

# BEL GROUP 2014 CORPORATE SOCIAL RESPONSIBILITY REPORT



Sharing smiles



**In 2003, we committed to the Global Compact of the United Nations by signing it**, thus officially stating our view of a responsible company: one that reconciles economic and financial performance, employability, development of the men and women that form it as well as respect for the environment and the living world - subjects that our businesses are highly dependent on.

Now, after more than ten years of continuous improvement in these areas, we have decided, in alignment with the Global Reporting Initiative, to concentrate our communication on progress achieved on the issues that we and our primary stakeholders consider as most significant to ensuring sustainable growth for the Group. Our CSR Leaders representing our various businesses, together with corresponding managers in local entities, carried out an extensive prioritization task in 2014. **We believe that this work will assist our employees in better understanding the impact of their individual and collective contributions in addressing the corporate, social and environmental challenges that we are facing.**

We will pursue this work in 2015, stating the objectives and performance indicators associated with it.

**Our core corporate mission is to share smiles with families by bringing the pleasure of dairy goodness.** Offering formulas that meet the expectations of our consumers is a primary, central issue for our Group.

**The employability of our employees is now more than ever at the core of our corporate responsibility.** The key focuses of our Human Resources management policy continue to be promoting versatility at our production sites, skills development and internal mobility.

I will ensure that Bel continues to **maintain constructive dialogue with all of its stakeholders.** I particularly wish that relations with our suppliers and customers remain founded on ethical principles, something that gives Bel its recognition as a **trustworthy entity.**

**Our teams will continue to focus particularly on children,** in the manner that they address them and also through solidarity and citizenship actions undertaken to contribute to their well-being.

Our remarkable history, our unique and universal brands, our industrial expertise and your commitment to all are proof to me that we all have the qualities to achieve **our ambition of sustainable growth.**



Smiles for  
the  
FUTURE



GRI

GRI

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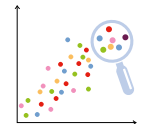
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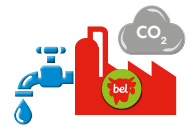


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# OUR VISION FOR SUSTAINABLE GROWTH



The development of our Group is based on convictions that brought it to the third position worldwide on the branded cheese market and made it the world leader in individual cheese portions.

A model is only sustainable if it can create financial value for a company while providing **economic benefits for its stakeholders**, paving the way for responsible development in the future.

**Corporate Social Responsibility issues in the broad sense need to be viewed** in the same light as economic issues when all managerial decisions are being made. This conviction is reflected in our responsiveness with regards to stakeholders and our CSR policy that stems therefrom.

**The benefits of dairy products should be shared with as many people as possible.** Our corporate mission is to share smiles with families by bringing the pleasure of dairy goodness.

**Smiles and enthusiasm are success factors.** Our signature “Sharing smiles” characterizes the mindset of employees, the commitment of women and men who are working to develop our Group and the personality of its brands.

## SUSTAINABLE GROWTH

- Governance
- Stakeholders

## BUSINESS ETHICS

## BEL MODEL

## ENVIRONMENTAL FOOTPRINT

## INDIVIDUAL PORTIONS

## TRUSTED BRANDS

## GRI CONTENT INDEX

### OUR 4 STRENGTHS

Our remarkable history has led us to set very ambitious objectives. We rely on **four specific strengths that comprise the capabilities and competitiveness of our business model**, to confront, in various ways, the major non-financial challenges we face and that make up the priorities of our CSR program.







# OUR VISION FOR SUSTAINABLE GROWTH

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### STRENGTH NO. 1

## Commitment



- Commitment to our employees **to retain talent and attract those who will lead us to future success.**
- **Commitment to the communities** in which we operate and/or within which we are established.



**155** PROJECTS SUPPORTED BY THE BEL FOUNDATION SINCE 2008

SOLID RELATIONSHIPS WITH OVER **3,200** DAIRY PRODUCERS



OVER **3,500** STREET VENDORS PARTICIPATING IN THE SHARING CITIES PROJECT



### STRENGTH NO. 2

## Individual portions



- **Fully understood nutritional dosing.**
- **A product protected** throughout its entire life cycle.
- **A format to prevent waste** by consumers.

MORE THAN **17** BILLION CHEESE PORTIONS




SOLD IN **130** COUNTRIES

**€2.8** BILLION REVENUES OF WHICH **58%** COME FROM PORTION SALES





# OUR VISION FOR SUSTAINABLE GROWTH

## SUSTAINABLE GROWTH

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### STRENGTH NO. 3

## Brands that make the difference on five continents

- Our five **core brands** are the most internationally available in the cheese sector.
- Our **other brands** reinforce our local positions in many countries.



**4 LEADING** CORE BRANDS IN 25 COUNTRIES



AND IN THE **TOP3** OF 45 OTHER COUNTRIES



### STRENGTH NO. 4

## Industrial expertise


- **Processes** in place for **continuous improvement** in our production facilities.
- Our **expertise** is **acknowledged** by our partners.

OVER **400,000** METRIC TONS OF CHEESE PRODUCED

 **1.7** BILLION LITERS OF MILK COLLECTED ANNUALLY

**414** SUPPLIERS\* EVALUATED SINCE 2011 ON THEIR CSR PERFORMANCE  
\*(excluding dairy producers)

**15** OF OUR 28 SITES\* ARE CERTIFIED 

**26%** LESS WATER CONSUMED\*\* BETWEEN 2008 AND 2014 



ACTIONS ARE CARRIED OUT THROUGHOUT THE LIFE CYCLE OF OUR PRODUCTS TO REDUCE THEIR IMPACT ON THE ENVIRONMENT

\* Including the Brookings site in the United States.  
\*\* By metric ton produced.



# CORPORATE SOCIAL RESPONSIBILITY IS AT THE CORE OF GOVERNANCE

## SUSTAINABLE GROWTH

- Governance
  - A family shareholder base
  - CSR and organization
  - Committed teams
  - Clear guidelines
  - Steering and reporting
- Stakeholders

## BUSINESS ETHICS

## BEL MODEL

## ENVIRONMENTAL FOOTPRINT

## INDIVIDUAL PORTIONS

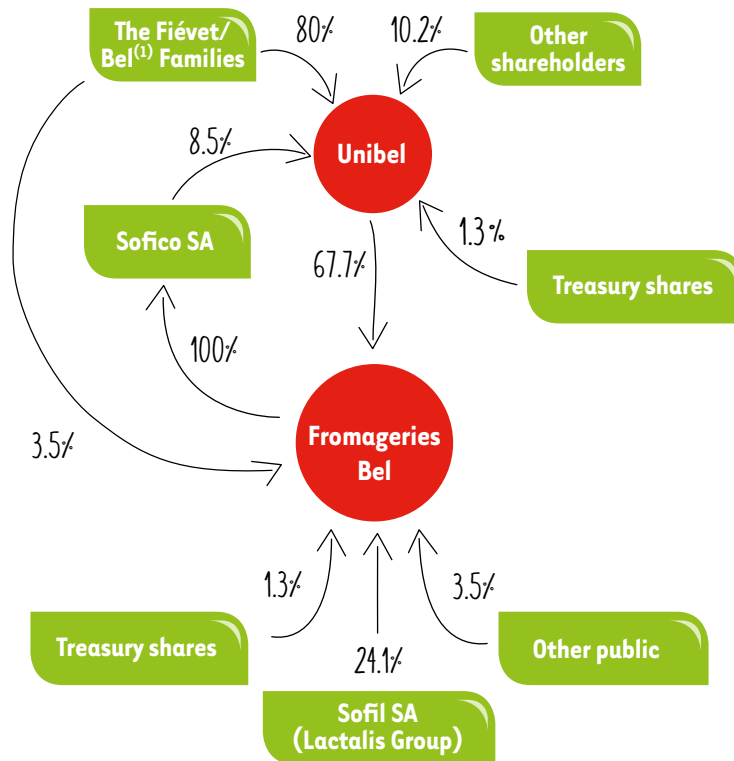
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## A committed family shareholder base GRI 64-7

The major presence of the family shareholder base is a guarantee of the focus on economic and corporate social issues in the medium and long term.

Unibel, the lead holding company of the Fromageries Bel, was 80%-owned by the members of the Fiévet-Bel family group at the end of December 2014. The company is now being steered by the fifth generation of executives from the family.



(1) Signatories of the shareholders' agreement published on September 26, 2013 and controlled companies.

Fromageries Bel is a French corporation (*société anonyme*) listed on NYSE Euronext Paris. The company abides by the Middlednext Corporate Governance Code, which it considers suitable for its continued family shareholding format. It has not rejected any of the recommendations of this code. **Six directors out of ten are independent** with regard to independence criteria stipulated by this code.

For more details regarding the composition of the Board of Directors and its committees, please refer to the Fromageries Bel Registration Document that can be viewed at:

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

*An indication of the Company's longstanding commitment is its endorsement of the Global Compact, through the initiative of its Chairman and Chief Executive Officer, only three years after the framework was launched by the United Nations. We have been assessing our progress annually for over ten years.*

As a member of the United Nations Global Compact since 2003, the Bel Group is committed to adhering to and promoting the ten basic principles of the Global Compact in all of its businesses and to annual communication of the initiatives it has undertaken.



WE SUPPORT

In 2014, we renewed our commitment to the ten principles and submitted our Communication on Progress at the "Advanced" level. We published a Corporate Social Responsibility Report outlining our progress in each of these principles.

**Antoine FIÉVET** · Chairman and Chief Executive Officer of Fromageries Bel, December 18, 2014



SUSTAINABLE GROWTH

- Governance
  - A family shareholder base
  - **CSR and organization**
  - Committed teams
  - Clear guidelines
  - Steering and reporting
- Stakeholders

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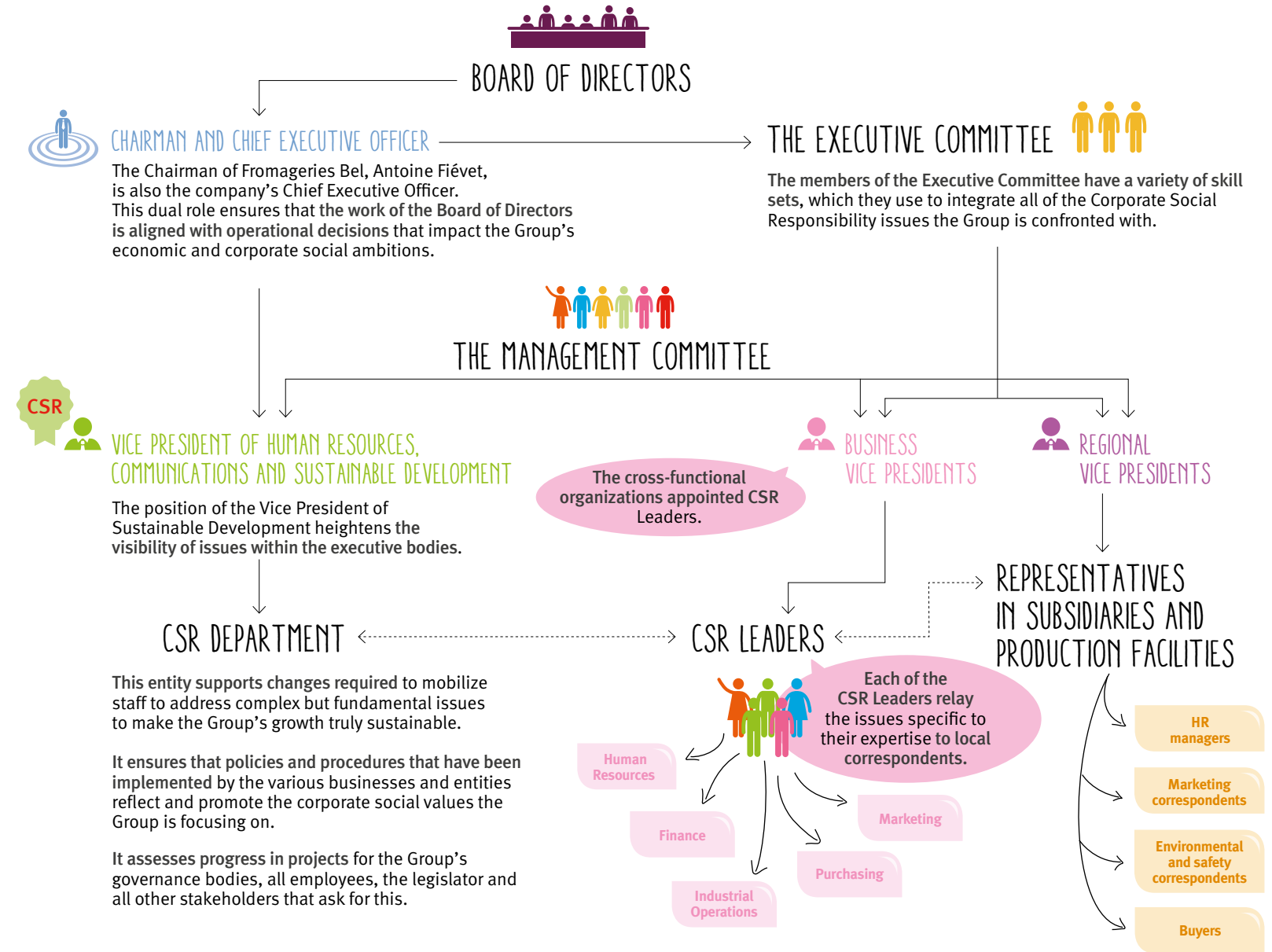
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CSR in the organization 

Our organization facilitates the assimilation of Corporate Social Responsibility issues in the executive bodies through to our staff.





## SUSTAINABLE GROWTH

### Governance

- A family shareholder base
- CSR and organization
- **Committed teams**
- Clear guidelines
- Steering and reporting

### Stakeholders

## BUSINESS ETHICS

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## Committed teams

We are implementing actions to muster the support of managers and to motivate staff to share responsibility for the Group's corporate social performance.



### Sharing our ambitions

- The CSR Department devised and implemented a day and a half training course focusing on our vision of Corporate Responsibility. To date, over 50% of top management (grade 1-3 managers) have been through this training.
- The CSR Department works jointly with CSR Leaders who requested workshops for exchanging vision, knowledge and shared benchmarks with people on the ground.



### Rewarding success

- Since 2012, at least 10% of variable compensation is related to the achievement of CSR program objectives for managers (80% of managers concerned).
- In France, which represents 30% of Group employees, CSR objectives are incorporated into bonus plan agreements of industrial facilities and headquarters.



### Promoting best practices

- We recognize the best achievements of the year through the Bel Awards event. In 2014, seven awards were attributed, including one for the RISE project (see page 34).
- We encourage the sharing of all best practices, especially those that are "reproducible", such as the bi-monthly e-newsletter, team meetings, business seminars, etc.



### Encouraging employees to adopt simple eco actions

- We ask our employees to protect the environment, both collectively and individually, during their work and their life inside the company. Mobilizing our teams means encouraging them to incorporate into their daily activity environmentally friendly practices that are simple, effective and economical.







## SUSTAINABLE GROWTH

### Governance

- A family shareholder base
- CSR and organization
- Committed teams
- **Clear guidelines**
- Steering and reporting

### Stakeholders

### BUSINESS ETHICS

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## Clear and common guidelines



Our program was developed in response to three international framework structures – the United Nations Global Compact, ISO 26000 standard and the fourth version of the Global Reporting Initiative guidelines.

The standards and reference guides that we use directly involve our employees and help them to address the challenges of the Group. The precautionary principle is behind most of the continuous improvement processes that are carried out and detailed in this Report.

### External reference guides

By using recognized and independently certified external reference guides, we guarantee commitment by our staff and bolster the trust of our stakeholders.

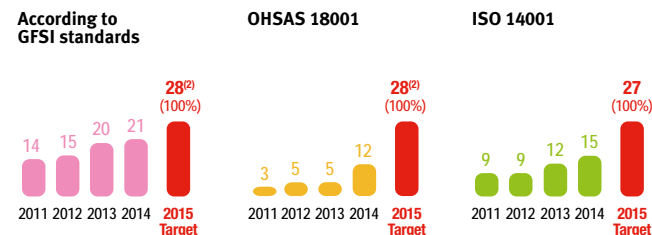
Managing **food safety** is based on the international reference guides recognized by the **Global Food Safety Initiative (GFSI)**. Certification must be obtained no later than one year after the beginning of production at all new sites established by Bel. This period is extended to two years for purchased sites or where subcontracting is used in a non-certified site.



Managing **health and safety at work** is based on **OHSAS 18001** standard, while **environmental management** follows **ISO 14001** standard. New sites must be effectively certified in these areas within one or two years respectively following the beginning of production operations. These periods are extended by one year where a non-certified site has been purchased.



## NUMBER OF CERTIFIED SITES<sup>(1)</sup>



(1) Scope: 27 Bel production and R&I sites (excluding Brookings)  
 (2) The Brookings site must be GFSI and OHSAS 18001 certified by the end of 2015.

### Internal reference guides

In order to keep our teams on the same track, we use internal guidelines issued by the business divisions and shared with the relevant entities.

