the Annual General Meeting authorizes the Board, for a period of eighteen months, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase on one or more occasions and at the time or times it shall deem fit, shares of the Company representing up to a maximum of 10% of the share capital, and where applicable, adjusted to take into account potential capital increases or decreases that could take place during the program.

This authorization terminates the authorization given to the Board of Directors by the Annual General Meeting on May 14, 2018 in its twelfth ordinary resolution.

Buybacks may be carried out to:

- support the secondary market or the liquidity of Fromageries Bel stock through an investment service provider via a liquidity contract, in compliance with the AMAFI Code of Conduct, as recognized by the regulations; in this regard, it is specified that the number of shares taken into account to calculate the aforementioned limit corresponds to the number of purchased shares, less the number of shares resold;
- keep the purchased shares for subsequent use in exchange or payment for potential external growth transactions;
- ensure coverage for stock option plans and/or free share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group;
- ensure coverage for securities entitling the allocation of Company shares under current regulations;
- potentially cancel the shares purchased in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

These buybacks may be carried out in any form, including in blocks of shares, and at the time of the Board of Directors' choosing.

The Company reserves the right to use options or derivatives, pursuant to the applicable regulations.

The maximum purchase price is set at €500 per share. In the event of a transaction on the share capital, notably a stock split or reverse stock split or free share awards to shareholders, the aforementioned amount will be adjusted proportionally (multiplier coefficient equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the transaction is set at €343,616,500.

The Annual General Meeting confers all powers to the Board of Directors to carry out these transactions, to determine the terms and conditions, to enter into any agreement and to carry out any required formalities.

Extraordinary items

TENTH RESOLUTION - Authorization to be granted to the Board of Directors to cancel the shares purchased by the Company in accordance with Article L. 225-209 of the French Commercial Code, duration of the authorization and ceiling

Having reviewed the Board of Directors' Report and the Statutory Auditors' Report, the Annual General Meeting:

1) authorizes the Board of Directors to cancel, at its sole discretion, on one or several occasions, subject to a limit of 10% of share capital calculated on the day the cancellation decision is made, deducting any potential shares canceled during the previous twenty-four months, the shares that the Company holds or might hold following the buybacks carried out under Article L. 225-209 of the French Commercial Code, and to reduce the share capital proportionally in accordance with the legal and regulatory provisions in effect;
2) grants this authorization for a period of twenty-four (24) months as from this Meeting;
3) fully empowers the Board of Directors to carry out the transactions required for such cancellations and corresponding reductions of share capital, to amend the Company's Articles of association accordingly and to accomplish any formalities required.

ELEVENTH RESOLUTION - Change in the Company's corporate name and correlative change in Article 3 of the Company's articles of association

The General Meeting, in response to a report by the Board of Directors, decides to change the Company's corporate name as follows: "BEL".

It decides, consequently, to a correlative change in Article 3 of the articles of incorporation as follows, the remainder of the article remaining intact:

"ARTICLE 3 - NAME

"The name of the Company is: 'BEL'"

TWELFTH RESOLUTION - Delegation of powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting rights to shares, with cancellation of preferential subscription rights to members of a company savings scheme in application of Articles L. 3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issue price, possibility of granting bonus shares in application of article L. 332-21 of the French Labour Code

Having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report and acting in application of Articles L. 225-129, L. 225-129-2, L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code, the General Meeting:

1) delegates its powers to the Board of Directors, with the possibility of sub-delegation under the terms laid out in applicable legal and regulatory provisions, to, if it sees fit, at its sole discretion, increase the share capital on one or several occasions by issuing ordinary shares or securities granting rights to share capital to be issued by the Company to members of a company or group savings scheme formed by the Company and/or French or foreign companies affiliated with it under the conditions defined in Article L225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
2) decides that this delegation implies waiver by the shareholders of their preferential subscription right to shares or securities granting rights to share capital that may be issued under this resolution and to shares and other capital securities to which the securities issued in the framework of this delegation may grant access;
3) grants this delegation for a period of twenty-six months as from this Meeting;
4) limits the maximum nominal amount of the capital increase(s) that can be carried out by exercising this delegation to 1% of share capital at the date on which the decision to increase the share capital was made by the Board of Directors, this amount being independent of any other ceiling defined with regard to delegations to increase capital. Where applicable, this amount shall be compounded by the additional amount of ordinary shares or other capital securities to be issued to preserve the rights of bearers of securities granting rights to the Company's share capital, in accordance with applicable laws and any contractual stipulations that provide for other cases of adjustment;
5) decides that the price of the shares to issue, in application of 1) of this delegation, shall not be less than 20% or more than 30%, if allowed by law, or less than 30% or more than 40%, if allowed by law, when the lock-out period stipulated in the plan in application of Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, the share's average opening listed price over the 20 trading days preceding the decision by the Board of Directors, or its assignee, to increase share capital and issue the corresponding shares, nor greater than this average;
6) decides, in application of the provisions of Article L. 3332-21 of the French Labor Code, that the Board of Directors may provide for the free allocation of shares issued or to be issued or other securities granting rights to the Company's capital issued or to be issued to the beneficiaries defined in the first paragraph hereinabove, (i) as matching contributions to be paid in application of the rules of the Company or group savings scheme and/or (ii) where applicable, as a discount, provided that when their equivalent pecuniary value, assessed at the subscription price, is taken into account, it does not have the effect of exceeding the legal or regulatory limits set forth in Articles L. 3332-11 and L. 3332-19 of the French Labor Code;
7) acknowledges that this delegation revokes, where applicable, any unused part of any prior authorization having the same purpose.

