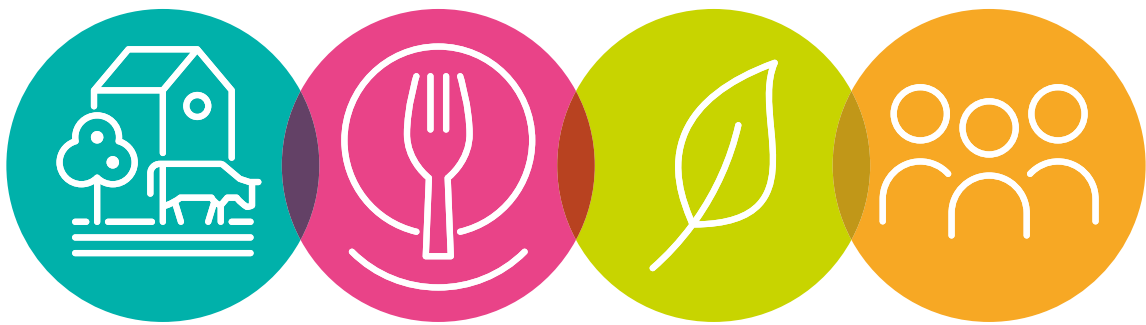


BEL CSR PROGRAM

2018 COMMUNICATION ON PROGRESS



WE CARE IN EVERY PORTION.



Sharing smiles

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About this document

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

The data published in this document cover all of Bel's entities and subsidiaries, as consolidated in its Annual Financial Report. These data cover the period from January 1 to December 31, 2018, or provide a snapshot at December 31, 2018.

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

Where can this information be found?

To provide further information on certain topics, this report refers to the Group's Registration Document (available on the website www.groupe.bel.com).

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

STATEMENT OF SUPPORT

FOR THE UNITED NATIONS GLOBAL COMPACT



“In 2018, we made substantial progress in rolling out our “We care in every portion” CSR program with the ambition to make our brands ever more innovative and responsible.”

Antoine FIÉVET

**Bel Group Chairman
and Chief Executive Officer**

June 11, 2019

At Bel, we have always sought to make a positive impact on our global economic ecosystem and across our entire value chain, from the farm to the plate. We want to go even further to tackle one of the world's greatest challenges — to contribute to sustainably feeding billions of people on our planet.

This is what's at stake in our company mission of “Championing healthier and responsible food for all”. We are convinced that, as a food company with strong brands available worldwide, we have a role to play in the current food revolution. We commit to doing our part by focusing our efforts on the key challenges of people well-being, nutrition, sustainable farming and environmental footprint.

We committed to the United Nations Global Compact over 15 years ago and have contributed to the Global Compact's ten fundamental principles by deploying our company's sustainable growth model. We operate in a way that seeks to make shared value-creation a driver of growth, and stakeholder dialogue and partnership the solution for generating a positive impact across our entire value chain and ecosystem.

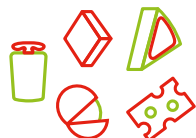
Thanks to the engagement of our 12,600 employees worldwide, 2018 was another year of accomplishments. We made substantial progress in rolling out our “We care in every portion” CSR program with the ambition to make our brands ever more innovative and responsible. We will continue to focus on promoting sustainable farming practices, continuously enhance the nutritional quality and natural food content of our products, and reduce our environmental footprint. We are determined to keep engaging our ecosystem to meet our CSR Scorecard goals together, developing innovative and jointly crafted initiatives with all our partners, be they dairy farmers, retailers, NGOs, or suppliers.

I am pleased to take the opportunity of this communication on our progress at the Advanced level⁽¹⁾ to restate Bel's voluntary commitment to sustainable development and the application of the United Nations Global Compact's ten fundamental principles; and finally, to thank all Bel teams worldwide for their contribution and involvement in deploying our sustainable growth model. I invite you to learn more about our program and our actions.

(1) For more information on the advanced level of the United Nations Global Compact, visit www.cop-advanced.org.