#### Example: an economic and social assessment grid for projects



This assessment is used by employees **not only to estimate economic value creation but also to determine whether the project had the expected social impact.**

\* Regardless of the financing method, (equity, debt, finance lease, subcontracting, etc.)



## SUSTAINABLE GROWTH

### Governance

- A family shareholder base
- CSR and organization
- Committed teams
- Clear guidelines

### Steering and reporting

### Stakeholders

## BUSINESS ETHICS

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# Steering and reporting

We consider the reporting requirements of French law an opportunity to improve how we manage our non-financial performance.



## Steering indicators

- CSR Leaders selected and/or established performance indicators that are meaningful with regard to our businesses.
- These indicators are aggregated on a worldwide level and are used to fulfill the requirements of Article 225 of the France's "Grenelle II" law.



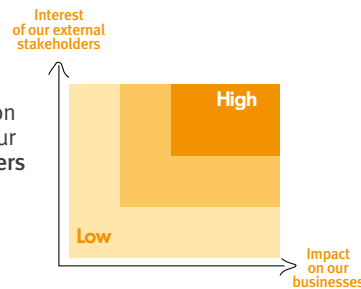
## GRI G4 and Global Compact

- We detail progress in our communications efforts so as to be in accordance with the core criteria of the fourth version of the Global Reporting Initiative guidelines and to maintain the Global Compact Advanced Level qualification that we achieved in 2013.



## Material aspects

- In accordance with GRI G4 guidelines, this Report focuses on material issues, i.e. those that our internal and external stakeholders have deemed significant with regard to our company and its businesses.



## Scope and interval<sup>(1)</sup>

- The published data covers all Bel Group subsidiaries and entities consolidated in the annual financial report. No substantial change has occurred affecting the scope of the study or that of the issues.
- The data published in this Report covers the period from January 1 to December 31, 2014 or are a snapshot of the situation at December 31.
- In the Registration Document, where information exists, data is provided for the last three years in order to give readers a perspective of the progress we have achieved.



## Data audit<sup>(2)</sup>

- We have designated one of our Statutory Auditors as third-party entity responsible for auditing the content of our 2014 Registration Document. This audit attests to the existence and fairness of the information, both qualitative and quantitative, with a limited level of assurance regarding selected information that was deemed important.
- For 2014, we complemented this statutory audit with a voluntary audit by requesting a reasonable level of assurance on selected social and environmental indicators.



## Recognition from stakeholders

In 2014:

- Bel makes the top 5 of 109 companies in the industry sector of the Gaïa Index;
- Aressy Award in 2014 for Fair Business Communications, in the digital communications category for films presenting the Group's CSR process;
- Fifth place for our 2012 CSR Report in the "2014 CR Reporting Awards", in the "Openness and Honesty" category.

In 2015:

- Four initiatives were nominated among the finalists of the ESSEC Grand Prix for sustainable consumption;
- Nomination of our 2013 CSR Report as finalist in the "2015 CR Reporting Awards", in the "Openness and Honesty" category.



## Where to find for information?

- We provide information on the progress of corporate responsibility initiatives in our Registration Document, as well as in the Group's Business Report and on the Group's website at [www.groupe-bel.com](http://www.groupe-bel.com).
- Our previous CSR Report, published in April 2014, is also available on the website.
- This Report can be viewed at [www.groupe-bel.com](http://www.groupe-bel.com), as well as on the following websites:
  - [www.unglobalcompact.org](http://www.unglobalcompact.org);
  - [www.database.globalreporting.org](http://www.database.globalreporting.org);
  - [www.corporateregister.com](http://www.corporateregister.com);
  - [www.ethicalperformance.com](http://www.ethicalperformance.com).
- Contact: [rse@groupe-bel.com](mailto:rse@groupe-bel.com).



<sup>(1)</sup> See the note on methodology in the 2014 Registration Document.

<sup>(2)</sup> See the Statutory Auditors' reports in the 2014 Registration Document.



# CONSTRUCTIVE RELATIONSHIPS WITH OUR STAKEHOLDERS



## SUSTAINABLE GROWTH

- Governance
- Stakeholders
  - Sharing created economic value
  - Return on capital employed
  - A more relevant communication
  - Focus

## BUSINESS ETHICS

## BEL MODEL

## ENVIRONMENTAL FOOTPRINT

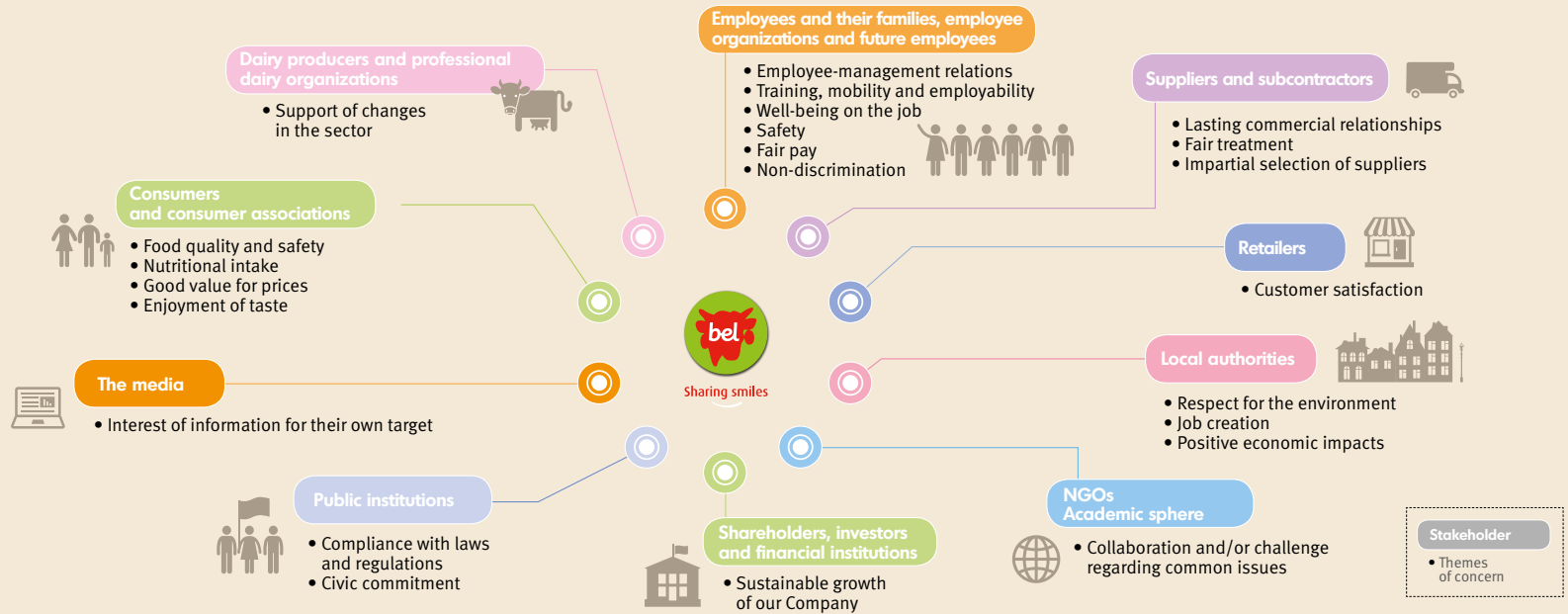
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### Our ecosystem is made up of all stakeholders with whom we maintain relationships.

These are various and widespread, primarily because of the surge in our international brands and the geographic locations of our industrial sites. Relationships with our stakeholders are not intentionally centralized at the CSR Department's level but it ensures that dialogue and coordination are effectively carried out by the various corporate divisions with their own stakeholders. This decentralized structure helps to take into account these exchanges in an extremely operational manner.



### WE WANT TO ACT...

- **To increase our economic and financial performance**, while showing consideration for our ecosystem and stakeholders.

### OUR ACTION LEVERS

- **Listening to and communicating** with our stakeholders at all levels of the Company, including businesses and entities.
- **Incorporate these expectations** into our decisions.

### 2014 HIGHLIGHTS

- **7 priority issues** were determined after the materiality analysis carried out at the corporate level.
- **A multi-functional working group was set up for each priority** to enlarge the panel of stakeholders consulted on given subjects.



**SUSTAINABLE GROWTH**

- Governance
- Stakeholders
  - Sharing created economic value ▶
  - Return on capital employed
  - A more relevant communication
  - Focus

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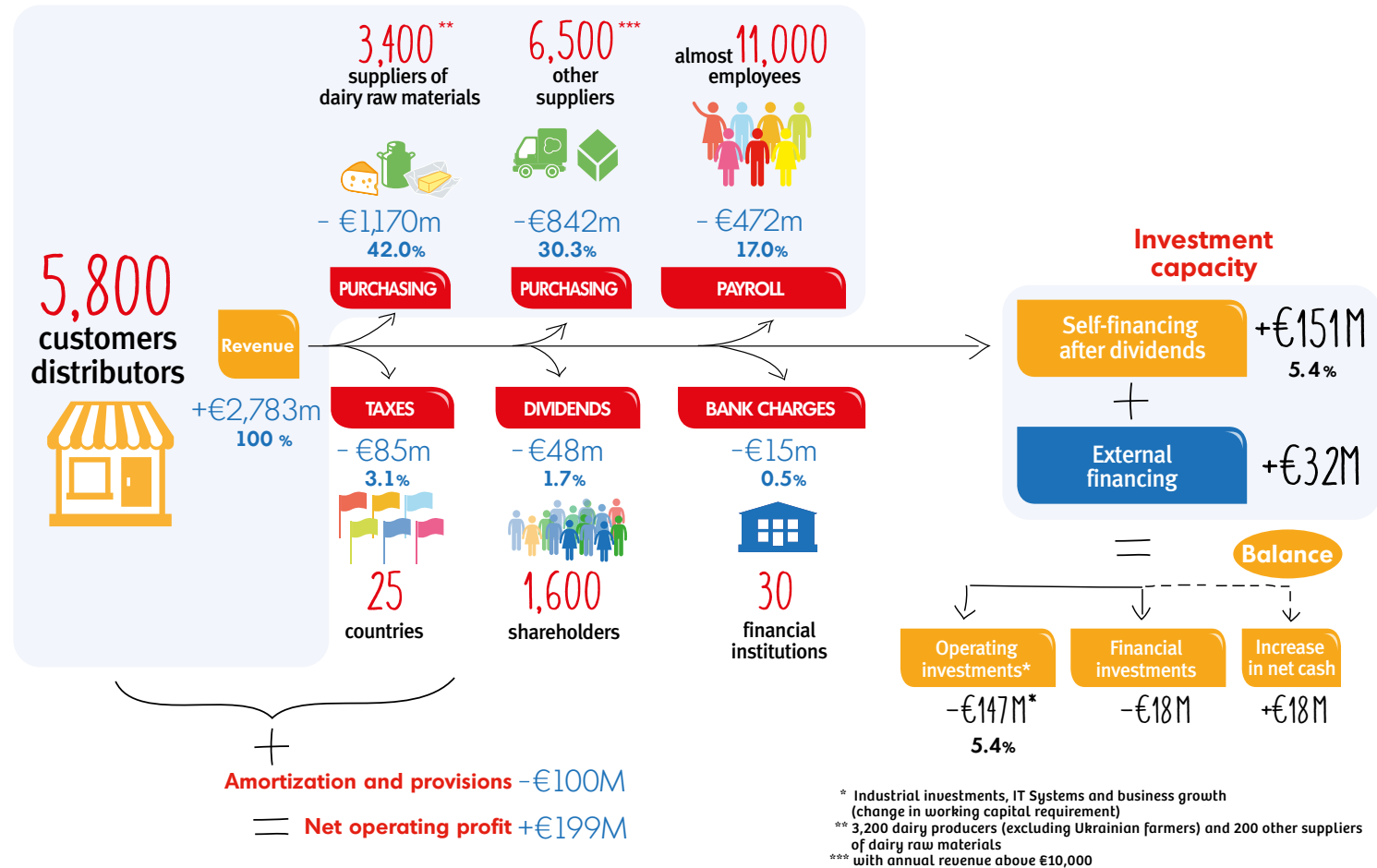
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## Sharing created economic value

When we create value it should be shared with our stakeholders.

The French Dairy Trade Organization<sup>(1)</sup> estimates that one direct job in the sector generates five jobs, thus contributing to employment in rural areas and enhancing the sector's asset base. At Group level, this would mean over 50,000 jobs generated by our businesses.

The diagram below shows how our 2014 revenue was used and redistributed during that same year.



(1) Source: www.maison-du-lait.com



**SUSTAINABLE GROWTH**

- Governance
- Stakeholders
  - Sharing created economic value
  - **Return on capital employed**
  - A more relevant communication
  - Focus

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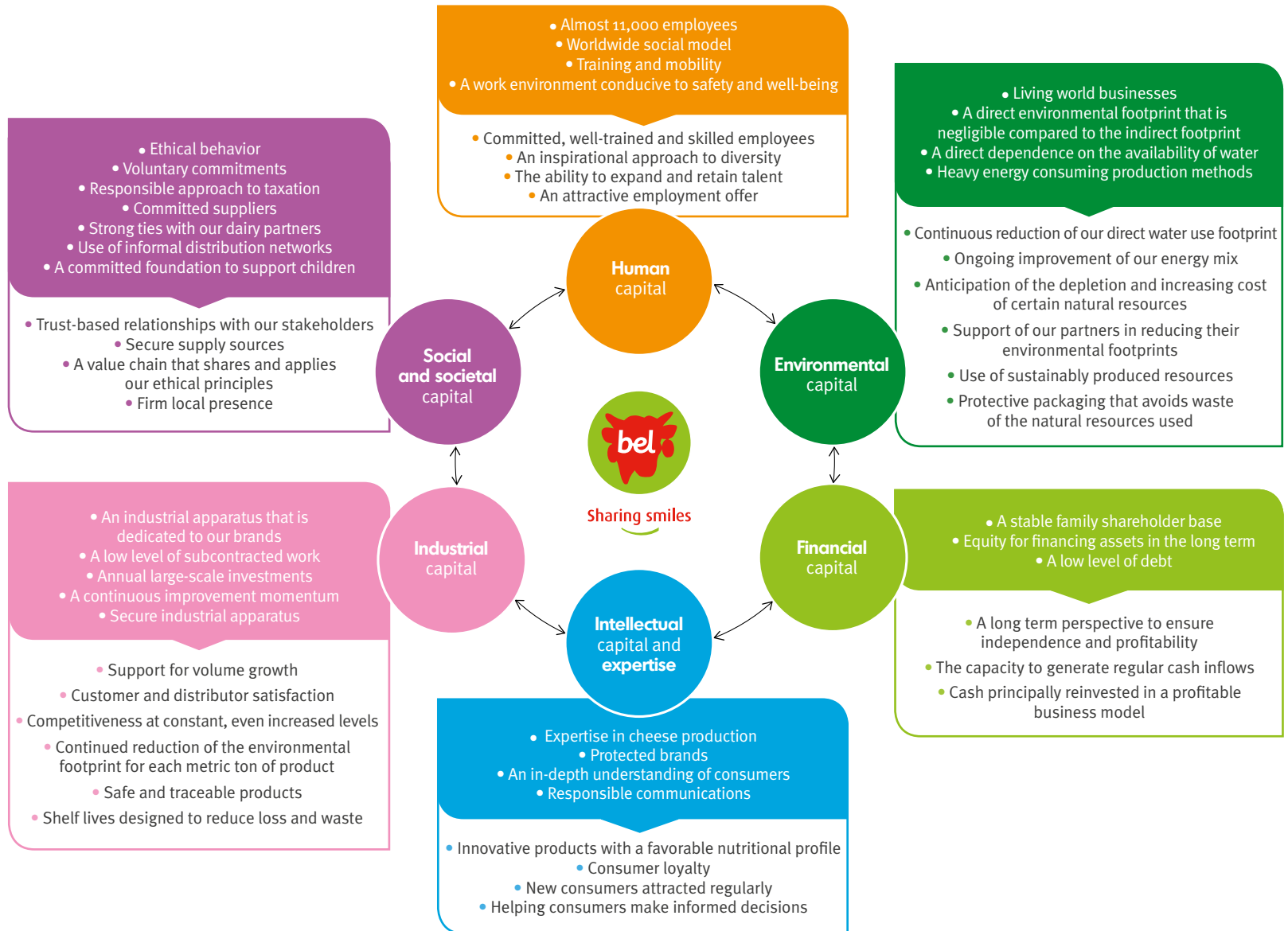
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# Return on capital employed

In carrying out our business activities, we use different forms of capital through partnerships, investment in our ecosystem and consideration for our stakeholders, which make up high standard levers for bolstering the performance and sustainability of our business model.







**SUSTAINABLE GROWTH**

- Governance
- Stakeholders
  - Sharing created economic value
  - Return on capital employed
  - **A more relevant communication**
  - Focus

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## A more relevant communication

We have been assessing our progress annually since we joined the Global Compact in 2003. In an effort to simplify interpretation, we decided this year to do a makeover of the presentation format we adopted in 2010.