The Board of Directors may or may not exercise this delegation, take any measures necessary and proceed with all necessary formalities.

THIRTEENTH RESOLUTION - Authorization to be granted to the Board of Directors to freely grant existing and/or future shares to employed staff and/or certain corporate officers of the Company or related companies or economic interest groups, shareholders' waiver of their preferential subscription right, length of authorization, cap, duration of acquisition periods, in particular in the event of invalidity and conservation when applicable

Having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, the General Meeting authorizes the Board of Directors to assign ordinary Company shares, whether existing or to be issued, in one or more times, in compliance with Articles L. 225-197-1 and L. 225-197-2, to employed staff of the Company or of directly or indirectly related companies or economic interest groups within the meaning of Article L. 225-197-2 of the French Commercial Code, and/or managing corporate officers which meet the conditions defined in Article L. 225-197-1 of the French Commercial Code, or to some of them.

The General Meeting decides that:

- the total number of bonus shares under this authorization may not represent more than 30,000 Company shares with par value of €1.50, it being specified that in the event of a capital operation, in particular a stock split, this cap will be adjusted in the same proportions;
- the allocation of shares to the beneficiaries will be final at the end of a vesting period, the duration of which will be set by the Board of Directors and may not be less than one year. Beneficiaries may keep the shares for a period established by the Board of Directors that is at least equal to that required for the total duration of the vesting and retention periods is not less than two years. By way of exception, the final allocation will be made before the end of the vesting period in the event of beneficiary disability equal to category two or three provided for under Article L. 341-4 of the French Social Security Code.

The Board of Directors is given all powers to:

- set the share allocation conditions and criteria and performance conditions, as applicable;
- determine the identity of the beneficiaries and number of shares allocated to each of them;
- where applicable, determine the existence of sufficient reserves and at each allocation, transfer to an unavailable reserve account the sums necessary to settle the new shares to be allocated;
- decide, at the appropriate time, a capital increase or capital increases through incorporation of reserves, premiums or profits at the time new bonus shares are allocated;
- purchase necessary shares for the share buyback program and assign them to the stock award plan;
- determine the impacts, on beneficiaries' rights, of transactions that modify capital or that might affect the value of the shares granted and that are performed during the vesting period, consequently modifying or adjust the number of shares awarded to maintain the beneficiaries' rights if necessary;
- decide whether to set a retention obligation following the vesting period, determine its duration and take all necessary measures to ensure it is respected by the beneficiaries; and
- generally, do all that will be necessary under the legislation in force due to the implementation of this authorization.

This authorization implies waiver by the shareholders of their preferential subscription right to new shares issued through incorporation of reserves, premiums and profits.

It is granted for a period of thirty-eight months (38) as from the date of this Meeting.

It revokes any unused part of any prior authorization having the same purpose.

FOURTEENTH RESOLUTION - Delegation of powers to proceed with a division of the par value of shares subject to the suspensive condition that the Board of Directors decides on the principle of the rights issue within the framework of Resolution 12 of this General Meeting and, if necessary, delegates implementation to the Chairman and Chief Executive Officer

Having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, the General Meeting decides, subject to the suspensive condition that the Board of Directors decides on the principle of the rights issue within the framework of Resolution 12 of this General Meeting and, if necessary, delegates implementation to the Chairman and Chief Executive Officer, to set €0.15 as the par value of each Company share and, consequently, to divide each share with a par value of €1.50 by distributing ten shares with a par value of €0.15 in exchange for one share with a par value of €1.50.

This division shall take effect on the date established by the Board of Directors.

As stipulated in Article 24 of the articles of incorporation, double voting rights are conferred, upon issue, to the shares with a par value of €0.15 created by dividing the shares with a par value of €1.50 which carried that right, it being noted that the four-year period stipulated in the aforementioned article is not interrupted by the exchange.

The General Meeting notes that, through the sole fact of the exchange, the €0.15 shares will be simply and entirely substituted for the €1.50 shares, which will be can celled, without this exchange introducing any novation to the existing relations between the Company and its shareholders.