A GLOBAL PLAYER IN HEALTHY DAIRY AND FRUIT SNACKING

KEY FIGURES



19
BILLION
PORTIONS SOLD

over **30**
INTERNATIONAL
AND LOCAL BRANDS

12,600
EMPLOYEES

€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

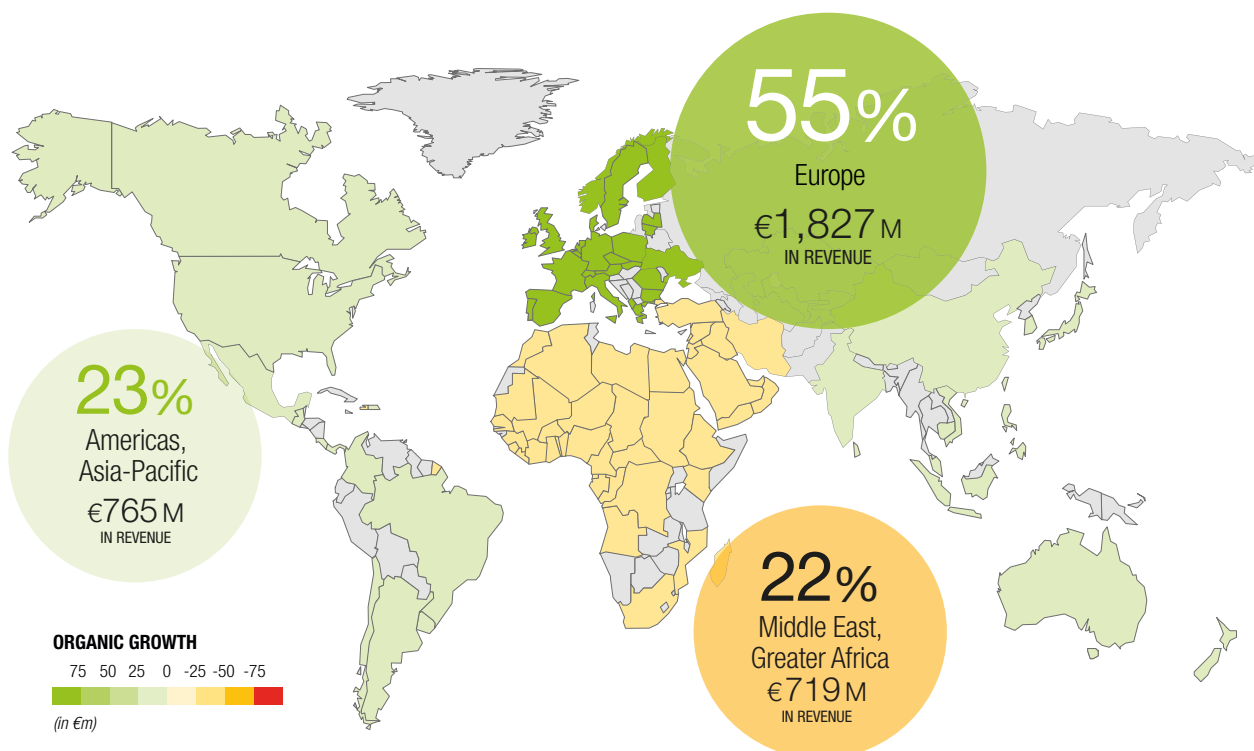
over **30**
ENTITIES

3 values
DARE, CARE, COMMIT

€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



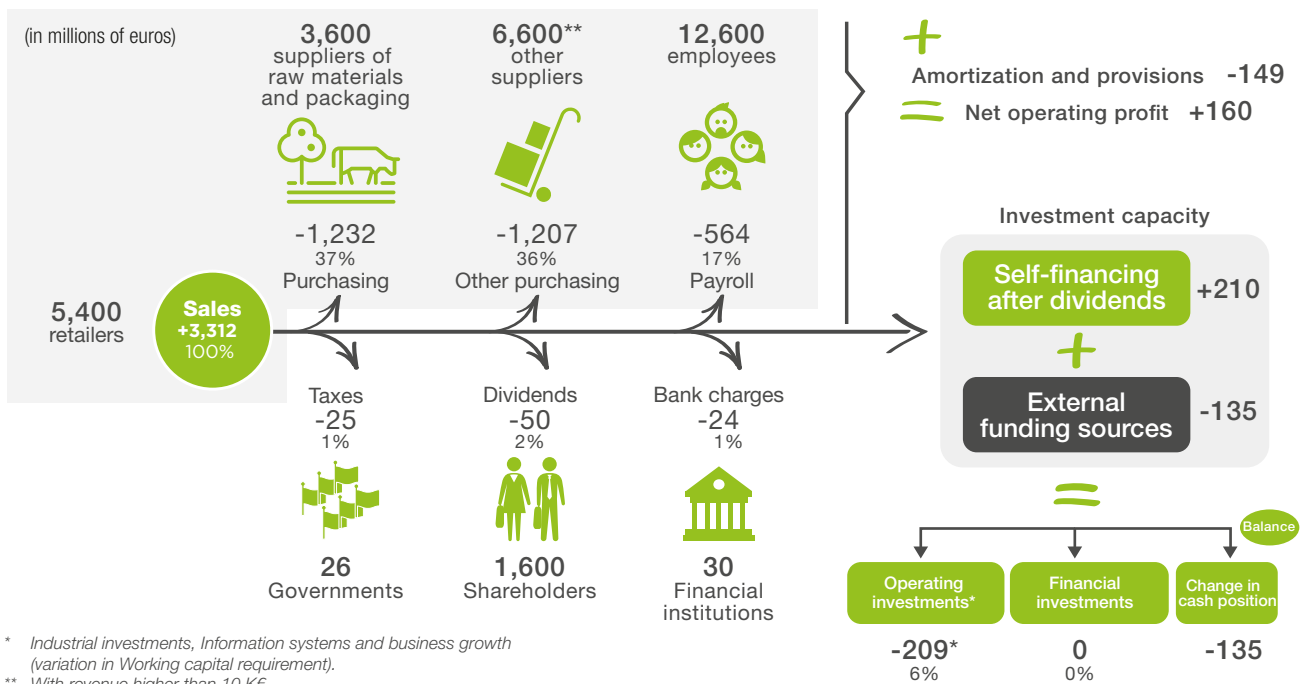
Developing in key geographies



Adapting to tomorrow's distribution channels



CREATING SHARED VALUE





Sustainable Farming



Improve the sustainability and environmental impact of dairy production

WITH FARMERS AND WWF FRANCE

TARGETS 2025

100%

farmer access to innovative societal schemes



100%

farms certified for animal welfare by third-party

100%

milk collected from non GMO-fed cows



100%

sourcing certified or under charter commitment for vegetable fat*



*used in our products



Environmental Footprint



Reduce the environmental impact of producing and consuming our products

TARGETS 2025

WITH OUR SUPPLIERS

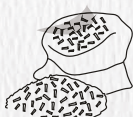
100%

recyclable and/or biodegradable packaging



100%

«zero deforestation» certified sourcing



WITHIN OUR PLANTS

Make our operations carbon neutral



-80% water consumption*

IN ALL OUR VALUE CHAIN

-17% greenhouse gas emissions*

*per metric ton of cheese vs 2008

Caring Nutrition



Enhance the nutritional value of our products and promote healthier eating habits and lifestyles

FOR OUR CONSUMERS

80%

of children portfolio meeting **Bel Nutri+** ambition*



WITH LOCAL PARTNERS



Nutrition Education programs

In **10** countries for **consumers** "Educanut"

In **30** subsidiaries for **employees** "Healthy smiles"



*Bel nutritional profiling system

TARGETS 2025

People Well-being



Care about people – our own people, and all the people we work with – every day to bring the best products to families around the world, in the most responsible way.

WITH OUR EMPLOYEES

100% employees attending **training** during the year

Work toward **zero** accident

40% Of **women** in top management



WITH OUR SUPPLIERS

55/100 average «**Ecovadis**» supplier score

Promote **social** and **environmental** practices among our suppliers

WITH OUR CONSUMERS

100% products include **specific** (environmental, nutritional, etc.)



TARGETS 2025

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”.



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

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.

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.

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 "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.

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.

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".

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 processed in accordance with legal provisions, especially in terms of whistleblower

protections. The procedures for handling alerts are described in a special guide written for this purpose. All alerts are 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 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.

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 of the Registration Document “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 2.2.3 of the Registration Document “Risks relating to corruption, violation of human rights and tax evasion”):

- 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 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 2.2 “Fighting corruption” and “Establishing stronger monitoring in the fight against corruption and violations of human rights, individual health and safety, and the environment”).

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 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 paragraph 2.1 “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 2.2 “Establishing stronger monitoring in the fight against corruption and violations of human rights, individual health and safety, 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 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 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 paragraph 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 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 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 paragraph 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 paragraph 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 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 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 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 of the Registration Document “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 5.2 “Reducing greenhouse gas emissions”) and water consumption (see paragraph 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 3.1 “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 5 “Reducing the environmental footprint”).