### 5 pillars that reflect our identity

**Nutrition & responsible products**  
Well-known brands.

**Committed employer**  
Almost 11,000 employees worldwide.

**Responsible communication and consumption**  
Several million consumers.



**Environmental footprint**  
28 production sites.

**Partnerships and society**  
Numerous suppliers and establishments in 33 countries.

### A patchwork of actions

### 7 priorities that mirror our objectives



### Specific objectives

The objectives related to these seven priorities will be detailed with their corresponding performance indicators in the 2015 CSR Report.



SUSTAINABLE GROWTH

- Governance
- Stakeholders
  - Sharing created economic value
  - Return on capital employed
  - A more relevant communication
- Focus

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## Determining our priority issues through a materiality analysis



In early 2014, for the first time we carried out a materiality analysis in order to map the expectations of our various stakeholders and to identify priority subjects on which to focus our efforts. Through this exercise, we will be able to provide more consistency between our growth ambitions and our corporate performance.

### WHAT IS A MATERIALITY ANALYSIS?

A materiality analysis is used by a company to identify CSR priorities that may impact its capacity to generate added value in the long term. Material subjects are those that exert significant risks and opportunities for the company. At present, the primary reference guides for non-financial reporting, GRI G4, IIRC, SASB, and others, expect companies to explain and present their approach in the area of materiality analyses.

#### 1 Questioning our stakeholders

With the assistance of the consulting firm BSR, we surveyed a broad panel of 170 stakeholders. These were selected so as to ensure good geographical and subject representation as well as a proper balance of internal and external stakeholders.



#### 2 Establishing a CSR issues ranking

We identified 52 CSR issues related to the businesses of the Bel Group that represent the principal challenges with which we are confronted. We then asked the stakeholders surveyed to indicate the issues that they felt were priority ones and to tell us what they expected of Bel with regard to each of them. The study was carried out through an online questionnaire, which in some cases was supplemented by individual interviews to get more in-depth responses. We were thus able to obtain a ranking of our CSR issues by order of importance, for both our internal and external stakeholders. Where these two areas join, we distinguished a clear view of which issues are priority for both external and internal parties: these are our material issues.





**FOCUS ON** *Determining our priority issues through a materiality analysis (cont'd)* **GRI 6A-18** **GRI 6A-19** **GRI 6A-20** **GRI 6A-21** **GRI 6A-26**

**SUSTAINABLE GROWTH**

- Governance
- Stakeholders
  - Sharing created economic value
  - Return on capital employed
  - A more relevant communication
  - **Focus** 🔍

BUSINESS ETHICS

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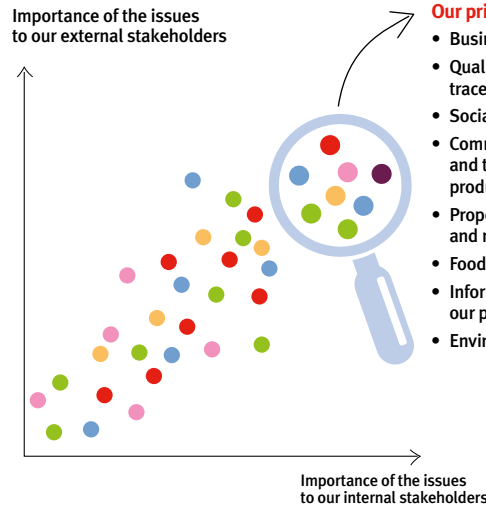
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**3 Identifying our priority issues**

It is interesting to note that in the case of Bel, mapping the issues brought out **clear alignment between the internal and external perspectives of our issues**, which indicates that the Group has a good understanding of its stakeholders' expectations.

We identified seven priority issues through this mapping process, to which must be added business ethics, an issue that we believe cannot be circumvented:



- Our priority issues are:**
- Business ethics
  - Quality, security and traceability
  - Social model of the company
  - Commitment to communities and to a sustainable dairy production
  - Proper nutritional balance and natural qualities
  - Food waste
  - Information about our products
  - Environmental footprint

**KEY SUCCESS FACTORS**

- **A robust methodology.**
- **A broad panel of** both internal and external **stakeholders** surveyed.

**4 Using our strengths to address these issues**

We organized these priorities into **four principal areas that, to us, make the Bel Group stand out and give it its strength**, in addition to providing the vision that we use in conducting business ethically. This structure was approved by the Executive Committee and by the Group's General Management. It will form the core of our CSR process and reporting in upcoming years.



*In wake of this analysis, we have set up internal working groups for each CSR priority in order to set objectives, action plans and to determine the resources needed to contribute to value creation on all of these subjects. Our CSR Report was also restructured around these issues to make us more accountable to our stakeholders. This new presentation of our CSR program will make us more effective and will enlist our entire ecosystem to address our common issues.*



# ETHICAL BEHAVIOR

We are monitoring all of our businesses to ensure that they are in compliance with the principles that we apply to deserve the complete trust of our consumers and all of our stakeholders, without which the Group could not achieve its growth objectives.

In view of our Group’s development and international expansion, we are progressively formalizing our commitments and expectations to facilitate their internalization by our teams and to share it with our partners.

We carry out and optimize a responsible purchasing policy each year to ensure that our numerous suppliers are as committed as we are, sometimes alongside us, in continuous improvement processes to respond to the corporate social challenges that we face.

SUSTAINABLE GROWTH

BUSINESS ETHICS

- In our activities
- In our value chain

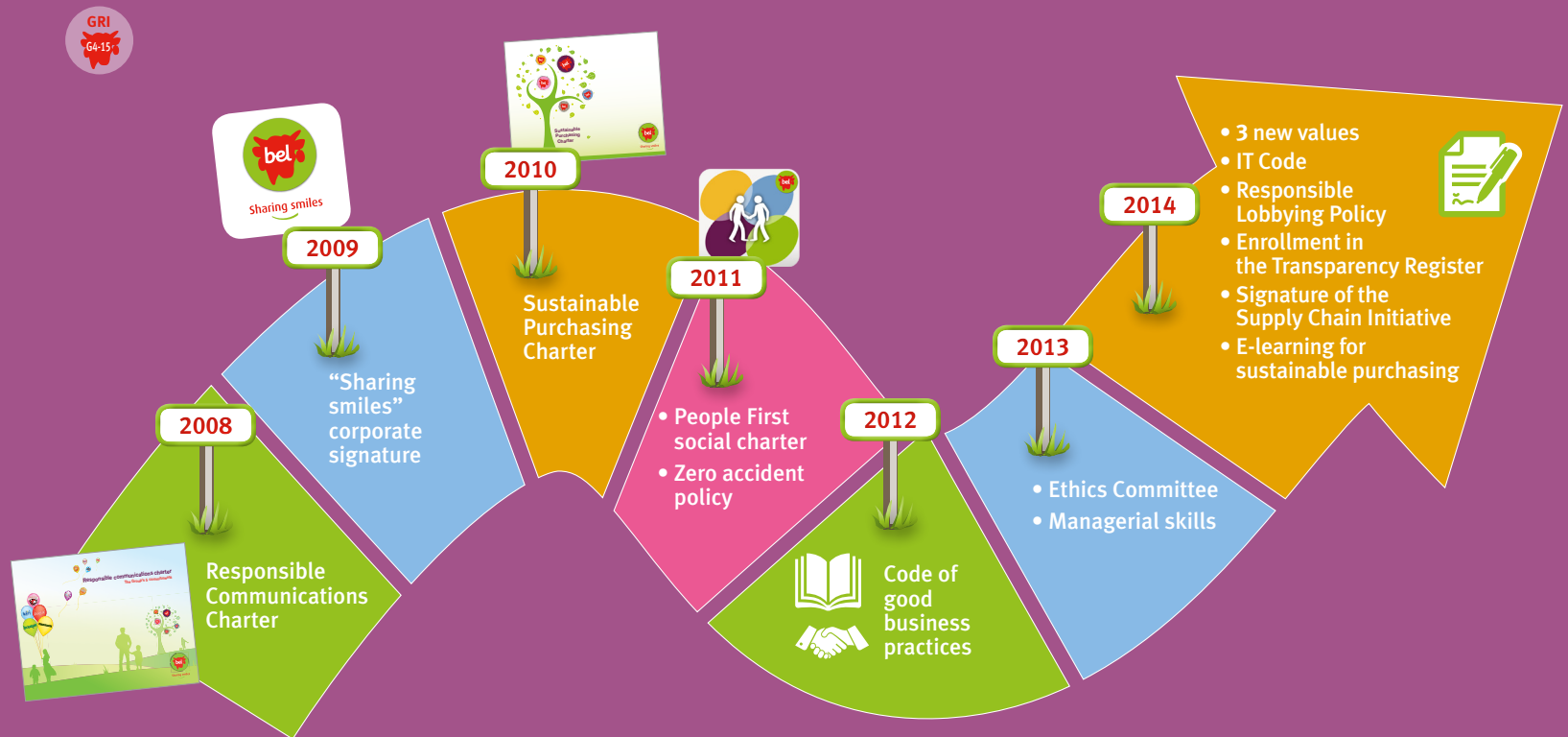
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# RULES OF CONDUCT FOR OUR BUSINESS ACTIVITIES

We want our businesses to operate in accordance with the values and principles we stated in our Code of good business practices everywhere and under all circumstances. We expect our managers to have a positive impact on the attitudes, behavior and decisions of their teams.

SUSTAINABLE GROWTH

## BUSINESS ETHICS

### In our activities

- Shared guidelines
- Key focuses

### In our value chain

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## WE WANT TO ACT...

- To ensure that the individual and collective rules of conduct that guide our acts and inform our decisions help us **earn the complete trust of our stakeholders.**
- So that our activities and those of our partners **recognize the rights of children and have a positive impact on their well-being.**

## OUR ACTION LEVERS

- **Governance and organization.**
- **Clear policies and management systems** that we share with all employees.

## 2014 HIGHLIGHTS

- **Affirmation of our values.**
- **Identification of key watch points** in the area of ethics.





SUSTAINABLE GROWTH

BUSINESS ETHICS

- In our activities
  - Shared guidelines
  - Key focuses
- In our value chain

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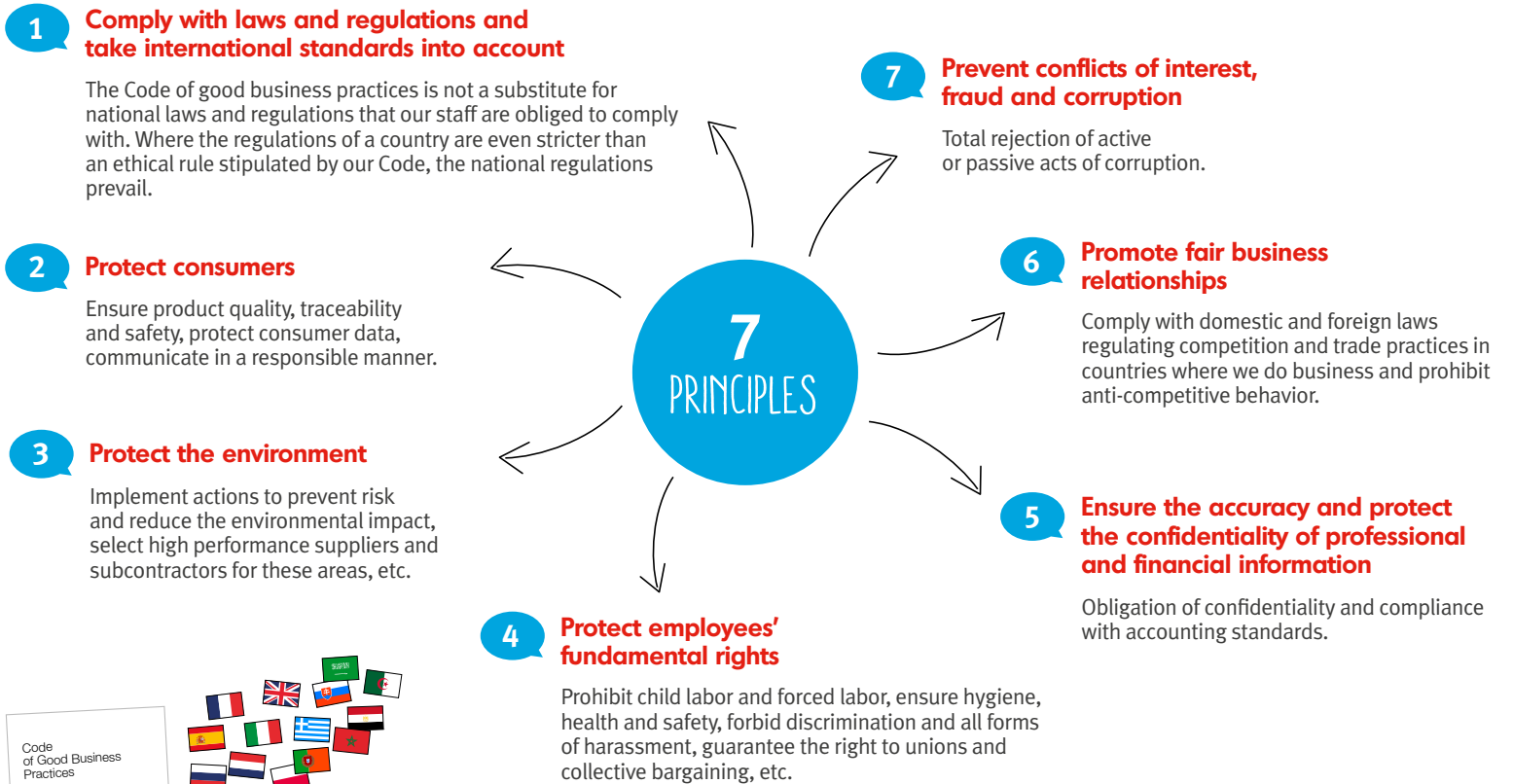
# Shared guidelines

We share a number of guidelines to orient our employees' decisions and conduct.

## Code of good business practices

Our Code of good business practices sets out basic common rules. These rules aim to ensure the compliance of our operations, guarantee the basic rights of our employees as set forth in the principles of the International Labor Organization and guarantee the development of a shared corporate culture that is beneficial to all.

This Code is based on seven principles that each employee must refer to in all circumstances.



Can be viewed at [www.groupe-bel.com](http://www.groupe-bel.com)



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  - Key focuses
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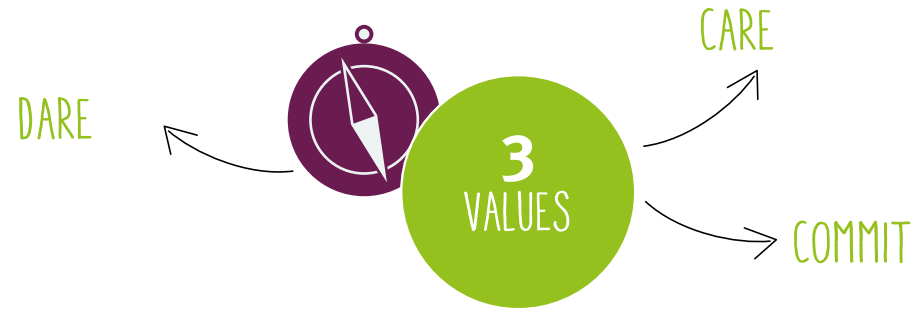
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# Shared guidelines

## Our values

In 2014, we reaffirmed our system of values to ensure that it accurately reflects our background, our objectives and our commitments.

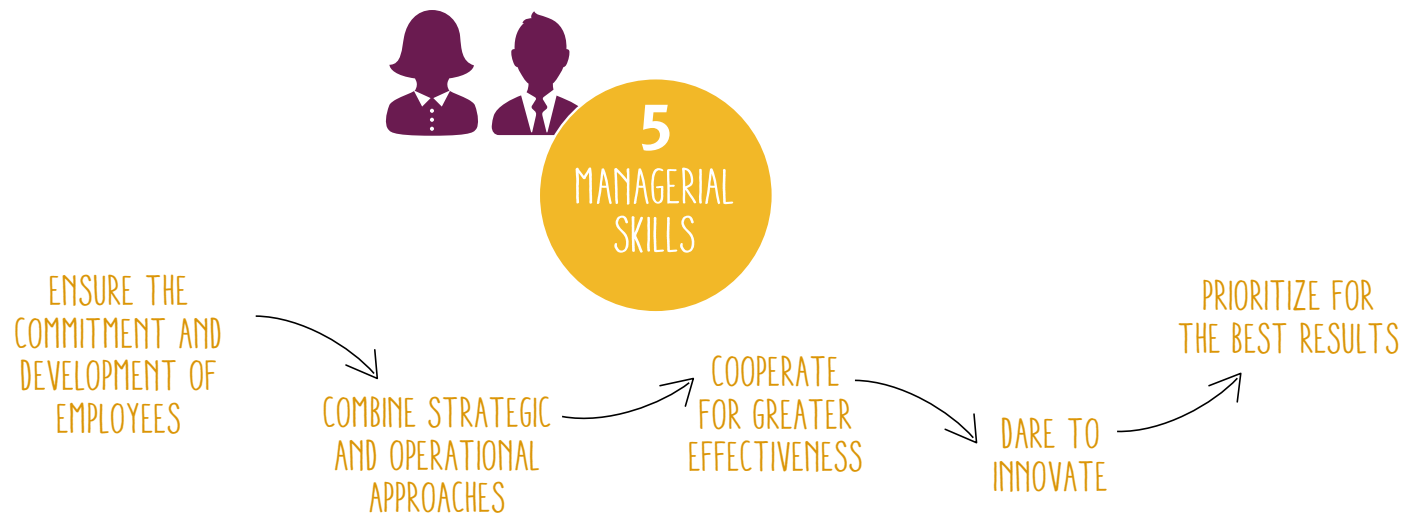
The three values guide our employees in their daily activities and focus them on shared working methods. These were selected in the wake of a quantitative online survey conducted with the participation of over 2,300 employees worldwide.