The General Meeting gives the Board of Directors powers to:

- implement this exchange on a date after payment of the dividend;
- observe the number of €0.15 shares that exist at that time and modify the articles of incorporation accordingly;
- perform any adjustment operations made necessary by the exchange;
- and, generally, do whatever is necessary to apply these decisions no later than by the conclusion of the General Meeting held in 2020 to approve the financial statements for the financial year then ended.

FIFTEENTH RESOLUTION - Powers to carry out formalities

The Annual General Meeting gives all powers to anyone possessing an original, a copy or an excerpt of these Meeting minutes to carry out any filing and disclosure formalities required by law.

ADDITIONAL INFORMATION

8

8.1 INDIVIDUAL RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Name and position

Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel.

Officer's statement

After having taken all reasonable measures to this effect, I hereby certify that, to the best of my knowledge, the information contained in this Registration Document is accurate and contains no omission of a nature that would alter its scope.

I certify that, to the best of my knowledge, the accounts have been established in accordance with applicable accounting standards and provide a true view of the assets, financial situation and results of both the Company and the undertakings included in the consolidation scope, and that the Management Report in this Registration Document, in the chapters and paragraphs listed in the cross-reference tables in chapter 8, presents a true picture of the Company's business, performance and financial situation and that of all undertakings included in the consolidation scope, and includes a description of the main risks and uncertainties they face.

I have received a letter from the Statutory Auditors stating that they have completed their work, which included checking the information relating to the financial position and the financial statements provided in this Registration Document, and reading the entire annual report.

The Statutory Auditors' report on the historical financial information presented in this document appears in sections 5.5.1 and 5.5.2.

Suresnes, April 3, 2019

The Chairman and Chief Executive Officer

Mr Antoine Fiévet

8.2 INFORMATION ON THE COMPANY

Corporate name, trade name and acronym

Fromageries Bel

This name may or may not be followed by the reference: The Laughing Cow.

Acronym: F.B.S.A.

Commercial name: Bel

Place of registration and registration number

Company register number and place: 542,088,067 Nanterre

NAF/APE code: 1051 C – Cheese making

Date of incorporation and duration

Date of incorporation: November 16, 1922.

Date of expiry: December 31, 2040, except for early dissolution or continuance decided by the Extraordinary General Meeting.

Registered office, legal form and applicable legislation

Registered office: 2 allée de Longchamp
92150 Suresnes, France

Telephone: +33 1 84 02 72 50

Legal form: limited liability company with Board of Directors

Fromageries Bel is a limited liability company (*société anonyme*) under French law, subject to all of the texts governing commercial companies in France, and in particular to the provisions established by the French Commercial Code and to the provisions of its Articles of Association.

Financial period

January 1 to December 31 of each year.

Company purpose

(Excerpt from the Articles of Association – Article 2)

The purpose of the Company, in all countries, is to:

- sell, manufacture and process any types of dairy products, their derivatives and their components;
- sell, manufacture and process any types of food products, their derivatives and their components;
- perform any financial operations such as acquiring, managing, and in some cases reselling all types of equity stakes in French or foreign companies;
- build, purchase, sell, lease, transform and appropriate any buildings and premises necessary for operations;
- study, create, take over, purchase, lease, use or represent any patents, manufacturing processes or brands;
- take a stake in any company or companies whose purpose is to manufacture and sell any type of chemicals.

In general, any industrial, commercial, financial, stock and real estate transactions that may be related directly or indirectly to the Company purpose or likely to foster its development, such as the dissemination or sale of objects of an advertising nature or intended to promote sales.

This may be done, in any direct or indirect way, by any means deemed appropriate, with no restriction as intermediary or by intervention and, in particular, by designing and founding new companies or taking stakes in any existing firms in the form of shareholdings, granting of licenses, or through subscriptions or purchases of securities, shares and ownership interests, or by merging or taking over any companies.