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 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 3.1 “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 3.1 “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 2.2 "Establishing stronger monitoring in the fight against corruption and violations of human rights, individual health and safety, 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 2.2 "Establishing stronger monitoring in the fight against corruption and violations of human rights, individual health and safety, 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 stakeholders (see Appendix 1).

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 3.1 "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 3.1 "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 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 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 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 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 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.

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 3.1 "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 4 "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 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 out 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).

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 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.

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 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.

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 of the Registration Document “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.

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 ^(b)	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 2.8 "Promoting equal opportunity and diversity within the Group").

Employee breakdown by age	2016 ^(a)		2017		2018	
	%	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.

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 and 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.

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.

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 of the Registration Document “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	😊
Promote gender diversity & inclusion.	Share of women in top management.	18%**	21%**	30%	40%	😞
Develop our employees' talent.	Employees attending training during the year.	79%	75%	90%	100%	😞
Promote social and environmental practices among our suppliers.	Average “Ecovadis” supplier score (/100).	49.8**	50.8**	50.0	55.0	😊
Provide transparent information to our consumers.	Products with information on Sustainable farming, Caring nutrition and Environmental footprint.				100%	😐

* Excluding MOM

** Excluding MOM and Safilait

😊 On-plan

😞 Off-plan

😐 Plan to finalize



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.

3.1 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 2.3 “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 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 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 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 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 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.

3.2 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 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 from the Foundation for sustainable vegetable fat procurements. These criteria include:

- environmental responsibility: no deforestation of protected forests and the protection of biodiversity (see paragraph 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.

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

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.

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.					
Promote animal welfare practices to encourage livestock wellbeing.	Farms certified by third-party.					
Foster non-GMO feeding of the cows providing our milk.	Milk collected from non-GMO fed cows.					
Ensure sustainable sourcing for vegetable fat used in our products.	Sourcing certified or under charter commitment (if no existing certification).					

* Excluding MOM

** Excluding MOM and Safilait

On-plan

Off-plan

Plan to finalize

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.

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 of the Registration Document "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).

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 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.

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 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 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%	☹️
	Key countries where a program is implemented for consumers (“Educanut”).	2	4	4	10	😊
Foster healthy consumption habits and lifestyle.	Key subsidiaries where a program is implemented for employees (“Healthy smiles”).	4	25	20	30	😊

* Excluding MOM

** Excluding MOM and Safilait

😊 On-plan

☹️ Off-plan

👉 Plan to finalize



REDUCING THE ENVIRONMENTAL FOOTPRINT

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 of the Registration Document “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.

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%
<i>Of which renewable electricity</i>	-	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%
<i>Of which biomass</i>	-	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 3.1 “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 5.6 “Making packaging part of the circular economy”).

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)				
<i>Total dry matter</i> (in metric tons)	1,356 ^(h)	1,088 ⁽ⁱ⁾	1,077 ⁽ⁱ⁾	-20.6%
<i>Nitrogen</i> (in metric tons)	112 ^(h)	96 ⁽ⁱ⁾	90 ⁽ⁱ⁾	-19.6%
<i>Phosphorous</i> (in metric tons)	94 ^(h)	76 ⁽ⁱ⁾	81 ⁽ⁱ⁾	-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 3.1 “Taking action for a sustainable upstream dairy”).

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 3.1 “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 3.2 “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 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 3.1 “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 3.1 “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 “Delivery the goodness of fruits”).

... 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 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.