## Our vision of leadership

By harmonizing human resources practices and sharing a common approach to talent and performance management within all of the entities, we promote commitment among our employees.

We expect our managers to have a positive impact on the attitudes, behavior and decisions of their teams. This is the message of the five managerial skills that structure our leadership model.





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## Our key focuses in terms of ethics

**Bel's reputation and that of its brands is considered a strategic asset and a key to the development of our Company. The ethical principles that we adhere to continue to act against potential risks to our image and reputation.**

The Bel Group has had an Ethics Committee since May 2013, which reports directly to the Chairman and Chief Executive Officer. The Committee's mission is to:

- ensure that all ethics policies are fully disseminated;
- analyze the principal positioning of the Group with regard to the seven principles of the Code of good business practices. In this context, the Committee states its opinion to the Chairman and Chief Executive Officer in a purely consultative manner on all Group inclinations it deems appropriate to mention;
- deal with alerts regarding behavior that is deemed contrary to these policies.

The Group's Ethics Committee has outlined the key watch points with regard to our businesses.

<p>Some of our production sites are located in countries considered high or extreme risk*</p>  <p><b>RESPECT FOR HUMAN RIGHTS</b></p>	<p>Most of our brands address the most vulnerable of populations, children</p>  <p><b>RESPECT FOR CHILDREN'S RIGHTS</b></p>	<p>We conduct business in countries considered to be extremely corrupt**</p>  <p><b>FIGHTING CORRUPTION</b></p>	<p>On occasion, we directly approach public administrations</p>  <p><b>RESPONSIBLE LOBBYING</b></p>	<p>We use natural resources in carrying out our production processes</p>  <p><b>RESPECT FOR THE ENVIRONMENT</b></p>
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\* According to the Human Rights Risk Index 2014 (Maplecroft)  
 \*\* According to Transparency International Corruption Perceptions Index 2014

Beginning in mid-2015, the Ethics Committee will use a network of some twenty Ethics officers in the main Group entities. They will have the following assignment:

- act as an effective relay for the local implementation of the Code of good business practices and all the formats for stating its principles (such as training, dedicated policies, etc.);
- act as special liaison for addressing all ethics related issues brought up by employees in local entities (for example, regarding gifts and invitations);
- assume responsibility for dealing with ethics alerts and keeping the Ethics Committee informed as to results of investigations, recommended response measures, etc.

In 2015, we will implement an alert system by which employees can report breaches of the Code of good business practices.

We are continuing our communications and training actions relating to the principles of the Code and all of the documents that detail it, under the responsibility of the Ethics Committee. A planned implementation schedule will be drawn up.



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## Our key focuses in terms of ethics

### Respect for human rights

As a signatory to the United Nations Global Compact, we are committed to promoting respect for human rights principles within our teams and in our sphere of influence, ensuring that the Group is not an accomplice or accessory to any violation of these principles.

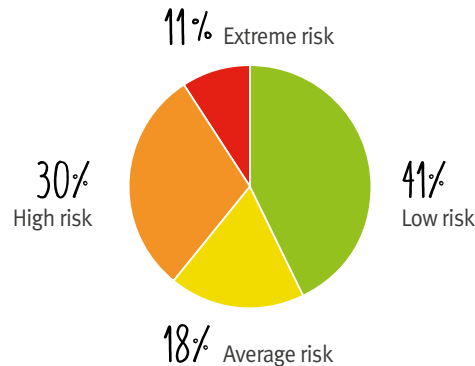
Protecting the basic rights of our employees is one of the seven principles of our Code of good business practices.

These basic rights are inspired by those set forth in the Universal Declaration of Human Rights and the conventions of the International Labor Organization: the abolition of child labor and forced labor; hygiene, health and safety; non-discrimination; equal opportunities based on merit and skill; zero tolerance of sexual and moral harassment; freedom of association and the right to collective bargaining, and freedom of political affiliation.

At each of our sites, the Human Resources manager, under the authority of the General Manager, is responsible for compliance to labor standards.



Breakdown of personnel by EXPOSURE TO THE RISK OF HUMAN RIGHTS' VIOLATIONS\*



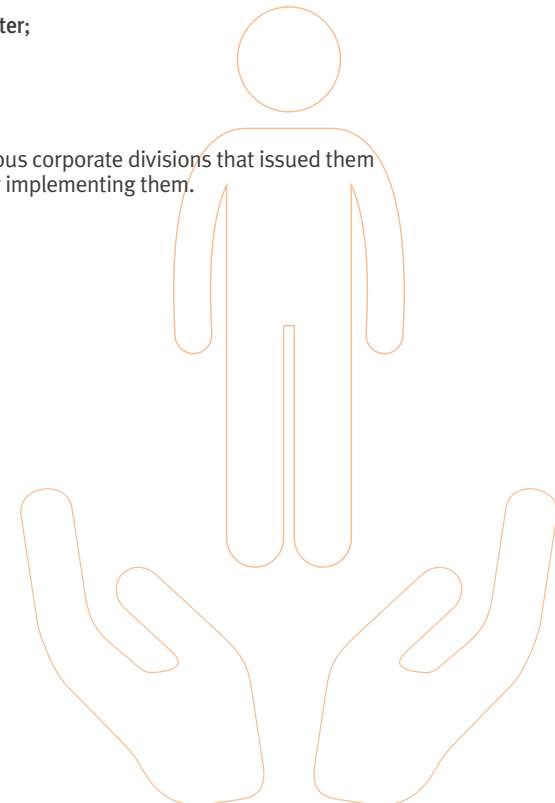
\* According to the Human Rights Risk Index 2014 (Maplecroft)

Our view of the respect for human rights is not limited to compliance with labor standards.

**Several policies state our commitments involving the respect of Human Rights:**

- ▶ The Sustainable Purchasing Charter;
- ▶ The zero accident policy;
- ▶ The People First Social Charter;
- ▶ The data protection policy;
- ▶ Certifications;
- ▶ The environmental policy.

These are applied by the various corporate divisions that issued them and which are responsible for implementing them.





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## Our key focuses in terms of ethics

### Respect for children's rights

Regarding the positioning of the majority of our brands, we believe that the respect of children's' rights is a major issue. Our reference framework is comprised of the **Ten Children's Rights and Business Principles** drafted jointly by UNICEF, Save the Children and the Global Compact (for additional information see: [www.unicef.org/csr](http://www.unicef.org/csr)). We ensure that our employees always comply with children's rights while performing their jobs.



#### As both a direct and indirect employer

- We explicitly refer to **conventions no. 138 and 182 of the ILO** in our Code of good business practices and in our Sustainable Purchasing Charter.
- Our health and safety at work policy applies to **persons of all ages**.
- Local agreements **allow for time off for parents** to attend to young or sick children.
- A total of 3,500 street vendors, most of whom are women, benefit from the **Sharing Cities program**.
- **Numerous families** are assisted through the "Gente que produz e preserva" project in Brazil.
- Bel was awarded the **Happy Trainees** label in 2014-2015 for its hosting of young interns.



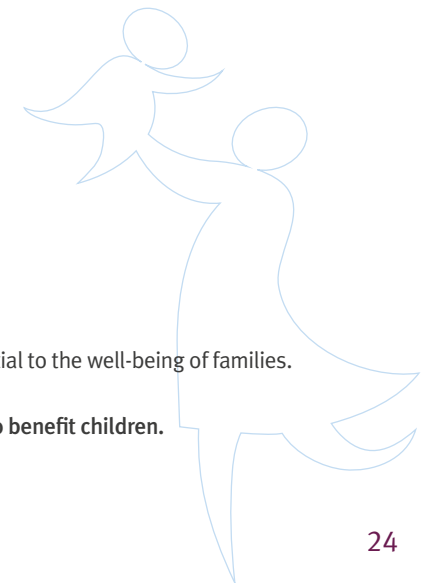
#### As a player in the dairy industry

- Some of our recipes are designed so that a portion **contributes to the proper daily nutrition of the children** who consume it, with the knowledge that dairy products are recommended for the nourishment of children by public authorities.
- Our **Responsible Communications Charter** shared with our agencies underscores the strict principles to adhere to in communication directly targeting children under 12.
- We provide **increased protection** of personal data collected from children.



#### As a company that cares about the environment

- We take steps to **limit the impact** we make on water and energy that is essential to the well-being of families.
- Children are at the heart of our **sponsoring policy**.
- We encourage our brands to get involved in **public and solidarity initiatives to benefit children**.







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## Our key focuses in terms of ethics

### Fighting corruption / Responsible business practices

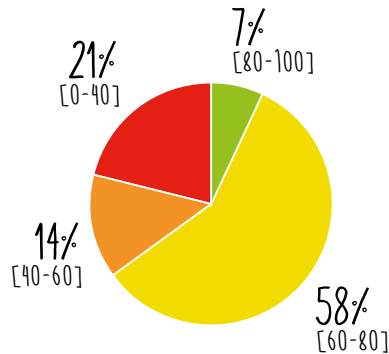
As a signatory of the United Nations Global Compact, we are aware that acts of corruption constitute risks and could expose our Group, its managers and each of its employees to prosecution, fines and the loss of contracts.



#### Fighting corruption

In countries where we do business and where the risk of corruption is elevated or extreme, we have trained all Management Committees with regard to the rules we expect all of our employees to comply with and we are vigilant regarding their application.

Breakdown OF 2014 REVENUE by risk of corruption\*



[0-40]: Extreme corruption  
 [40-60]: Moderate corruption  
 [60-80]: Low corruption  
 [80-100]: Very low corruption

\* According to Transparency International Corruption Perceptions Index 2014

#### Seven commitments made with all of our suppliers

These commitments are stated in our Sustainable Purchasing Charter:

- ▶ **Fair treatment** of suppliers;
- ▶ **Impartial selection of suppliers;**
- ▶ **Confidentiality and respect** for intellectual property;
- ▶ **Support** to improve performance of our suppliers;
- ▶ **Transparency** in communications;
- ▶ Promotion of **local economic development;**
- ▶ **Rejection of economic dependence.**

#### Guidelines, policies and voluntary measures

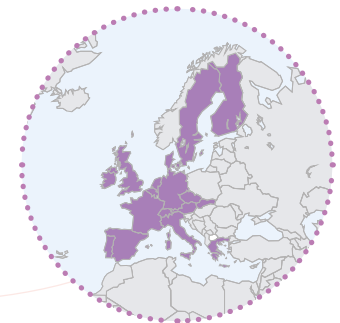
We have put in place guidelines, policies and voluntary measures to better supervise our businesses depending upon location:

- ▶ **Embargos;**
- ▶ **Fighting corruption;**
- ▶ **Compliance with competition law.**

#### The Supply Chain Initiative

We became signatories of the Supply Chain Initiative in 2014 in 16 countries that generate nearly 50% of our revenue.

This is a **voluntary framework for self-regulation** that stipulates ten shared principles that signatories commit to in conducting trading relations.





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## Our key focuses in terms of ethics

### Responsible lobbying



When we deem it to be both legitimate and helpful, we directly approach public authorities. This strategy is legitimate when the interests in play concern a large number of employees or consumers who have placed their trust in us. It is helpful because the process of making public decisions, particularly in democracies, is improved when elucidation is provided by all players concerned by a given issue. All internal or external representatives acting in the name of the Group or of its entities share precise rules for carrying out lobbying activities in a responsible manner. In 2014, we entered our name in the European Union Transparency Register. Additional information is available at [www.ec.europa.eu/transparencyregister](http://www.ec.europa.eu/transparencyregister)



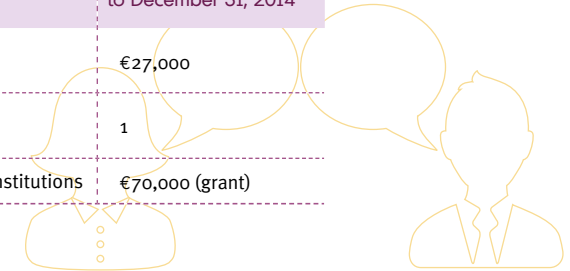
In the area of lobbying, we promote participation in the work of the organizations to which we belong:

- ▶ **Centre National Interprofessionnel de l'Économie Laitière - CNIEL;**
- ▶ **Fédération Nationale des Industries Laitières - FNIL;**
- ▶ **Association de la Transformation Laitière Française - ATLA;**
- ▶ **European Dairy Association;**
- ▶ **International Dairy Federation;**
- ▶ **and others.**

#### Transparency Register

January 1, 2014 to December 31, 2014

Estimate of the average annual cost of activities covered by the Register	€27,000
Number of people participating in these activities	1
Financing from the European Union institutions	€70,000 (grant)

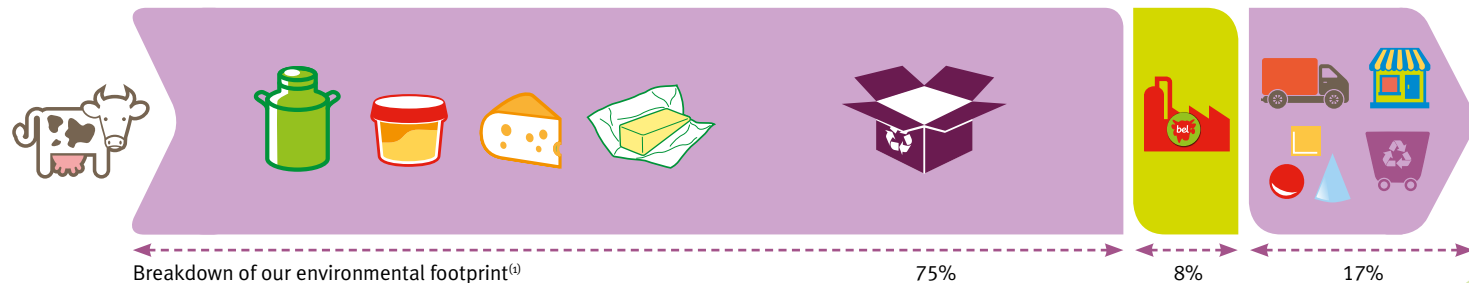


### Respect for the environment

Our Company and its growth are fundamentally and directly linked to the living world and they depend on its proper functioning.

The Life Cycle Assessments (LCA) that we have performed on our products indicate that depending on the nature of the impact (water, greenhouse gas emissions, etc.), between two thirds and three quarters of our environmental footprint is attributable to stages upstream of our production facilities. Respecting the environment means implementing continuous improvement actions on our sites (see Chapter 4), supporting our suppliers in achieving more sustainable production methods and making consumers aware of the need to reduce waste.

Land use is not considered a key issue for the Group, given that the space occupied by our plants is very small. At present, all of the land we own, lease or manage is situated outside of protected areas. When requesting an operating permit, each site's position is analyzed with respect to the sensitivity of the natural environment and the potential impact of its activities.



(1) On the basis of the LCAs carried out on eight-portion The Laughing Cow<sup>®</sup> and eight-portion Kiri<sup>®</sup> - water and CO<sub>2</sub> emissions indicators.



# SHARING OUR VISION OF ETHICS

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## Upstream of our value chain, purchasing amounts to nearly three quarters of our revenue and totals nearly €2 billion.

The Purchasing Department, in contributing to our economic and corporate social performance, works to:

- **optimize the process** for anticipating and reducing risks related to volatility in raw materials supplies;
- **implement plans to safeguard** supply and limit the risk of shortages in the event that one or several suppliers cannot deliver;
- **select responsible service providers** that share our values and commitments in the area of Corporate Social Responsibility.

## Downstream of our value chain, we are progressively asking our distributors to pass on our practices.



### WE WANT TO ACT...

- **To promote the principles of sustainable development** in our relationships with partners.

### OUR ACTION LEVERS

- **A common reference framework** for our purchasing staff and suppliers.
- **Contractual relationships** based on mutual trust.
- **Constructive dialogue** carried out regularly.
- **Assessing** our suppliers' CSR performance.
- **Training** our buyers.

### 2014 HIGHLIGHTS

- All of our central and local buyers enrolled in **e-learning courses dedicated to sustainable purchasing.**
- **The Sustainable Purchasing Charter was updated** in reference to the Code of good business practices.
- **Support** for certain distributor partners in sub-Saharan Africa and the Middle East.
- **RTRS** (Round Table on Responsible Soy) membership.