Condition, establishment and distribution of profits

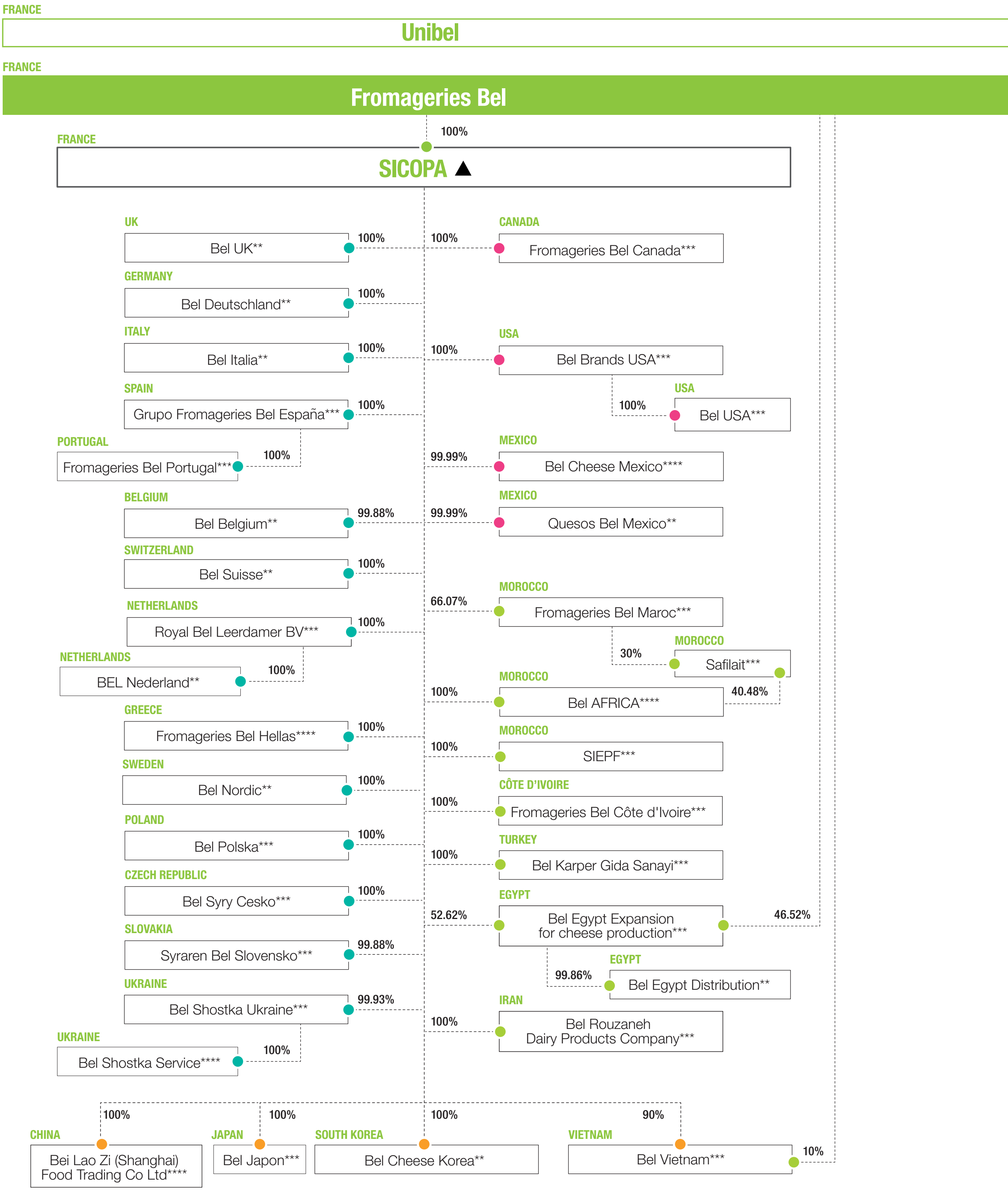
(Excerpt from the Articles of Association – Article 26)

If the distributable profits determined in accordance with the law and established at the Annual Ordinary General Meeting after approval of the accounts are sufficient, the General Meeting may decide to assign them to one or several reserve positions (for which it determines the assignment or use), to carry them forward or to distribute them to shareholders as a dividend.