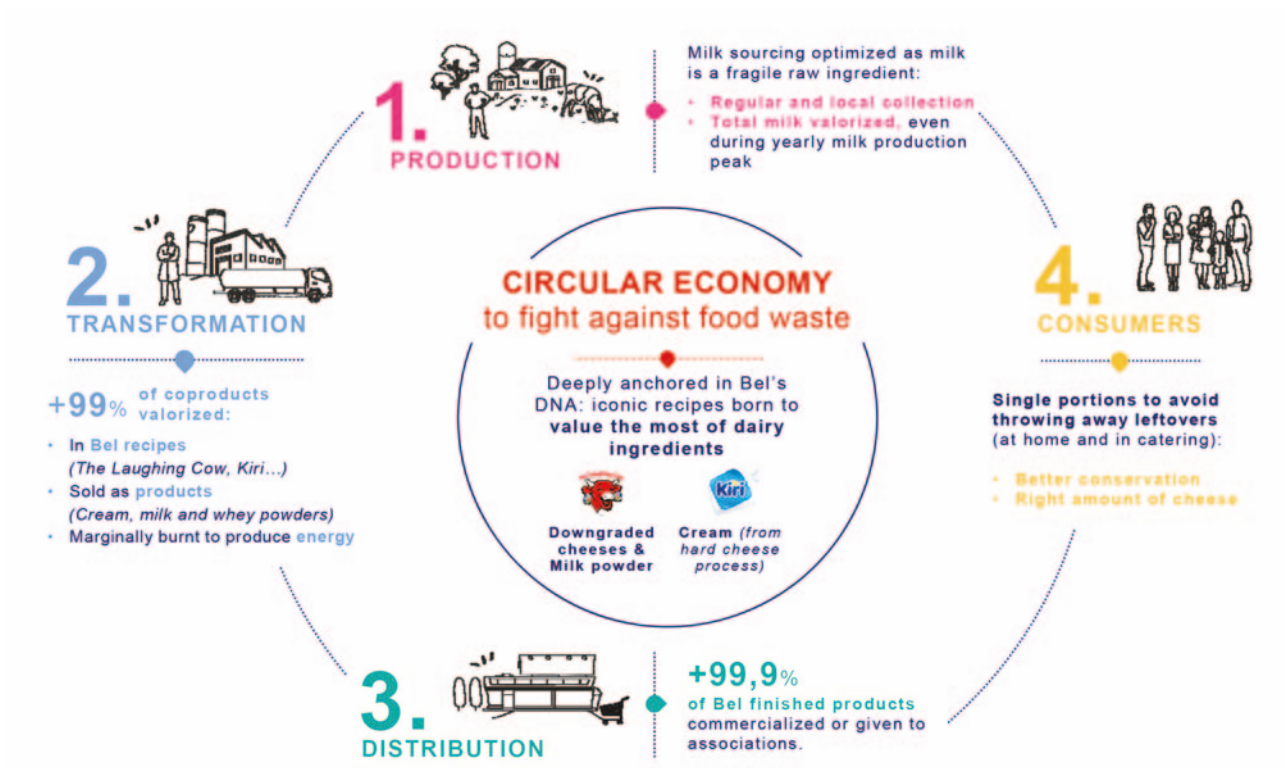
5.5 Fighting food waste

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).

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 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 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 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 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	à	2018	à	2020	à	2025	PROGRESS
Work towards 100 % recyclable-ready and/or biodegradable packaging.	Recyclable-ready and/or biodegradable packaging.	86%**		92%*		88%		100%	😊
Reach Zero deforestation in our supply chains.	Forest footprint							0	😐
Make our operations carbon neutral.	Carbone balance (kg eq. CO ₂ per metric ton of finished products).	-384**		-288		-335		0	😊
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%	😊
Reduce the water footprint of our plants.	Water consumption vs 2008 (per metric ton of finished products).	-38%**		-48%		-55%		-80%	😊