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## Committed suppliers

For the last five years we have been committed to a continuous improvement process concerning our purchasing performance that is analyzed from a Corporate Social Responsibility angle.

### Our Sustainable Purchasing Charter



Our Sustainable Purchasing Charter stems from our Code of good business practices. It is the key reference guide for our purchasing policy. It is outlined to all our suppliers during the tendering process and compliance with it is cemented through a contractual clause.

Exclusive of our commitments to suppliers, this Charter stipulates what we expect of them on Corporate Social Responsibility issues, to include business ethics, respect for human and children's rights and respect for the environment.

We also remind them of their duty of vigilance concerning compliance with these commitments by their own suppliers.



2,500 STRATEGIC SUPPLIERS WORLDWIDE



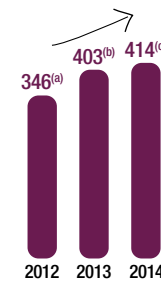
### Our sustainable purchasing policy



We request of central purchasing staff, as well as all our employees making purchases as part of their jobs, to include not only cost, delivery time and quality criteria, but also Corporate Social Responsibility criteria in selecting and monitoring the performance of their most strategic suppliers throughout the world, looking at such issues as raw materials, packaging, industrial equipment, transportation and logistics, and goods and services excluding production.

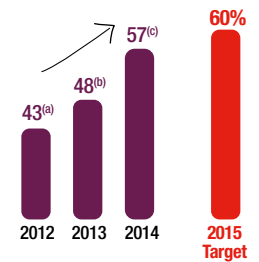
Every year we conduct supplier assessment and reassessment campaigns. The portfolio of suppliers evaluated regularly increases.

Number of BEL SUPPLIERS ASSESSED



(a) Over the period of 2009-2012  
 (b) Over the period of 2009-2013  
 (c) Over the period of 2011-2014

% OF TOTAL PURCHASES (excluding collected milk)



(1) Total purchases for 2014. Suppliers evaluated since 2011.



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## Committed suppliers

### Suppliers evaluated regularly

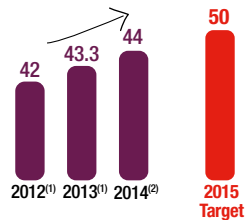
Our purchasing process is based on regular evaluations of suppliers carried out by EcoVadis, a partner specialized in the area of sustainable purchasing. Evaluations are based on four themes: **Environment, Employees, Ethics, and Suppliers/Supply Chain.**

The average score of our suppliers increases regularly.

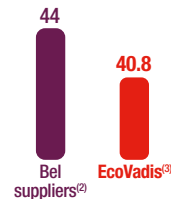
Of the 245 suppliers who were reevaluated, 63% had higher scores. This illustrates the improvement initiative to which they are committed.

The average score of our suppliers is above the average score of other companies evaluated by EcoVadis.

AVERAGE SCORE (OUT OF 100) of our suppliers



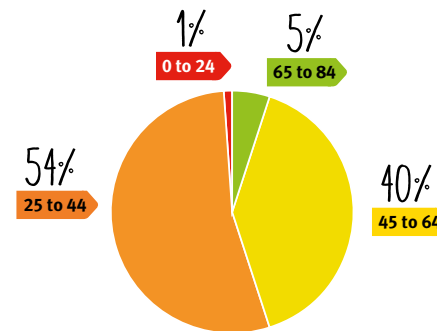
AVERAGE RATING (OUT OF 100) of all companies evaluated



(1) 2012, 2013: evaluation since 2009.  
 (2) 2014: evaluation since 2011.  
 (3) The last 9,604 evaluations carried out by EcoVadis in 2014.

An equal distribution of scores in our supplier portfolio can be observed above and below the score of 45. In 2014, three suppliers were deemed high risk, representing 1% (compared with 0% in 2013), and must consequently implement corrective action plans. In accordance with our management rules, these suppliers will be reevaluated in 2015.

BREAKDOWN OF SUPPLIERS EVALUATED between 2011 and 2014 according to their EcoVadis score



We submit to evaluations every two years in order to monitor our own performance. **With a score of 65/100 in 2013, we ranked in the 9% of top-scoring companies evaluated by EcoVadis, obtaining "Gold" status.** We will be reevaluated in 2015.

### A responsibly managed portfolio

We have set strict rules for ourselves in the area of management of our suppliers according to scores awarded them by EcoVadis.

Score	Level of risk / opportunity	Bel actions regarding the supplier	Update of evaluations	Follow-up actions
85-100	Significant opportunity	Strengthen the partnership or collaboration	Every 24 months	Monitor the improvement of the EcoVadis score
65-84	Moderate opportunity			
45-64	Committed	Supplier awareness program to highlight areas of improvement		
25-44	Average risk	Recommend corrective action plans	Every 12 months	Termination of the business relationship if no progress noted
0-24	Significant risk	Require corrective action plans		



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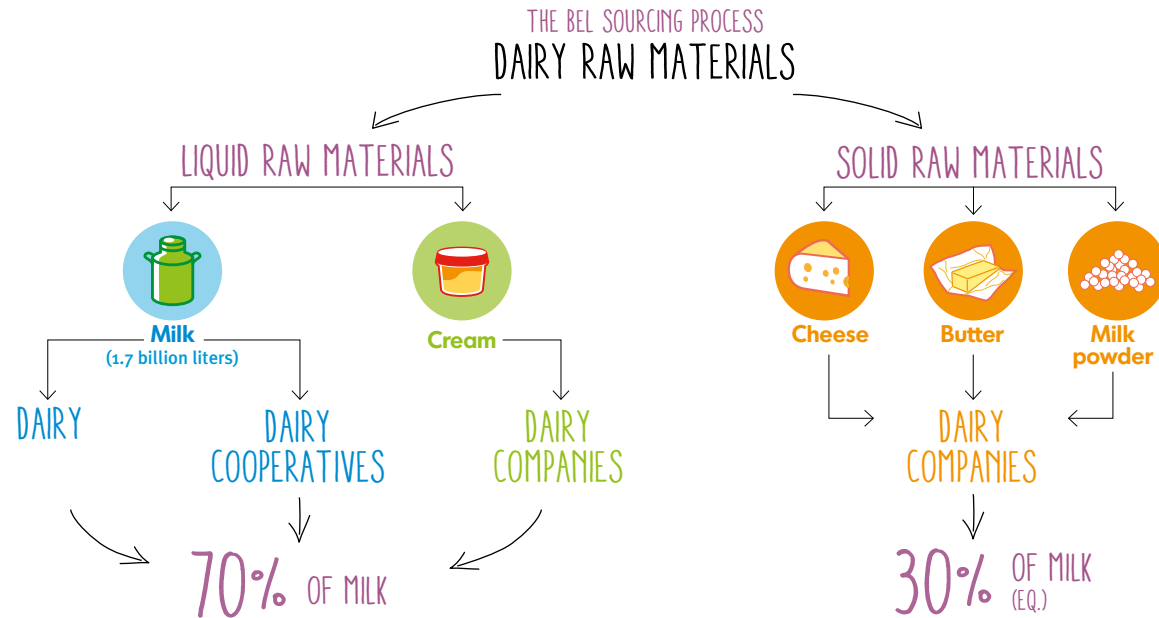
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**Committed suppliers**

**Our expectations by purchasing category**

Milk and dairy products (cream, cheese, butter and powdered milk) are the main category of products in terms of value that we purchase.



The purchase of folding cardboard, corrugated cardboard, aluminum, plastics and paper for packaging is centralized for strategic categories that correspond to world markets and is carried out locally in coordination with the Purchasing Department for other categories.

We stipulate specific requirements into the specifications of our calls for tender and our contracts, according to the main issues or risks identified.

PURCHASING CATEGORY	Dairy raw materials	Packaging	Production equipment	Transportation and logistics	Marketing services	Promotional items
MAIN ISSUES	Food traceability, safety and quality	Respect for the environment	Respect for the environment	Respect for the environment	Ethical behavior	Ethical behavior
SPECIFIC REQUIREMENTS	Food traceability, safety and quality	Sustainable sourcing Recyclability	Collection of used equipment	Submission of a carbon footprint or equivalent report	Compliance with the Responsible Communications Charter	If the sourcing is identified as "at risk", audits by external partner



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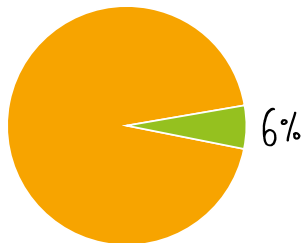
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## Committed suppliers

### Certified subcontractors

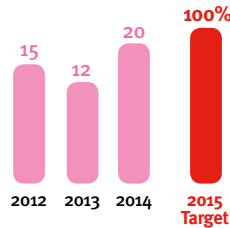
Subcontractors grow our brands' presence in new geographic regions. We request that all of their production sites for our brand use international standards for food safety management recognized by the Global Food Safety Initiative (GFSI), just as our own sites do.

BEL SUBCONTRACTS AROUND 6% OF ITS TOTAL MARKETED VOLUMES



20 SUB-CONTRACTORS ARE CERTIFIED TO GFSI STANDARDS

\* Global Food Safety Initiative



### Dairy producers mobilized

We scrutinize the way our producers care for their herds, regardless of size, and we have the will to encourage sustainable milk production.

IN THE NETHERLANDS



OF LIVESTOCK FARMERS SIGNED UP TO THE COW COMPASS



IN FRANCE



OF OUR DAIRY PRODUCERS HAVE SIGNED THE BEST LIVESTOCK FARMING PRACTICES CHARTER

Where no initiative exists among local inter-professional groups, we work to implement Commitment Charters and Operations Audit Charters (such as in the Azores and Slovakia).

In this way dairy producers in the Azores (Portugal) have gotten involved in the "Leite de Vacas Felizes" program. This initiative seeks to enhance milk from the Azores and the natural origin of our Terra Nostra® brand in the eyes of our consumers. It also contributes to upholding the ecosystem and economic activity of the archipelago through a dairy sector based on pasture land.







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## Committed suppliers

### Protection of biodiversity

Biodiversity is a complex topic: the absence of commonly-agreed tools and indicators makes it difficult to measure our impacts and improvements accurately. Involved in various inter-trade working groups, we lend our expertise to help define recognized, shared indicators.

#### Packaging

Flat and corrugated cardboard represents 80% of packaging volume<sup>(1)</sup> used by the Group.

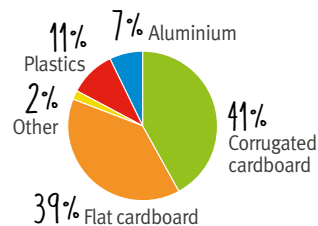
The “produced from sustainably managed forests” statement not only requires certification of this fact, but also that the supplier procured materials from such sources. We use increasing amounts of **corrugated cardboard** that meet these two criteria, but in certain countries where we are established (such as Morocco and Algeria), our suppliers are not yet certified, which up till now has stymied progress in this area.

**Flat cardboard** is used for cartons going to the homes of consumers. For a given brand, the Group uses different suppliers, some of which are not yet certified, making it impossible to generate a uniform message for all formats. For this reason, we have not yet made this type of supply a priority. With increasing numbers of suppliers obtaining certification, we will review this position in 2015.

Wherever possible, we favor **paper and cardboard made from recycled fibers**. However, for certain uses which require very strong materials that can withstand processing by machines, transportation, etc., cardboard made from virgin fibers is preferred, as the use of recycled fibers would require significantly more material to achieve the same result.

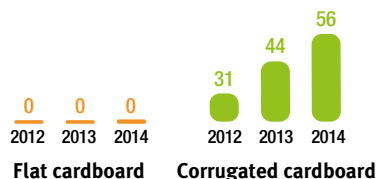
(1) The red wax packaging around our Mini Babybel® cheeses is not considered to be packaging within the meaning of European Directive 94/62 and is therefore not included in the figures given in this section. The amount of wax used is approximately the same as plastic.

#### Breakdown of PACKAGING MATERIALS USED\*

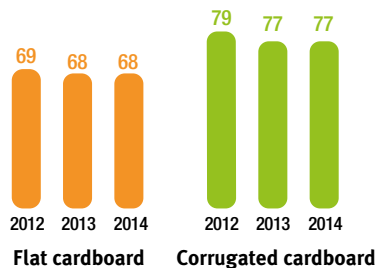


\* 2014 estimates.

#### Use of cardboard WITH CERTIFIED ORIGIN (IN%)



#### Use OF RECYCLED CARDBOARD (IN%)



#### Dietary supplements for cattle



In 2014, we became a member of the RTRS (Round Table on Responsible Soy) and we agreed to buy RTRS credits beginning in 2015 to cover the 44,500 metric tons of soy used in dairy cow feed by our producers throughout Europe (France, the Netherlands, Portugal, Slovakia and Poland).

**44,500 METRIC TONS OF SOY**  
 IN DAIRY COW FEED USED BY OUR EUROPEAN PRODUCERS



We are also exploring, in association with the WWF, the feasibility of alternatives to soy imports in France for dairy cow feed.

#### Palm oil

Although the consumption of palm oil is minimal at Group level (8.6% of materials purchased by Bel in 2014), we aim to discontinue its use altogether by the end of 2014 at the latest.

In 2014 we reworked our formulas and will get them on the market by the first quarter of 2015. These changes should lead to a significant decrease in our use of palm oil. We nevertheless purchased another 3,022 tons of palm oil in 2014 (compared with 3,065 metric tons in 2013). Some formulas have been rejected by consumers. We are continuing to work to find alternative formulas that do not use palm oil and that meet consumers' expectations regarding taste and texture.



SUSTAINABLE GROWTH

**BUSINESS ETHICS**

- In our activities
- **In our value chain**
  - Suppliers
  - **Distributors**
  - Focus

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## Committed distributors

By sharing our CSR commitments with our distributors, we participate in accelerating local economic development and lay the foundation for our mutual development under better conditions.

### Sub-Saharan Africa

Since 2013, we have been implementing the RISE program among our Sub-Saharan distributors. A Sustainable and Responsible Partnership Charter stipulates the seven commitments and expectations of the Bel Group.

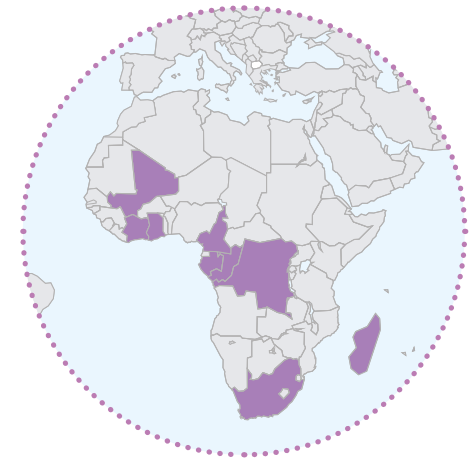
This support program is being implemented over three years. It includes implementation and assistance tools and is supported by a CSR ambassador at each distributor.

For more information on the RISE program, see the following Focus page.

#### The 7 commitments we make with our distributors

- 1 IMPARTIAL SELECTION OF SUPPLIERS
- 2 CONFIDENTIALITY AND RESPECT FOR INTELLECTUAL PROPERTY
- 3 IMPROVED PERFORMANCE OF OUR DISTRIBUTORS
- 4 TRANSPARENCY IN COMMUNICATIONS
- 5 RECOGNITION OF SMALL AND MID-SIZED DISTRIBUTORS
- 6 REJECTION OF ECONOMIC DEPENDENCE
- 7 FAIR TREATMENT OF DISTRIBUTORS

**10 COUNTRIES**  
**CONCERNED BY THE RISE PROGRAM**  
 South Africa, Ivory Coast, Gabon, Madagascar, Mauritius, Mali, Cameroon, Congo Brazzaville, Ghana and the Democratic Republic of the Congo.



### Middle-East

The “Responsibel” program was launched by Bel Middle-East to set up responsible partnership operations based on the three priorities of environment, nutrition and food safety.

In 2014 a preliminary initiative was carried out with a Jordanian partner involving the installation of solar panels in its warehouses. This project, which took over six months to complete, should reduce the need for using non-renewable energy by nearly 80% and diminish the carbon footprint by nearly 60%.





SUSTAINABLE GROWTH

BUSINESS ETHICS

- In our activities
- In our value chain
  - Suppliers
  - Distributors
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## Committing our partners to a CSR program

In Sub-Saharan Africa, Bel is working with a network of local distributors who are mainly wholesale importers. The Group wants Corporate Social Responsibility to be at the heart of its relationships with these key partners. It was with this in mind that the Group's Sub-Saharan Africa and DOM TOM Department set up the RISE program in 2013 to support distributors in implementing their own CSR processes.

This program has the particular feature of **combining several approaches to achieve higher effectiveness:**

- These include **training and awareness actions** for distributors,
- making **tools that can be used by their staff** available to them
- and creating **a good practices sharing community** revolving around CSR.

### ▶ Training and supporting our distributors

The first step was for Bel and its distributors to agree to a **Sustainable Partnership Charter in order to determine each party's respective commitments**. As a complement to this, in October 2013, a two-day seminar was attended voluntarily by the directors of ten different distributors representing as many different countries, during which we shared our vision of CSR, gave a presentation on the RISE program that we wish to set up with them and shared a number of good practices. In addition, the participants agreed to appoint a CSR Ambassador within their companies, whose job is to implement the program internally and to serve as a privileged contact with Bel with regard to CSR subjects.