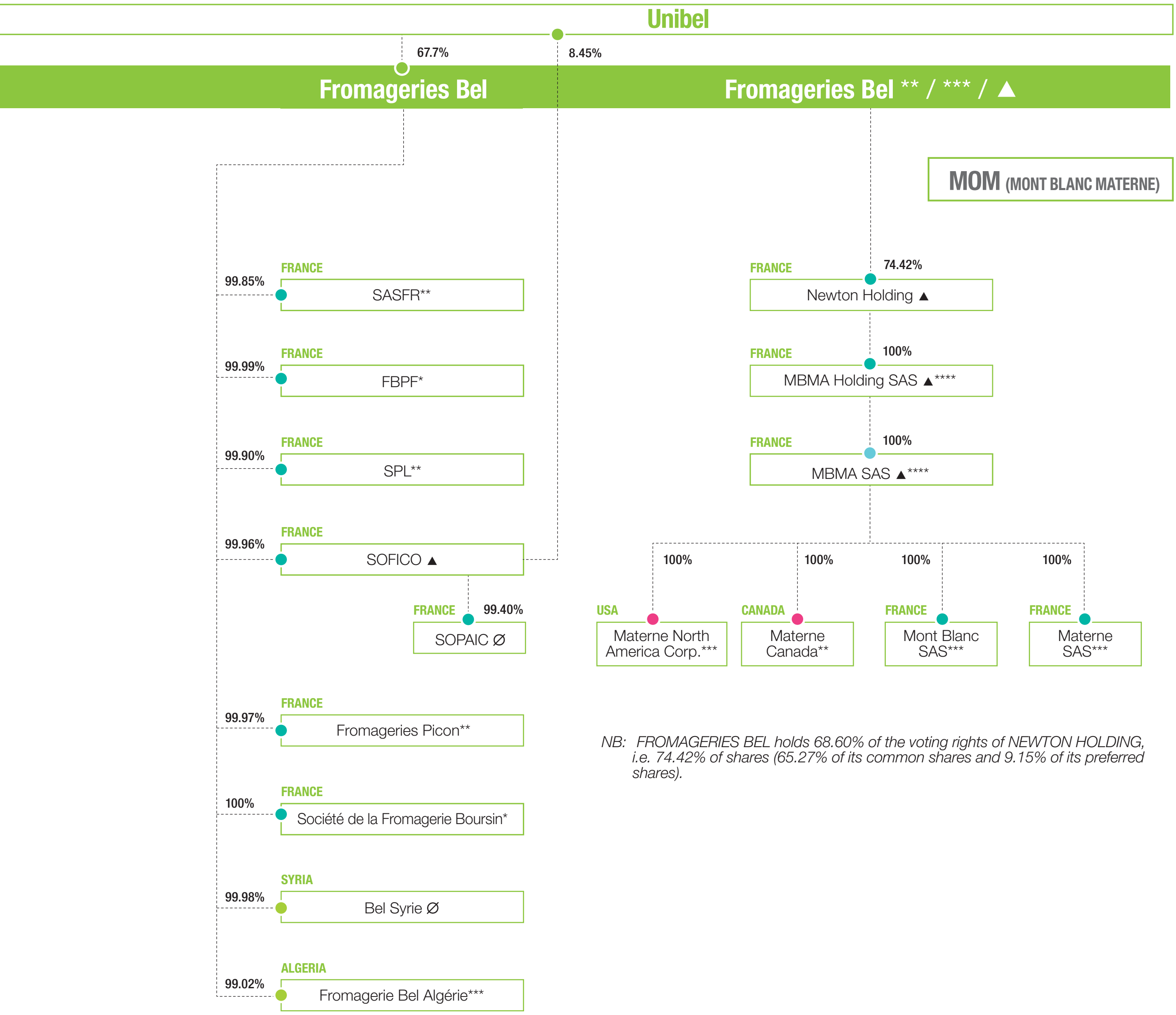
The Annual General Meeting may grant each shareholder the choice between payment in cash and/or in shares, for all or part of the dividend to be distributed or for an interim dividend.

The Meeting may also withdraw all amounts on the reserve funds at its disposal in order to distribute them to shareholders, indicating expressly the positions on which the withdrawals are made. However, dividends are drawn first from distributable profits of the financial period.

8.3 INFORMATION ON SUBSIDIARIES AND INTERESTS



NB: Only consolidated companies and interests of over 2% are shown. The Group's total controlling interest in each subsidiary, as a percentage, is listed in Note 10 to the consolidated financial statements published in section 5.5.1. Voting rights held are the same as interests held.



NB: FROMAGERIES BEL holds 68.60% of the voting rights of NEWTON HOLDING, i.e. 74.42% of shares (65.27% of its common shares and 9.15% of its preferred shares).

*	*Production*	●	*Europe*
**	*Sales*	●	*Americas*
***	*Production and sales*	●	*Asia-Pacific*
****	*Administrative services*	●	*Middle East – Greater Africa*
▲	*Holding company*		
∅	*No activity in 2018*		

8.4 IMPORTANT CONTRACTS

Contracts concluded by the Company and its subsidiaries in the ordinary course of business are not included below.

The Group is held to agreements with some minority shareholders of its consolidated subsidiaries that allow for the buyback of their shares under certain conditions. On August 10, 2015, the Group signed purchase and sale agreements with the minority shareholders of Safilait. Under the terms of said agreements, the Group committed to purchase their shares between 2020 and 2026. The purchase price will be determined by Safilait's profitability and financial position on the date of execution of these agreements.

As part of the acquisition of the MOM Group, the Group accepted a sale agreement (call option) from the MOM Group's managers for all the MOM Group shares they own, exercisable on Bel's request until April 30, 2022.

For more information, see Note 6 in paragraph 5.5.1 Consolidated Financial Statements on the total commitments recorded at December 31, 2018.

Information on the existing service contract between Unibel and Fromageries Bel is provided in section 4.5.2, "Related Parties".

8.5 DOCUMENTS ACCESSIBLE TO THE PUBLIC

Group information is available on the corporate website www.groupe-bel.com, under the Finance heading.