* Excluding MOM

** Excluding MOM and Safilait

😊 On-plan

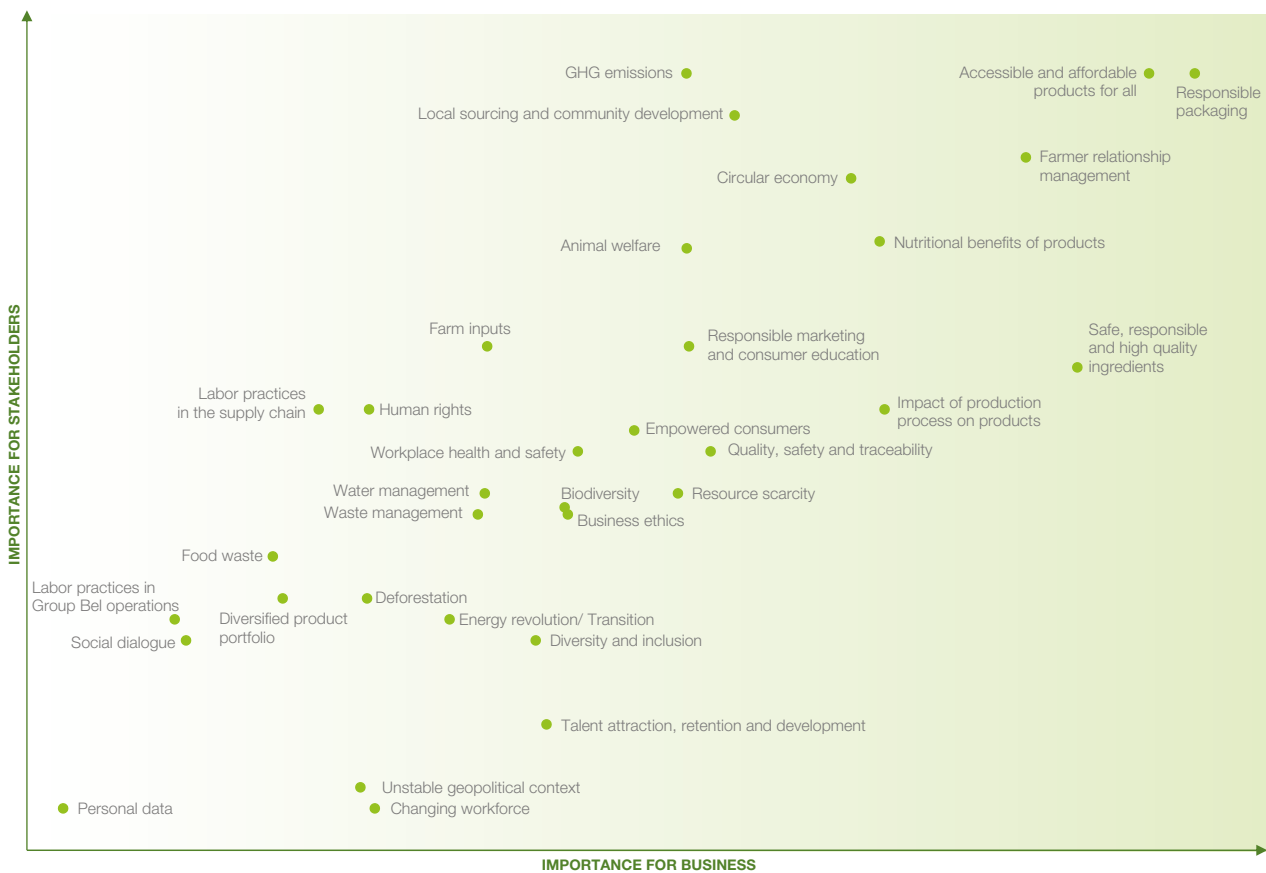
😐 Off-plan

😐 Plan to finalize















APPENDIX

APPENDIX 1: Results of the Bel Group's materiality analysis



APPENDIX 2: Summary table - Bel Group Non-Financial Report

Non-financial risks	Remediation policies	2018 achievements			
Risks relating to corruption, human rights abuses and tax evasion	<ul style="list-style-type: none"> - Code of Best Business Practices; - Internal and external alert system (see paragraphs 2.1 and 2.2) 	<i>Refer to the actions described in paragraphs 2.1 and 2.2</i>			
Risks related to human resources, health and safety of Group employees and labor relations	<ul style="list-style-type: none"> - Health and safety programs (see paragraph 2.7); - Diversity and talent development programs (see paragraphs 2.8 and 2.9); - Labor relations (see paragraph 2.10). 				
		BEL'S OBJECTIVES	KPI	2025	2018
		Work towards Zero accident.	Bel AFR (Accident Frequency Rate).		
		Promote gender diversity & inclusion.	Share of women in top management.		
		Develop our employees' talent.	Employees attending training during the year.		
Risks related to suppliers	Sustainable Purchasing Charter, supplier assessments and supplier risk mapping (see paragraph 2.3);				
		BEL'S OBJECTIVES	KPI	2025	2018
		Promote social and environmental practices among our suppliers.	Average "Ecovadis" supplier score (/100).		
	Program and commitments for a sustainable upstream dairy (see paragraph 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.		
		Foster non-GMO feeding of the cows providing our milk.	Milk collected from non-GMO fed cows.		
Quality, food safety and product regulation risks	<ul style="list-style-type: none"> - Organization and dedicated processes (see paragraph 4.1). 	<i>See actions described in paragraph 4.1</i>			

* 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 4.2);
- Programs to promote better eating habits and healthier lifestyles (see paragraph 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).		
Foster healthy consumption habits and lifestyle.	Key countries where a program is implemented for consumers ("Educanut").		
	Key subsidiaries where a program is implemented for employees ("Healthy smiles").		