By common agreement, **for the first year of the RISE program, two key subjects** for our distributors and their stakeholders were deemed priorities:

- **workplace safety** of employees;
- **food product safety** for consumers.

In February 2014, **we trained the ten CSR Ambassadors of our distributors** to provide them with the knowledge required to fully fulfill their roles. Training and communications media for the two primary subjects were furnished, comprising training materials for workplace safety, good practices for food safety and CSR for the companies' employees including awareness posters, practical information sheets and safety vests. The CSR Ambassadors began implementing these tools within their companies in March. After ten months of operation, **results are very positive**. Over 1,900 people have received workplace and CSR training, over 2,800 people got food safety training and 78 CSR good practices were shared in the companies.





## Committing our partners to a CSR program (cont'd)



We want the RISE program to become established over the long term, keep motivation levels of distributors high and create genuine momentum for progress:

- We monitor progress in the implementation of their actions through a CSR scoreboard that includes nine indicators and that is shared every two months with Bel.
- Four times a year we publish a newsletter for the RISE program, in which we highlight progress in the program, good CSR practices communicated to us by our distributors, Bel good practices and a press synopsis for CSR in Africa.
- We set up an annual CSR prize to highlight the best practices of our distributors. The first prize was awarded in February 2014 to our Ivorian distributor for a social business project to promote the employment of women in Abidjan.



SUSTAINABLE GROWTH

BUSINESS ETHICS

- In our activities
- In our value chain
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### Improving together on our shared issues

The RISE program is a way for Bel to strengthen its relationships with several distributors that are key business partners for its development in Africa. The project has also led to an improved performance by the Group and its distributors in addressing major issues such as workplace safety (reduction in the accident and absenteeism rates) and product quality (lower loss rates and improvements in consumer satisfaction). The commitment of Bel staff and the employees of distributors in a motivating and federating project has contributed to improving staff performance.

**Mr. Kouyate Madimassa, CSR Ambassador with SODIMA, the Bel distributor in Mali, states:** “CSR has made an enormous contribution to improving work conditions in SODIMA SARL. By implementing various actions we have seen progressively higher motivation among employees. The company is increasingly open to its environment through sponsoring actions. Implementing CSR has naturally contributed to upgrading the company’s image and performance.”

#### KEY SUCCESS FACTORS

- Real support for our distributors thanks to a partnership approach.
- CSR presented as a performance factor.

Our goal is to capitalize on the enthusiasm of distributors to pursue the RISE program as part of a continuing improvement process. A new avenue of approach has been chosen for 2015 that is consistent with Bel’s core business and that of its distributors: nutrition. This theme will be the subject of a seminar given by Bel experts in April 2015, on the fringes of the WACA (Western and Central Africa) Distributors Convention, complete with tools and actions to be implemented by the CSR Ambassadors within their companies based on the same model as the tools developed in 2014.



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BUSINESS ETHICS

BEL MODEL

- Committed employer
- Community outreach programs

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# A MODEL THAT COMBINES GOODWILL WITH HIGH STANDARDS

Our “Sharing smiles” corporate signature reflects the spirit of the relationships we wish to have with our employees and stakeholders to ensure the sustainability and success of our Group.







# COMMITTED EMPLOYER

SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
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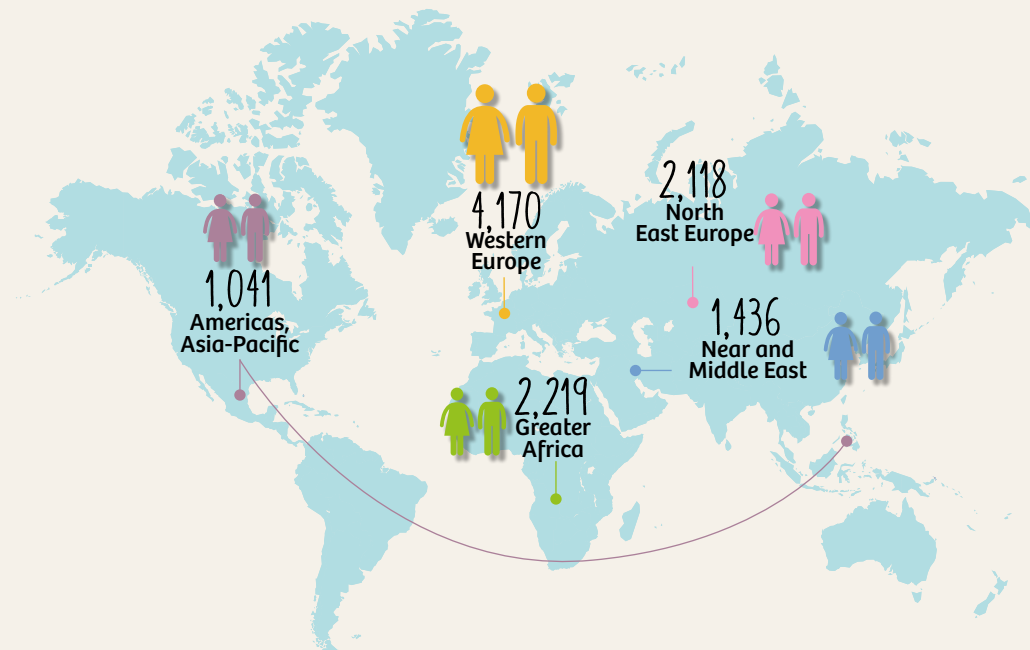
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Our social model, which combines high standards and goodwill, is a key factor to our success. It reflects our perspective of a committed employer.

WORKFORCE  
BY OPERATIONAL  
REGION AS OF  
DECEMBER 31, 2014



## WE WANT TO ACT...

- **To be seen as a first rate employer** both internally and externally, for the quality of our social model and for the career prospects we provide to our employees.

## OUR ACTION LEVERS

- **Policies, organization, training and awareness** in the areas of health and safety.
- **Recruitment and performance review processes** that are fair and non-discriminatory.
- Varied and well-suited **training programs**.
- A transparent and equitable **compensation policy** (in the broad sense).
- A **constructive social dialogue**.

## 2014 HIGHLIGHTS

- **Smile**: a tool for all Human Resources management processes.
- **Social reporting** covering the entire Group.
- **The Health and Safety week** on all sites.
- **International seminar** to lay the foundations of the Bel social relations model.
- **Increase in the number of women** in governance bodies, such as the Board of Directors and the Management Committee.



SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

▪ **Committed employer**

- **Commitment and performance**

- Key figures
- Diversity
- Health and safety
- Well-being at work
- Training
- Compensation
- Focus

▪ **Community outreach programs**

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## Commitment and performance



The commitment of our employees is a major strength for achieving the growth objectives that we set for ourselves. Attentiveness and dialogue are two levers for improving the experience of our staff.

### Our People First Social Charter

The People First Social Charter was initiated and implemented throughout the Group in 2011. It has been translated into 16 languages and is the basis for three-way shared responsibility between Bel, its managers and its employees. The Charter covers four themes:



#### Empower everyone

Create a working environment where every employee contributes to the Group's success, takes ownership of the job, is engaged and autonomous.



#### Enjoy our workplace

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



#### Share success

Implement a transparent, fair, and competitive compensation policy, with employees receiving a fair return on the value they have helped create as the Company's principal stakeholders.



#### Grow further

Develop all talent without discrimination through experience and training, and encourage a fulfilling professional career.

### Recognize employee expectations

Every two years we carry out an international survey among staff. The results are analyzed and shared with employees to assess progress achieved since the previous year and outline new focuses for improvement.

This survey helps to assess the level of commitment of our employees and their perspective of the four key elements of the People First process.

The third survey will be carried out in 2015.

### Maintain high quality social dialogue

We promote dialogue between managers and employees, as well as with employee representatives and/or unions where they exist.

In our Code of good business practices, we recognize our employees' right to representation – in accordance with applicable laws and regulations – by their trade union(s) for collective bargaining on working conditions. The employee representative body in the Company, elected or designated by employees, can take different forms according to the country: Works Council, workforce delegates, Committee for Health and Safety at Work (CHSW), etc.

As in previous years, a number of new agreements were concluded. They are detailed in our Registration Document.

AN INTERNATIONAL  
GLOBAL SURVEY EVERY  
 2 YEARS

75% OF EMPLOYEES  
ARE COVERED BY A  
COLLECTIVE BARGAINING  
AGREEMENT

85% OF EMPLOYEES  
HAVE ACCESS TO A  
STAFF REPRESENTATION  
SYSTEM





SUSTAINABLE GROWTH

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# Bel's employees: key figures<sup>(1)</sup>

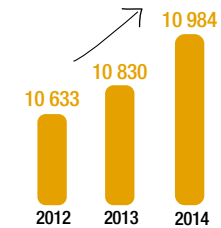


## Regularly increasing staff numbers

In 2014, the Group hired 1,397 new employees (fixed- and indefinite-term contracts). A total of 1,279 employees left the Group, 80% of whom did so voluntarily, either by retirement or resignation. There were nonetheless 260 dismissals spread out among the Group's regions.

The opening of a new production site for Mini Babybel® in Brookings, the United States had no impact on permanent employees of other sites producing the Mini Babybel® brand.

## TOTAL WORKFORCE<sup>(1)</sup>



(1) Permanent and temporary contracts as of December 31.



10,984 EMPLOYEES  
1,397 NEW HIRES

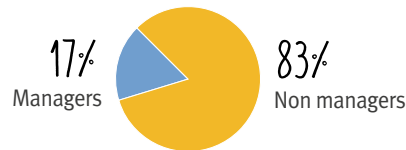
VOLUNTARY DEPARTURES\*  
REPRESENTED 80% OF TOTAL DEPARTURES

\* Resignation or retirement.

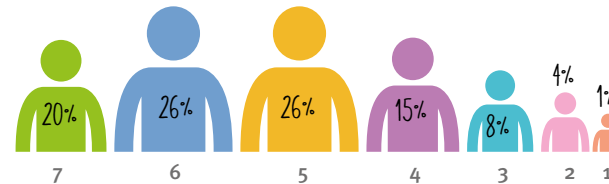
## Managers/non managers

Our definition of a "manager" is based on a standardized grading system in place at all our subsidiaries: Grades 7 to 1 and the members of the Management Committee are considered as managers, whether they supervise staff directly or not.

### Breakdown OF EMPLOYEES



### Breakdown OF MANAGERS BY GRADE<sup>(2)</sup>



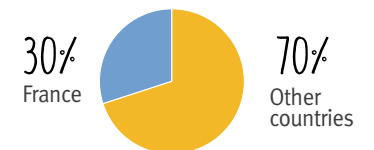
## France/Other countries

The Group's headquarters is in France, where 30% of staff works. The number of staff is practically stable compared with last year's numbers. The three year strategic workplace planning (GPEC) was renewed in 2014. It complements the intergenerational agreement that anticipate staff needs due to departures for retirement as well as agreements on the employment of disabled workers.

Our 20 production sites are located within their consumer markets in support of our development, bringing our products closer and more accessible to consumers.

Our employees enjoy a minimum base of social protection and benefits at all sites and they have access to numerous training options.

### Breakdown OF EMPLOYEES

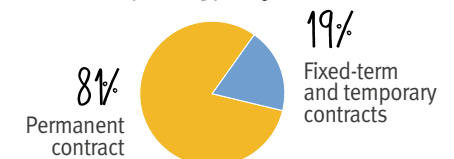


## Indefinite-term contracts (CDI)/Other employment contracts

To adjust our production levels to fluctuations in demand resulting from promotional campaigns and seasonal offerings, we use temporary or fixed-term contracts.

The average job insecurity rate is 19%. This rate hides major local disparities. For example, in Iran, where 268 employees work, the most common contractual method used legally is the fixed-term contract, which is not synonymous with precariousness.

### Breakdown OF EMPLOYEES



(1) Where available, a history of these indicators is presented in chapter 2 of the Registration Document that can be viewed at [www.groupe-bel.com](http://www.groupe-bel.com)

(2) Excluding Management Committee.



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## Diversity that creates value



Promoting all forms of diversity within our employee base from the perspective of culture, gender, age, etc. is a lever for engendering more creativity and for better meeting the expectations of consumers.

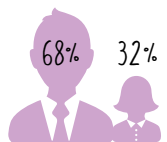
### Men-Women

The proportion of women in the total workforce and within each of its populations of managers and non-managers remains stable overall.

Factors explaining the proportion of women among non-managers include the cultural backgrounds or our locations, the organization of work teams and even local regulations, such as those concerning night work, etc.

Among managers, the proportion in the upper grades of 1 and 2 is quite low. Our objective is to raise this proportion to 30% of women at these levels.

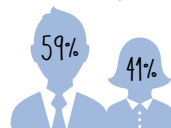
Two women are currently members of the Board of Directors and two women joined the Management Committee in 2014.



Total workforce

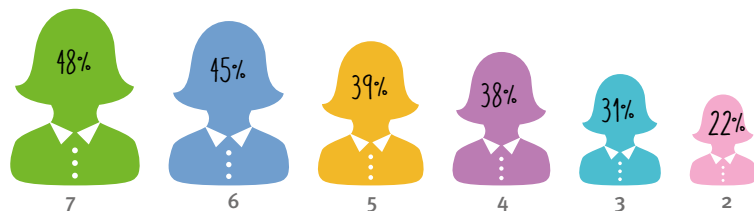


Non-managers



Managers

### Percentage OF WOMEN BY GRADE



### MEN/WOMEN



We believe that a salary gap in excess of 5% between men and women of equal pay grades indicates a problem of wage discrimination. Our compensation policy gives us a tolerance of 4% to work with, in accordance with our objectives.

**0.96 AVERAGE RATIO OF WOMEN'S SALARY TO MEN'S SALARY(\*)**

(\*) at equivalent country and grade

### Culture

Due to the Company's history, French nationals make up the majority of employees.

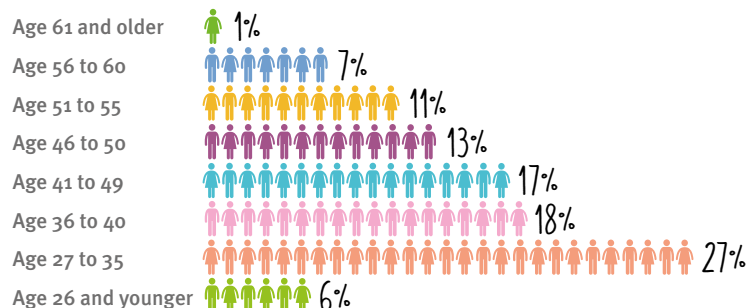
OVER 40 NATIONALITIES IN THE GROUP

### Age

We take care to give a sense of security to employees approaching the end of their career, paying special attention to their working conditions and capitalizing on their knowledge and skills. A total of 8% our employees are older than 56.

MEDIAN AGE 41 YEARS  
40 YEARS FOR MEN  
42 YEARS FOR WOMEN

### Breakdown OF EMPLOYEES BY AGE



### Disabled workers

We welcome the inclusion of disabled workers in our Company. In France, the Group maintained a partnership agreement with the AGEFIPH<sup>(1)</sup> since 2011. Since that time we have used the services of the ESAT program (Work Aid Establishments and Services) for getting disabled persons into the mainstream labor market. In 2014 we worked with 25 ESAT establishments in France.

**6.43% EMPLOYMENT RATE OF PEOPLE WITH DISABILITIES IN FRANCE**

(1) AGEFIPH = French association managing the funds for the professional integration of people with disabilities.



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## Working conditions that ensure health and safety for all

Our primary responsibility is to ensure the health and safety of all people who work at our sites. We take steps for accident prevention appropriate to the diversity and complexity of situations encountered.

### A dedicated organization

Our safety management system is based on the OHSAS 18001 standard.

The implementation of health and safety measures for everyone working at an industrial site is the responsibility of the Site Director. In most cases this person relies on a Health and Safety Manager.

At tertiary sites, this responsibility falls on the Human Resources Department.

Where events could put our employees in unsecure or even dangerous situations, we implement individual measures to protect them. No site was concerned by this in 2014. Our Ukrainian site was not been directly affected by the events occurring in 2014.

Some employees have to travel in markets that feature natural and/or geopolitical risks. We provide them with tools and procedures to ensure their safety. In 2014, procedures were reinforced with the support of a renowned international services provider.



### Preventing the risk of accidents

There is a correlation between the number of near accidents, incidents and the occurrence of a serious accident. According to this logic, we attach high importance to the prevention of near accidents and incidents.

#### RISK PYRAMID



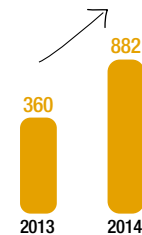
Our employees who drive during the course of their daily jobs (milk truck drivers, sales personnel, etc.) regularly attend safe driving courses. The Group's Moroccan subsidiary suffered the accidental death of an employee following a road accident that occurred whilst he was driving and performing his duties between Tangiers and Casablanca in November 2014.