The Articles of Association, minutes of the General Meetings, Statutory Auditors' reports and other corporate documents may be consulted at the Company's registered office at the secretariat of the Board of Directors, at 2 allée de Longchamp, 92150 Suresnes, France. The Registration Document is available on Fromageries Bel's website (www.groupe-bel.com) and on the AMF's website (www.amf-france.org). It may also be obtained free of charge at the head office at 2 allée de Longchamp, 92150 Suresnes, France.

8.6 CROSS REFERENCES

8.6.1 Cross references with Annex 1 of Commission Regulation (EC) No. 809/2004

This cross-reference table presents the topics in Annex 1 of Commission Regulation (EC) No. 809/2004 and refers to the paragraphs in the Registration Document mentioning the corresponding information.

		Chapters or paragraphs in the Registration Document
1	**Persons responsible**	**8.1**
1.1	Persons responsible for the information	8.1
1.2	Declaration by those responsible for the Registration Document	8.1
2	**Statutory Auditors**	5.5.3
2.1	Name and address	5.5.3
2.2	Resignation, removal or reappointment of the Statutory Auditors	5.5.3
3	**Selected financial information**	1
3.1	Historical financial information	1
3.2	Financial information for interim periods	5.8
4	**Risk factors**	2
5	**Information about the issuer**	8.2
5.1	History and development	1.1.3
5.1.1	Legal and commercial name	8.2
5.1.2	Place of registration and registration number	8.2
5.1.3	Date of incorporation and length of life	8.2
5.1.4	Domicile and legal form, applicable legislation	8.2
5.1.5	Important events in the development of the issuer's business	1.1.3
5.2	Investments	1.5.2
5.2.1	Principal investments made	1.5.2
5.2.2	Principal investments in progress	1.5.2
5.2.3	Principal future investments	1.5.2
6	**Business overview**	1
6.1	Principal activities	1.3
6.1.1	Description of the Company's operations and main activities	1.3
6.1.2	Significant new products or services that have been introduced	1.3
6.2	Principal markets	1.3
6.3	Exceptional factors	1.3
6.4	Dependence	2
6.5	Competitive position	1.1.7
7	**Organizational structure**	8.3
7.1	Brief description of the Group	1.1
7.2	List of significant subsidiaries	5.5.1 Note 10
8	**Property, plant and equipment**	**1.5**
8.1	Existing or planned tangible assets	1.5.1
8.2	Environmental issues that may affect use of these assets	3.5

		Chapters or paragraphs in the Registration Document
9	**Operating and financial review**	**5.3**
9.1	Financial condition	5.3.1
9.2	Operating income	5.3.2
9.2.1	Significant factors	5.3.2
9.2.2	Material changes to net sales or revenues	5.3.2
9.2.3	External factors affecting operations	5.3.2
10	**Liquidity and capital resources**	**5.4**
10.1	Information on capital resources	5.4.1
10.2	Cash flows	5.4.2
10.3	Borrowing requirements and funding structure	5.4.3
10.4	Restrictions on the use of capital	5.4.4
10.5	Anticipated sources of funds	5.4.5
11	**Research and development, patents and licenses**	**1.1.4 and 1.1.6**
12	**Trend information**	**1.2**
12.1	Most significant trends	1.2
12.2	Elements likely to have a material effect on prospects	1.2
13	**Profit forecasts or estimates**	**N/A**
13.1	Principal assumptions	N/A
13.2	Statutory Auditors' report	N/A
13.3	Profit forecast or estimate	
13.4	Profit forecast in a prospectus	
14	**Administration, management and supervisory bodies and senior management**	**4**
14.1	Information on corporate officers	4.1.2
14.2	Administrative, Management, and Supervisory bodies' and Senior Management conflicts of interests	4.1.3
15	**Compensation and benefits**	**4.2**
15.1	Compensation paid	4.2
15.2	Provision for pensions or similar benefits	4.2.3
16	**Board practices**	**4**
16.1	Terms of office	4.1.2 and 4.1.4
16.2	Service contracts binding the members of administration, management or supervisory bodies	4.1.3
16.3	Information on committees	4.1.4
16.4	Compliance with the corporate governance regime in force	4.1.1
17	**Employees**	**3.2.6**
17.1	Number and breakdown of staff	3.2.6
17.2	Shareholdings and stock options	6.2.3
17.3	Arrangement for involving employees in capital	6.2.3
18	**Major shareholders**	**6.1**
18.1	Distribution of capital	6.1.1
18.2	Different voting rights	6.1.4
18.3	Company control	6.1.2
18.4	Shareholders' agreements that may lead to a change of control	6.1.1, 6.1.2 and 6.2.2