Risk of environmental impact from operations

- Environmental policy (see paragraph 5.1)

Risks relating to the sustainability of natural resources and global warming

- Programs to reduce energy consumption and use renewable energy (see paragraph 5.2);
- Programs to limit the risks of negative biodiversity impact and deforestation (see paragraph 5.4);
- Circular economy approach to packaging and fight against food waste (see paragraphs 5.5 and 5.6).

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

* Excluding MOM. ** Excluding MOM and Safilait.

APPENDIX 3: Correspondence table for the 10 principles of the United Nations Global Compact

Section(s) of the document	
Human rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights	2. Working for people well-being
2. Businesses should make sure that they are not complicit in human rights abuses	2. Working for people well-being
International labor standards	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2. Working for people well-being
4. Businesses should eliminate all forms of forced and compulsory labor	2. Working for people well-being
5. Businesses should contribute to the effective abolition of child labor	2. Working for people well-being
6. Businesses should eliminate discrimination in respect of employment and occupation	2. Working for people well-being
Environment	
7. Businesses should support a precautionary approach to environmental challenges	5. Reducing the environmental footprint
8. Businesses should undertake initiatives to promote greater environmental responsibility	5. Reducing the environmental footprint
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	5. Reducing the environmental footprint
Anti-corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery	2. Working for people well-being

APPENDIX 4: Contributing to the United Nations' Sustainable Development Goals

Document paragraph(s)	The Sustainable Development Goals
<p>2. Working for the well-being of all</p> <p>2.1 Placing ethics and vigilance at the heart of Group activities</p> <p>2.2 Establishing stronger monitoring in the fight against corruption and respect for human rights and the environment</p> <p>2.3 Promoting good social and environmental practices with partners</p> <p>2.4 Providing fair and helpful information to consumers</p> <p>2.5 Contributing to the vitality of host regions</p> <p>2.6 Building an inclusive employment model for our employees</p> <p>2.7 Guaranteeing health, safety and well-being at work</p> <p>2.8 Promoting equal opportunity and diversity within the Group</p> <p>2.9 Developing our employees' talents</p> <p>2.10 Maintaining a positive company climate</p>	
<p>3. Committing to sustainable farming</p> <p>3.1 Taking action for a sustainable upstream dairy</p> <p>3.2 Using vegetable fat within strict limits</p> <p>3.3 Delivering the goodness of fruits</p>	
<p>4. Promoting caring nutrition</p> <p>4.1 Guaranteeing optimal food quality and safety</p> <p>4.2 Guaranteeing the nutritional quality of products</p> <p>4.3 Fostering better eating habits and healthier lifestyles</p>	
<p>5. Reducing the environmental footprint</p> <p>5.1 Pursuing an ambitious environmental policy</p> <p>5.2 Reducing greenhouse gas emissions</p> <p>5.3 Using water sustainably</p> <p>5.4 Limiting the risks of negative biodiversity impact and deforestation</p> <p>5.5 Fighting food waste</p> <p>5.6 Making packaging part of the circular economy</p>	

APPENDIX 5: 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
<i>Quantity of recovered by-products*</i>	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
<i>Total water quantity*</i>	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
<i>Total electricity consumption</i>	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
<i>Total stationary combustion*</i>	MWh_LHV	529,785	585,053	574,769
Greenhouse gas emissions				
GHG				
GHG emissions linked to electricity consumption	tCO ₂ e	88,760	81,888	84,881
GHG emissions linked to fuel oil and gas consumption	tCO ₂ e	112,708	127,939	127,262
GHG emissions linked to biomass consumption	tCO ₂ e	2,245	1,944	1,751
GHG emissions linked to refrigerants	tCO ₂ e	8,838	5,348	6,573
GHG emissions linked to the Group's own vehicle fleet	tCO ₂ e	21,902	9,614	9,593
<i>GHG emissions Scopes 1 and 2</i>	tCO ₂ e	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				
<i>Total volume of discharges</i>	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
<i>Total quantity of waste</i>		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





Sharing smiles

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COMMUNICATION ON
PROGRESS

This is our **Communication on Progress**
in implementing the principles of the
United Nations Global Compact and
supporting broader UN goals.

We welcome feedback on its contents.