### Observing employees

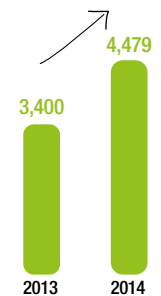
A simple and effective way of identifying positive situations or actions, or alternatively, security threatening behavior, is to observe employees at their workstations. Safety Behavior Visits (SBV) involve observing employees at their workstation and then talking to them about observations culled during this sequence. Eighteen sites are involved in this process.

Demonstrating their commitment to this initiative, the members of the Executive Committee completed a training day on site.

Number of EMPLOYEES TRAINED ON SBVs



Number of SBVs CARRIED OUT





SUSTAINABLE GROWTH

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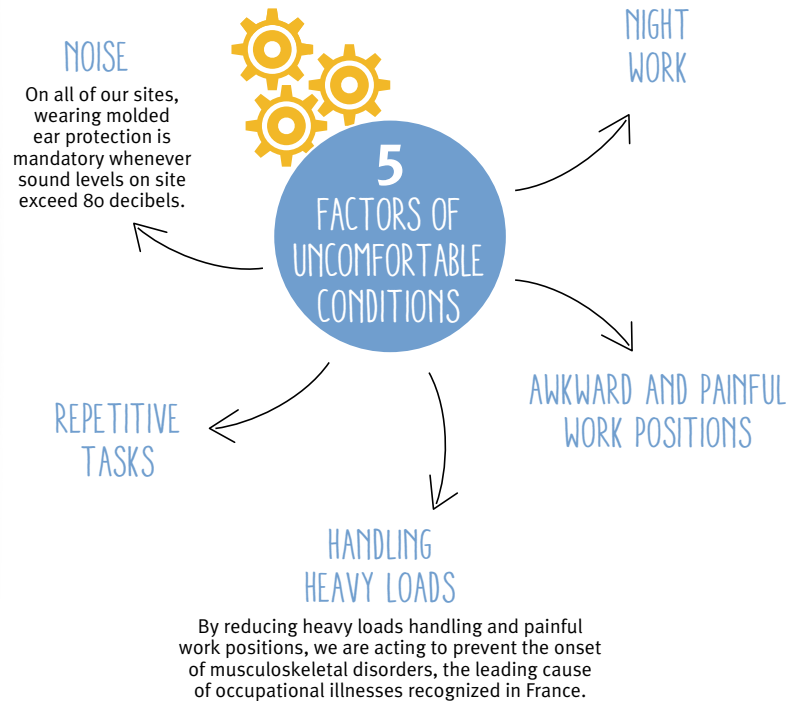
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## Working conditions that ensure health and safety for all

### Preventing uncomfortable working conditions and occupational illness

We identified five main factors of uncomfortable working conditions from a diagnostic survey performed on French sites, which can be extended to other sites. All of our sites must implement action plans to work against these conditions.



### Reduce accidents

Since 2012, we have monitored the frequency rate of accidents on all of our sites, with or without lost time, but requiring medical attention. We took into account not only employees, but any person present on the Group's sites, including visitors and temporary staff. This indicator exceeds the French regulation requirements that oblige us to monitor the "FR1 accident rate", limited to accidents involving lost time and including only employees. This demonstrates our strong commitment to health and safety.

Despite our efforts and the safety behavior visits program, the Group did not record a reduction in accidents in 2014 and in fact suffered one fatal accident.

We decided to downgrade our objective for accident frequency rates, moving from an initial objective of 7.5 by 2015 to 10, yet we increased resources to achieve this new objective:

- one week dedicated to risk prevention at the end of 2014 – see the Focus below;
- 10% of manager bonuses will be linked to achieving this objective in 2015.

	2012	2013	2014
<b>BEL FR<sup>(A)</sup></b> Accidents with or without lost time of anyone present on Bel sites	12.4	12.8	12.6
<b>FR1<sup>(A)</sup></b> Lost time accidents concerning Bel employees	5.6	5.8	6.1
<b>SEVERITY<sup>(B)</sup> rate</b> Bel employees	0.2	0.2	0.2

(a) Number of accidents per million hours worked.

(b) Ratio of number of days lost (calendar or working days according to the sites), expressed per thousand hours worked.



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## Working conditions that ensure health and safety for all

Managers have a key role in making Bel a company that it is pleasant to work for. We ensure that they are mindful of the well-being of their teams.

### Being attentive to employees

In a socio-economic context that constantly seeks improvements in productivity and demands more from employees, we were able to identify three factors that directly influence the well-being at work of our employees and which, in extreme cases, could lead to genuine psycho-social disorders.

**Organization and changes of working methods**

- Working time and work load
- Organization of work areas
- Control of opportunities and risks to the private life-working life balance presented by new methods of digital communication

**Employees' objectives of performing their jobs under proper conditions**

- Autonomy and recognition
- Quality and meaning of work
- Professional values and ethics
- Work stability and professional careers
- Private life-working life balance

**Relations at work**

- Relations with management: practices, performance reviews and recognition
- Relations with colleagues: environment, communication and sharing information
- Relations with persons outside the company

### Implement action plans

We require that all our managers remain vigilant with regard to these three factors and that they implement necessary action plans: customized training programs, drawing up and applying good conduct rules, ensuring paid leave, etc.

We encourage our subsidiaries, especially those in countries without working time legislation, to grant a minimum of three weeks paid annual leave to all employees.

In addition, commuting is often a major source of fatigue. When the nature of the role allows, we encourage managers to support their teams in working from home.

In order to reduce work-related travel and to ensure more proximity among staff, we are progressively adopting higher performance communications media such as video conference systems, corporate social networks, etc.

### Being aware of absenteeism

There are many causes of absenteeism. In many cases, this can be directly correlated with a situation featuring dissatisfaction at work. Absences cause organizational problems and may have a significant impact on workloads of other employees present, as well as on the operation and performance of teams.

We consider an illness absenteeism rate of 2.5% to be a warning threshold that we must not cross.



\* Hours absent due to illness / theoretical work hours.



SUSTAINABLE GROWTH

BUSINESS ETHICS

**BEL MODEL**

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## Developing our employees

We pay special attention to how our employees' careers progress to ensure their employability and development, both professionally and personally.

### Assessing performance

Performance reviews are ideal for listening and exchanging ideas and they are approached using the following philosophy:

- Making employees accountable through self-assessments;
- Focus rather than comprehensiveness: attention is paid to the main strengths and areas for improvement.

Preparing a development plan for the upcoming year and employee career prospects are natural subjects during this interview.



*\* Employed managers on permanent contracts who were present in the Group for the entire year of 2013 or who joined the company before July 1, 2013 and left after July 1, 2014.*

Interviews for non-managers will be carried out with a new tool beginning in 2015. As 2014 was a transition year, we were unable to consolidate reliable data on the number of non-managers who had an interview in 2014.

### Training programs

**Knowledge of the Group,**  
its history, its ethos  
and its businesses

**Development of technical skills**  
for the businesses

**Development of managerial skills**  
and leadership skills

**Development of personal skills**



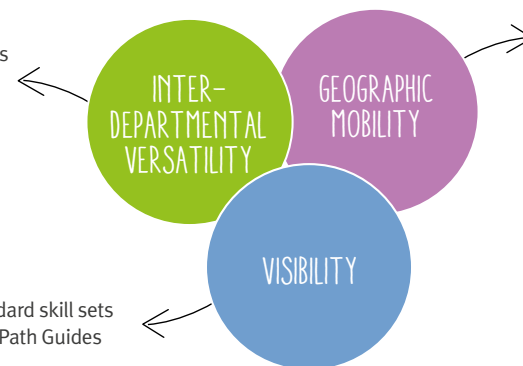
Content of training is updated regularly. We select training formats depending on their objective, their content and the target audiences they address, to include e-learning, tutoring, internal or external group sessions, inter-company training, etc.



### Enrich professional careers

In order to avoid all forms of discrimination and remain transparent, **existing employees have priority to available jobs** before they are advertised externally, except where confidentiality is required.

- Adapt to changes in business
- Support implementing changes in sites' requirements
- Ensure employability
- Enrich professional careers



- Develop standard skill sets
- Share Career Path Guides

We want our managers to be able to move every six years on the average. This mobility is a key lever for career management and in certain cases allows for precious skill transfer opportunities.





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## A fair, motivating and equitable compensation policy

We offer a fair and equitable compensation system to our employees and give them a clear perspective of its various components.

The Group's salary policy is set by the Human Resources Department. Local teams are responsible for implementing and ensuring that non-discriminatory salary practices are applied. For equal responsibilities, any existing pay gaps should be justifiable based on personal achievements, local backdrops, etc.



### Attracting and retaining employees

We want to ensure that all our employees worldwide receive a set standard of benefits that exceeds the minimum base set by international laws and regulations. This is a way of paying salaries higher than legal minimum wages.

The employee benefit plans in place in our subsidiaries are compared to the minimum standards that the Group wishes to offer all our employees (for example: putting in place a death and disability coverage providing at least twice the annual salary).

To attract and retain talent, we make sure to offer competitive salary positioning and benefits. At production sites, we always provide the minimum benefits set by local laws. The 23 subsidiaries with more than 15 managers carry out a salary survey at least every two years in order to identify market practices.



### Recognition of individual and group performance

The recognition of individual performance is based on merit.

The variable compensation for Grade 6 to 1 managers (80% of managers) represents between 8% and 30% of their fixed compensation.

To bolster the feeling of belonging and pride in teams, our subsidiaries are progressively adopting compensation systems taking into account their overall performance or that of the Group.



### Implementation of customized educational tools

In France, the Individual Employment Benefits Report (BSI) sent to over 3,200 employees includes all financial and non-financial components of their overall compensation package, to include their fixed, supplementary and collective pay, which involves profit sharing, bonus plans and savings plans, as well as the various benefits received for the year (social security contributions, retirement contributions, benefits in kind, etc.).

90% OF EMPLOYEES\* HAVE HEALTH COVERAGE

84% OF EMPLOYEES\* HAVE DEATH AND DISABILITY BENEFITS

64% OF EMPLOYEES\* ARE COMPENSATED BY A SYSTEM BASED ON THE OVERALL GROUP PERFORMANCE

\* Employees on permanent (CDI) and fixed-term (CDD) contracts.



Information regarding the compensation of executives can be found in our 2014 Registration Document.





SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

**Committed employer**

- Commitment and performance
- Key figures
- Diversity
- Health and safety
- Well-being at work
- Training
- Compensation
- **Focus**

**Community outreach programs**

ENVIRONMENTAL FOOTPRINT

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GRI CONTENT INDEX

**FOCUS ON** *The first Safety Week event at Bel*

One key issue in the area of safety is getting our employees rallied to this cause. In November 2014, Bel set up its first Safety Week with the purpose of raising employee awareness of safety and improving everybody's involvement in this process. From Vietnam to Italy, by way of China and Algeria, nearly every Group site participated in this event.



**Workshops to heighten vigilance**



This unprecedented version of Safety Week served to remind staff that safety is a major priority at Bel and that it is important to adopt proper practices at work on a daily basis. **The theme selected for this first edition was "movements"**, as this issue is the source of over 50% of workplace accidents at Bel.

All of the workshops presented during the week were intended to reinforce the levels of awareness and vigilance that everybody must adopt **to make safety a priority at every instant and make it a true state of mind for all persons working at Bel.** If we are to obtain concrete results, every one of us must be convinced that we are the primary source of our individual safety and that we must remain attentive to that of those who surround us.

**In all, over thirty different activities were offered to employees throughout the week in the form of numerous theme-based workshops:**

**Falls**

A staged stairway fall, followed by a session where employees tried to imagine what the possible causes could be for this accident and how to prevent it.

**Fire safety**

Discussions and demonstrations concerning fire prevention.

**Movements and postures**

Advice and exchange of views using a specific simulation at a desk with a chair, keyboard and telephone.

**Presentation of the SHC**  
(Safety and Hygiene at Work Committee)

A presentation intended to enhance knowledge about the SHC, its members, their roles and responsibilities and its functioning.

**Danger from noise**

Awareness of risks related to noise and about the mandatory use of ear protection in industrial sites.

**Executive management's presentation**

A demonstration of the commitment and support of top management regarding safety via site visits by General Managers and Plant Managers, with safety presentations.

**Handling loads**

Awareness about the risks of handling loads and sharing good practices regarding the manual handling of loads.

**Simulation of a fire situation and building evacuation**

This is intended to test peoples' reflexes in the event of fire and to practice the use of firefighting equipment, while heightening awareness of the risk of fire among employees.

**Safety Behavior Visits**

Information and demonstrations regarding these visits, their objectives and their results

**Safety encounters**

A freely accessible stand intended to create exchanges and share information on the theme of safety, in an informal and relaxed environment.

**Road safety**

Awareness of employees about risky behavior such as foregoing seatbelts, phone calls while driving, etc., with local police present in some cases, and the use of a driving simulator in which an automobile accident was simulated.

**Golden rules of safety**

Each site draws up its own golden rules using a list offered by the Group as a starting point, with a section of rules common to all sites.

**First aid**

A course in applying first aid when needed.



SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

Committed employer

- Commitment and performance
- Key figures
- Diversity
- Health and safety
- Well-being at work
- Training
- Compensation
- Focus

Community outreach programs

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GRI CONTENT INDEX

# FOCUS ON The first Safety Week event at Bel (cont'd)

## A tailored program for each site

Each Group site had the option of running all or only some of the safety workshops. **Emphasis was placed on sharing good practices so that each employee would be able to identify risks and take action to prevent them.** The identification of risks and dangerous behavior and correcting them in a lasting and constructive manner will be key in helping Bel achieve its objective of zero accidents.

The breadth of subjects addressed and the variety of tools used were key factors to the success of the event, which included stands, posters, videos, presentations, group discussions, shared experience as well as recreational events in the form of quizzes, the "Spot the Seven Errors Game" and brainstorming.

**In order to promote safety in a broader sense, some Group sites invited suppliers and service providers to the events** they organized during the Safety Week. For example, in Tangier, the employees of the service provider for metal work, boilers and metal construction were invited to a workshop detailing precautions to take while working in high places. A welder who works at Tracométal, Abdelkbir Lanouar, recounted his impressions: "I participated in the awareness workshop for working at heights and found it interesting. I was unaware of all the methods available to us for preventing the risk of falls. It was the first time I've ever attended such a training session on the theme of safety."

**This initial Safety Week event has genuinely created a surge in momentum and awareness within the Group. Several employees commented on what the event meant to them:**

### Ahmed Nabil, Technical Manager, Bel Egypt



"All Bel Egypt employees went away from this event week with useful information and will now be enhancing good safety behavior. The week also emphasized that **safety is part**

**of Bel's DNA. Now, teams are more committed than ever around the need to eliminate risks on our sites.** Thanks to this event, employees understand that **workplace safety is everyone's job.**"

### Sandy Velasco, HR Project Manager, Bel Brands USA



"The Safety Week helped Bel unite and articulate the notion of safety. **All the tools used to execute the program have made safety a focal point** even beyond

the Safety Week! It was also great to see the unity amongst all sites on something that is so valuable".

### Tewfik Chaib, HSE Manager, Bel Algeria



"I joined Bel last summer and **was particularly impressed by this event. Its worldwide scope, its length, the commitment of all of the subsidiary's managers and employees** contributed to the event's success on our sites.

For an HSE Manager, this is a great welcoming gift! I sincerely want to see a genuine change in the safety mentality of our subsidiary. **Since this event, every week is a new safety week!**"



**KEY SUCCESS FACTORS**

- A unique level of mobilization within the Group.
- A complete and pedagogic perspective on the subject.

**A second version of the Safety Week is already set for December 2015 to continue to promote safety and to reaffirm that it is a Bel Group priority.**



# COMMUNITY OUTREACH PROGRAMS



SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- **Community outreach programs** ▶

ENVIRONMENTAL FOOTPRINT

INDIVIDUAL PORTIONS

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GRI CONTENT INDEX

We take care to build constructive relationships with various stakeholders in our ecosystem.



## WE WANT TO ACT...

- To provide **economic and social value** to our ecosystem.

## ACTION LEVERS

- **Local presence** of our sites.
- **New business models** that feature strong social values, implemented in concert with local partners.
- **Support of initiatives** sponsored by associations.
- **An active role** in inter-professional dairy organizations.

## 2014 HIGHLIGHTS

- **Agreements concluded** with French dairy producers.
- **Recognition by the Ashoka network.**



SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- **Community outreach programs**
  - Territorial anchoring
  - Committed brands
  - Sharing Cities
  - Bel Foundation
  - Mato Grosso
  - Focus

ENVIRONMENTAL FOOTPRINT

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GRI CONTENT INDEX

## Our sites contribute to regional development



In the regions where we have operations, we wish to be a company that contributes to economic vitality and a partner that establishes lasting ties with local communities.



### Being attentive to local stakeholders

Our production sites are located in 15 countries. By creating direct jobs and promoting the use of local business for supplies in as much as possible regarding our product specifications, we contribute to the economic vitality around our sites.