		Chapters or paragraphs in the Registration Document
19	**Related party transactions**	**4.4**
20	**Financial information concerning Company assets, financial position and profits and losses**	**5**
20.1	Historical financial information	5.1
20.2	Pro forma *financial information*	5.2
20.3	Financial statements (annual own and consolidated accounts)	5.5
20.4	Auditing of historical annual information	5.6.1
20.4.1	Statements	
20.4.2	Other audited information	
20.4.3	Other unaudited information	
20.5	Age of latest financial information	5.7
20.6	Interim and other financial information	5.8
20.7	Dividend policy	5.9
20.8	Legal and arbitration proceedings	5.10
20.9	Significant change in the financial or trading position	5.11
21	**Additional Information**	
21.1	Share capital	6.1.3 and 6.2.4
21.1.1	Issued capital	6.1.3
21.1.2	Shares not representing capital	6.1.3
21.1.3	Shares held by or on behalf of the Company or its subsidiaries	6.1.1
21.1.4	Securities	N/A
21.1.5	Conditions of acquisition	6.1.3
21.1.6	Options and agreements to be put under option, conditions on capital	6.1.2
21.1.7	History of share capital	6.1.3
21.2	Memorandum and articles of association	4.1.2, 4.1.3, 6.1.3, 6.1.4 and 8.2
21.2.1	Company purpose	8.2
21.2.2	Provisions concerning management and supervisory bodies	4.1.2 and 4.1.3
21.2.3	Provisions concerning each class of shares	N/A
21.2.4	Possible changes to shareholders' rights	6.1.3
21.2.5	Notices and admission to general meetings	6.1.3
21.2.6	Statutory provisions that would have an effect in the event of a change of control	6.1.4
21.2.7	Threshold above which shareholder ownership must be disclosed	6.1.3
21.2.8	Statutory restrictions governing changes in capital	
22	**Material contracts**	**8.4**
23	**Third party information, expert statements**	**N/A**
23.1	Identity	N/A
23.2	Statement	N/A
24	**Documents on display**	**8.5**
25	**Information on holdings**	**8.3**

8.6.2 Cross references with the Annual Financial Report and other elements

In order to facilitate reading, the cross-reference table below identifies information making up the Annual Financial Report to be published by listed companies in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the French General Regulations of the Financial Markets Authority.

Annual Financial Report		Chapters or paragraphs in the Registration Document
1	**Annual financial statements**	**5.5.2**
2	**Consolidated financial statements**	5.5.1
3	**Management Report (within the meaning of the Monetary and Financial Code)**	
	3.1 Information contained in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code	
	• Analysis of business development	1.3
	• Analysis of results	5.3.2
	• Analysis of the financial situation	5.3.1
	• Business indicators (performance key indicators of a financial and, where appropriate, non-financial nature)	3.6
	• Main risks and uncertainties	2
	• Internal control and risk management procedures related to the preparation and processing of the Company and the group's accounting and financial information	4.3.4
	• Objective and coverage policy for transactions for which Company and Group accounting is used	2.4
	• Company and group exposure to price, credit, liquidity and cash flow risks	5.5.1 Note 4.15
	• Use of Company and Group financial instruments	5.5.1 Note 4.15
	• Financial risks related to the effects of climate change and the presentation of Company and Group measures taken to limit them (low carbon strategy)	3
	3.2 Information contained in Article L. 225-211 of the French Commercial Code	
	• Company purchase of its own shares	6.2.4
4	**Declaration of physical persons responsible for the Annual Financial Report**	**8.1**
5	**Statutory Auditors' reports on the annual and consolidated financial statements**	**5.5.1 and 5.5.2**

Other documents included in the Registration Document		
1	**Description of the share repurchase program**	**6.2.4**

8.6.3 Cross references with the Board's Management Report to the Annual General Meeting

This Registration Document represents the Board's Management Report to the General Meeting: the appendix below refers more precisely to the elements required by Articles L. 225-100 *et seq.*, L. 232-1, R. 225-102 *et seq.* of the French Commercial Code.

COMPANY AND GROUP MANAGEMENT REPORT	Chapters or paragraphs in the Registration Document
Company and Group situation and activity during the course of the fiscal year	1.1, 1.3, 1.5 and 5.5.2
Company and Group activity and results by branch of activity	
Analysis of the development of Company and Group business, results, financial situation	1.3, 5.3 and 5.5.2
Company and Group performance indicators of a financial and, where appropriate, non-financial nature	3
Foreseeable developments of the Company and Group situation and prospects	1.2 and 1.4
Important events occurring since the Company and Group closing date	5.5.2 Note 31
Company and Group research and development activities	1.1.4 and 5.6.2
Significant shareholdings and control	5.5.2
Notice of shareholding of more than 10% in the capital of another joint-stock company	8.3
Calculation elements and result of possible adjustment for securities in case of a transaction maintaining the preferential subscription right, free allocation of shares, distribution of reserves or issue premiums, change in the distribution of profits or amortization of capital	N/A
Calculation elements and result of adjustment of the bases for the exercise of stock options and stock or securities purchases granting access to share capital in the event the Company purchases its own shares at a price higher than the stock price	N/A
Injunctions or financial penalties for anti-competitive practices	N/A
Information on payment deadlines for Company suppliers or customers (and breakdown of the balance of supplier and customer debts)	5.6.2
Information on the use of Company and Group financial instruments	5.5.1 Note 4.15
Description of main Company and Group risks and uncertainties	2
Internal control and risk management procedures related to the preparation and processing of the Company and the group's accounting and financial information	4.3.4
Objective and hedging policy for transactions for which Company and Group hedge accounting is used	2.4
Exposure to price, credit, liquidity and cash flow risks	2.4 and 5.5.1 Note 4.15 and 5.5.2 Note 1.10
Financial risks related to the effects of climate change and the presentation of Company and Group measures taken to limit them (low carbon strategy)	3
Information relating to the distribution and evolution of share ownership	6.1
Self-management	6.1
Employee equity participation on the last day of the financial period	6.2.3
Summary of transactions performed by management on Company securities	6.2.2
Information provided for in Article L. 225-211 of the French Commercial Code in the case of transactions performed by the Company on its own shares	6.2.4
Non-tax-deductible expenses	5.6.2
Amount of dividends distributed over the last three financial periods	5.9

COMPANY AND GROUP MANAGEMENT REPORT	Chapters or paragraphs in the Registration Document
Option exercise conditions for corporate officers	N/A
Conditions for conserving bonus shares attributed to corporate officers	4.2.1 and 4.1.3
Table of results over the past five years	5.5.2
List of branches	1.5.1
Total intercompany lending	
Information on the operation of a facility covered by the Seveso Directive (art. L. 515-8 of the French Environment Code)	NA
Vigilance plan	3
CONSIDERATION OF THE SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF THE ACTIVITY (SEE SPECIFIC CROSS-REFERENCE TABLE)	
Documents attached to the Management Report	
1 Report on corporate governance	
Corporate officer compensation policy (principles and criteria)	4.2.2
Total compensation and benefits of any kind paid to each corporate officer by the Company, controlled companies or controlling company during the financial period	4.2.2
Commitments related to the taking of office, termination of duties or change of position	4.2
• Board composition and working	
• List of all terms of office and duties exercised in any company by each corporate officer during the financial period	4.1.2
• Agreements signed between a corporate officer or shareholder holding more than 10% of voting rights of a subsidiary (excluding common agreements)	4.4 and 4.1.3
• Choice of one of the two general management methods on the occasion of the first report or in the case of modification	4.1.4
• Board composition, conditions of preparation and organization of work	4.1.4
• Application of the gender balance principle within the Board	4.1.4
• Restrictions to the powers of general management	4.1.4
• Reference to a corporate governance code, or justification and indication of the rules adopted in addition to legal requirements	4.1.1
• Specific means of shareholder participation in the General Meeting or the provisions of the articles of association providing for these methods	6.1.3
Summary of valid delegations granted by the General Meeting of Shareholders for capital increases	6.1.3
Elements likely to have an impact in the event of a public offer (Article L. 225-37-5 of the French Commercial Code)	

8.6.4 Cross references with the non-financial performance report

Chapters 1, 2, and 3 meet the requirements of articles L. 225-102-1 and R. 225-105 of the French Commercial Code.

Non-financial performance report	Paragraph(s) of the Registration Document
Business model	1. Presentation of activities
Description of the main risks linked to the Company's business	2. Risk factors and insurance
Description of the policies applied by the Company and the results of these policies, relative to the	
• social and environmental consequences of the Company's business	3. Corporate Social Responsibility
• Effects of the Company's business as to the respect for human rights and the fight against corruption and tax evasion	2.2.3 Risks relating to corruption, violation of human rights and tax evasion 3.2.2 Establishing stronger monitoring in the fight against corruption and respect for human rights and the environment
Climate change consequences of the Company's business and use of the goods and services it produces	3.5. Reducing the environmental footprint
Commitments to:	
• sustainable development • the circular economy • fighting food waste and the circular economy • respect for animal welfare • responsible, equitable, sustainable nutrition	3. Corporate Social Responsibility 3.5.6 Making packaging part of the circular economy 3.5.5 Fighting food waste 3.3.1 Taking action for a sustainable upstream dairy 3. Corporate Social Responsibility
Collective agreements signed within the Company	3.2.10. Maintaining a positive company climate
Actions aiming to fight against discrimination and promotion diversity and measures taken in favor of people with disabilities	3.2.8 Promoting equal opportunity and diversity within the Group

Sharing smiles

Fromageries Bel

2 allée de Longchamp
92150 Suresnes
www.groupe-bel.com

A French limited company (société anonyme)
with share capital of €10,308,502.50 euros
RCS Nanterre 542 088 067
Code APE/NAF: 1 051C