We often initiate partnerships with local associations that stem from our attentiveness to the requirements of local stakeholders seeking to make their region more attractive. Furthermore, we implement actions to preserve the environment around our production facilities and to combat disturbances that our business may cause.



### Promoting the development of sustainable dairy production

Our producers are located near our production sites. We have long been building an environment of trust by choosing a close collaboration format that results in healthy and regular negotiations leading to balanced agreements satisfactory to all parties.

We have been working with producers and other entities in the business to promote the development of a sustainable dairy production model supported by four pillars:

- support to dairy producers in anticipating changing issues in the sector;
- impeccable quality and safety to consumers (see page 87);
- a controlled, reduced environmental footprint (see page 56);
- well-being of dairy animals (see page 31).

In 2014, we closely followed the changes in the dairy sector, especially the end of quotas in Europe taking place in April, 2015. We made a special effort to offer balanced agreements to producers and to their organizations. We are also considering how to improve the support actions that we are offering them.

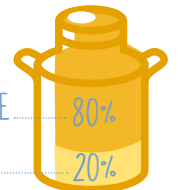


33 SITES LOCATED ON 4 CONTINENTS

SOLID RELATIONSHIPS WITH OVER 3,200 PRODUCERS



MILK COLLECTION NETHERLANDS + FRANCE 80% REST OF THE WORLD 20%





SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- **Community outreach programs**
  - Territorial anchoring
  - **Committed brands**
  - Sharing Cities
  - Bel Foundation
  - Mato Grosso
  - Focus

ENVIRONMENTAL FOOTPRINT

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## Committed brands



The commitment of our brands to specific citizen initiatives is becoming a selection criteria for consumers and increases their attachment to brands.



### Initiatives for the long term

Two core brands, Mini Babybel® and The Laughing Cow®, have supported citizen initiatives for 15 and 6 years respectively.

In the UK, Mini Babybel® continued the partnership first started in 1999 with Comic Relief and its “Red Nose Day”. The funds raised by this fundraising - the largest in the country - go to help numerous charity organizations working with people in need in the United Kingdom and Africa.

In France, Mini Babybel® renewed its partnership with Le Rire Médecin® for the third consecutive year. The goal of this association started in 1991 is to bring a smile to the faces of hospitalized children by putting on clown performances in France’s hospitals.

In 2014, The Laughing Cow® brand supported SOS Children’s Villages in four countries (France, Portugal, Spain and Greece).

NEARLY €1.2 MILLION COLLECTED FOR COMIC RELIEF



2,500 VISITS TO HOSPITALIZED CHILDREN FINANCED BY MINI BABYBEL® IN 2014

PARTNER OF SOS CHILDREN’S VILLAGES IN 4 COUNTRIES FRANCE, PORTUGAL, SPAIN AND GREECE



### New initiatives launched in 2014

In 2014 in Dubai, Kiri® became partners with the Emirati association Dubai Cares, whose objective is to combat poverty by ensuring that all children have access to high quality primary education.

Boursin® in the United Kingdom partnered with the association Thrive for the professional insertion of disabled persons in the sector of gardening and horticulture. Over 50 disabled gardeners benefited from the program.

The Laughing Cow® participated in the nutritional education of children and families. In Abidjan (Ivory Coast), Dakar (Senegal) and Brazzaville (Congo), The Laughing Cow® is organizing recreational and educational fairs based on educational games and workshops dedicated to balanced nutrition. It also set up awareness workshops in preschools in Shanghai.

IN 2014, OVER 45,000 PEOPLE MADE AWARE OF THE RULES OF A BALANCED DIET IN ABIDJAN, DAKAR AND BRAZZAVILLE



OVER 8,000 FAMILIES MADE AWARE OF PROPER NUTRITIONAL BEHAVIOR IN 40 PRESCHOOLS IN SHANGHAI





SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- Community outreach programs
  - Territorial anchoring
  - Committed brands
  - Sharing Cities**
  - Bel Foundation
  - Mato Grosso
  - Focus

ENVIRONMENTAL FOOTPRINT

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GRI CONTENT INDEX

## Sharing Cities: Developing innovative distribution models



By using the informal sector, a dual opportunity appears: our products become more accessible to new consumers and we help disadvantaged communities.

### Using the informal sector

Certain emerging countries, such as Vietnam and the countries of Sub-Saharan Africa, are contributing in a significant fashion to our development. For the distribution of our products in these regions, we have traditionally resorted to “standard” distribution methods involving distributors, wholesalers, major retailers, etc.

Yet an informal distribution sector exists in parallel to these entities, which is made up of street vendors who mainly sell food products generally to low-income consumers.

### Making our products more accessible

The main hindrance to the accessibility of food products in these countries often lies in the last mile to be traveled to reach the consumer, owing to their dispersion, infrastructure that is often insufficient, the distance between consumers and the absence of sales networks.

By using the informal sector, we can make our products more accessible to new consumers.

### Supporting street vendors

The informal sector is characterized by low job security, lower incomes, a lack of access to many basic social services and a lower participation in formal education and training programs.

The Sharing Cities program supports street vendors by providing training, insurance, etc.

In June, 2014 our Inclusive Business manager in Bel Access was officially chosen to join the Ashoka network, a society of social entrepreneurs, as co-creator.



SHARING CITIES  
2 CITIES INVOLVED  
(HO CHI MINH CITY & KINSHASA)



OVER 50 METRIC TONS OF THE LAUGHING COW® SOLD IN 2014 VIA THESE INFORMAL NETWORKS



SHARING CITIES  
3,500 STREET VENDORS INVOLVED



#### Training Programs

Set up with the European Institute for Cooperation and Development (EICD), which provides training for street vendors via micro-business schools.

SHARING CITIES  
200 STREET VENDORS TRAINED



#### Health micro-insurance

Developed in partnership with Groupama Vietnam.

OVER 50% OF VIETNAMESE STREET VENDORS HAVE HEALTH MICRO-ASSURANCE





SUSTAINABLE GROWTH

BUSINESS ETHICS

**BEL MODEL**

- Committed employer
- **Community outreach programs**
  - Territorial anchoring
  - Committed brands
  - Sharing Cities
  - **Bel Foundation**
  - Mato Grosso
  - Focus

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## The Bel Foundation: an extension of our daily responsibility

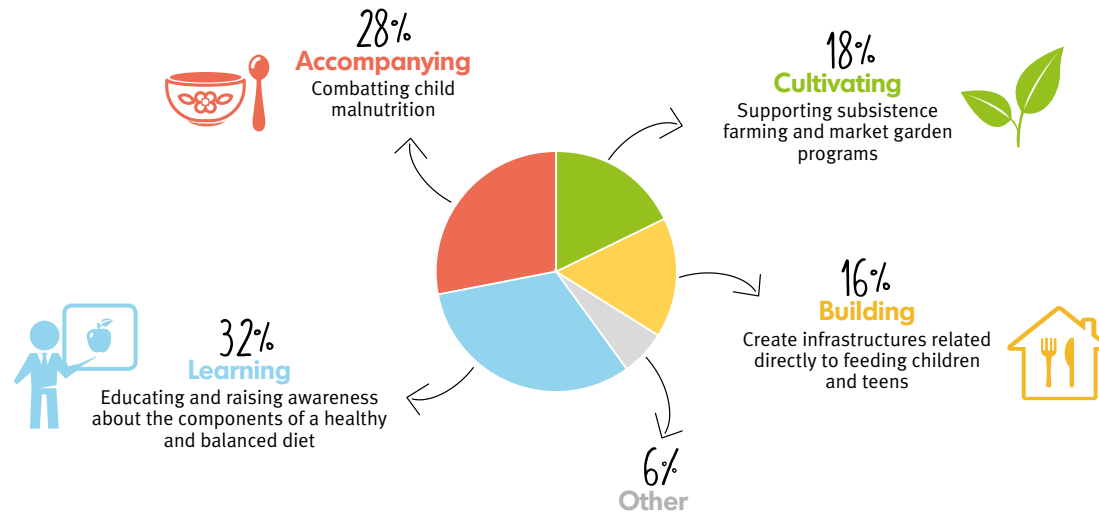


Our corporate foundation, supported by employees, acts for children and their well-being.

Families and children lie at the heart of Bel's history. Founded in 2008, the aim of our corporate foundation is to support initiatives acting in the interests of children and adolescents, focusing particularly on food-related issues. The social projects supported by the Foundation are core components of Bel's mission of bringing smiles to families and transmitting our determination to share.

Twice a year, the Foundation launches a call for projects to spark initiatives acting in the interests of children, supported by associations and non-profit organizations in the countries in which we are already present.

### MAJOR THEMES OF ASSOCIATION PROJECTS SUPPORTED BY THE BEL FOUNDATION SINCE 2008



SINCE 2008  
**OVER 150 PROJECTS SUPPORTED**  
 WITH NEARLY **€1.5 MILLION DISTRIBUTED**

The social projects supported by the Foundation are core components of Bel's mission of sharing smiles with families and reflects our determination to share.

Bel's corporate foundation reports on its activities in its Annual Report, made available at [www.fondation-bel.org](http://www.fondation-bel.org)





SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- **Community outreach programs**
  - Territorial anchoring
  - Committed brands
  - Sharing Cities
  - Bel Foundation
  - **Mato Grosso**
  - Focus

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## The “Gente que produz e preserva” project in Brazil



In partnership with the WWF, we are participating in the financing of a project focusing on biodiversity conservation and the development of responsible soy production in Brazil.

The largest soy production area in Brazil is the State of Mato Grosso, straddling the Amazonian biomes and the Cerrado plains. It has been the victim of massive deforestation that has led to serious harm not only to an extremely rich biodiversity base, but also to the living conditions of families of farmers.

We consider ourselves concerned by this dual problem, as soy is often used as feed and a protein supplement in milk cows. In partnership with the WWF France set up for three years, we are participating in the financing of a project focusing on biodiversity protection and the development of responsible soy production in Brazil.



The “Gente que produz e preserva” project aims to help female producers implement more responsible soy production processes, by complying with the criteria of the RTRS (Round Table on Responsible Soy), and increase their income in the long term.

In 2014, 10 farms representing an area under cultivation of over 20,000 hectares and producing an estimated 60,000 tons of soy annually, were committed to the project. As a note, the volume of soy that goes into the feed of dairy cows of our European producers amounts to around 44,500 metric tons.

The first RTRS certifications are expected in the first half of 2015.



10 FARMS SUPPORTED FOR  
 60,000 METRIC TONS OF SOY PRODUCED



SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- **Community outreach programs**
  - Territorial anchoring
  - Committed brands
  - Sharing Cities
  - Bel Foundation
  - Mato Grosso
  - **Focus**

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**FOCUS ON** *An example of a successful partnership*

In the Netherlands, Bel Leerdammer collects 730 million liters of milk each year from some 1,250 producers whose farms are mostly located within a radius of 100km around the Group’s dairy facilities. Bel Leerdammer has been working with most of the producers who provide it with milk for several generations. Evert Blaauwendraat is one of them.

### EVERT’S FARM

Evert raises ninety dairy cows and sixty heifers on a large farm located near the village of Renswoude in the rolling landscape of the Gelderse Valley.

*“In the past, we also raised sows and pigs for meat, but we decided in 2010 to keep only dairy cows,”* states this proud father of two boys and a girl.

He manages the farm alone, although his 72 year old father still helps out occasionally some mornings. *“On those mornings, we do the most important tasks together, the ones where a bit of help is very welcome.”*

Evert’s wife, Helma, is a vet and has her own office in the village. *“This situation brings about very interesting discussions at home”,* laughs Evert. *“Sometimes we disagree completely, but it’s a very good thing to be open to new viewpoints from time to time.”*



**Evert Blaauwendraat was born and grew up at a farm in the vicinity of Renswoude.**

There is nothing surprising about the fact that he wanted to follow in the steps of his father and grandfather: *“From my earliest years I knew that my place was here, near the animals.”*

**A trust-based relationship**



**Evert has been supplying around 900,000 liters of milk per year to Bel Leerdammer for 22 years now.** *“In the past, we sold our milk to a cooperative where we weren’t members. We weren’t satisfied with the arrangement. Even a temporary partnership with a Belgian cheese producer proved unconvincing. In the end, we chose Bel Leerdammer because we saw them as a stable, solid and trustworthy partner who we could work with in the long term”.*



**Evert views relations within the partnership as very important,** even though it is kept on a strictly professional basis. *“You can try to get a few pennies more for your product, but I think it’s more important to be in a long-term partnership. When I look at what Bel Leerdammer provides to improve our business, I think it is a telling example. Naturally, it is done in their interest as well, but that is not unproductive. Both of us profit from it, which is what counts.”*



SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

- Committed employer
- **Community outreach programs**
  - Territorial anchoring
  - Committed brands
  - Sharing Cities
  - Bel Foundation
  - Mato Grosso
  - **Focus**

ENVIRONMENTAL FOOTPRINT

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**FOCUS ON** *An example of a successful partnership (cont'd)*

*Evert feels that the workshops on dairy farms are very useful. It is here where the collaboration with Bel Leerdammer takes on all of its meaning*

**▶ Workshops to support dairy farmers**



**Evert participates in the workshops organized by Bel Leerdammer regularly on dairy farms.** He has a particularly positive recollection of a workshop on the subject of pasture. *“That got me thinking”,* he states in explaining his enthusiasm. *“Now I have a separation gate to control access to pastures that closes automatically on a cow that is trying to leave without having been milked by one of the two milking machines. I save everything concerning the grazing of my animals on my computer. I know what time each cow leaves to graze and when she returns.”*

**Other useful information came out of the heifer breeding workshop.** *“For a time, I had a number of problems with the heifers. By sharing experiences and analyzing information with colleagues and experts, I found out what was wrong and how to improve things.”*

**▶ Considering the future together**



**Evert’s herd will total 115 cows in the near future. This number will be in keeping with his production objectives,** available space for his animals and his milk storage capacity. In addition, this growth is needed to maintain the farm’s revenue figures. *“That worries me a bit. Margins have fallen sharply and the world changes constantly,”* he states.

*“We are also subject to intensifying regulations and social pressure continues to grow, often through lack of understanding.”* **Evert is satisfied with the initiatives undertaken by Bel Leerdammer in this area for their collaboration.** For this reason, he is a volunteer member of a dairy producer’s think tank that meets regularly with Bel Leerdammer representatives. *“In this way, we can move to the next phase together. It is what can genuinely be termed a profitable partnership.”*

**KEY SUCCESS FACTORS**

- **A trust-based relationship** with our producers.
- **A long-term partnership.**

*Evert’s large farm located near the village of Renswoude in the rolling landscape of the Gelderse Valley*



SUSTAINABLE GROWTH

BUSINESS ETHICS

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ENVIRONMENTAL FOOTPRINT

- Environnemental policy
- Water
- Energy and GHG

INDIVIDUAL PORTIONS

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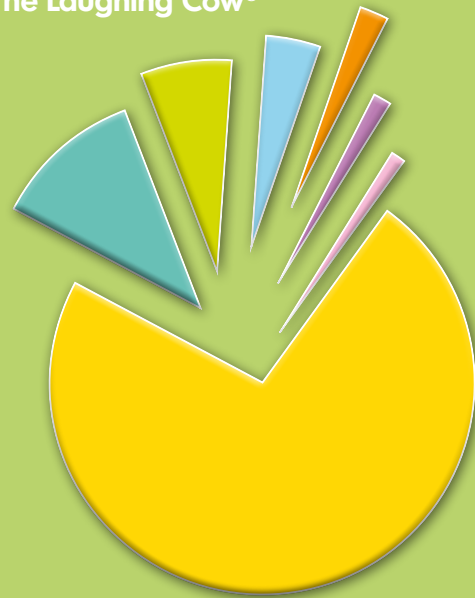
GRI CONTENT INDEX

# REDUCING OUR ENVIRONMENTAL FOOTPRINT

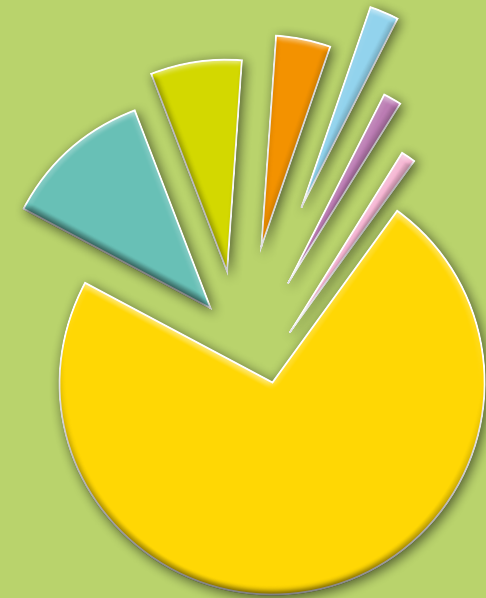
Our industrial expertise helps us to reduce our environmental footprint by:

- continuously implementing improvement programs at our production facilities;
- supporting producers in their efforts to achieve sustainable dairy production;
- making all stakeholders, including consumers, aware of the need to reduce all forms of waste.

Life cycle assessment of a portion of The Laughing Cow®



## WATER CONSUMPTION



## CARBON FOOTPRINT





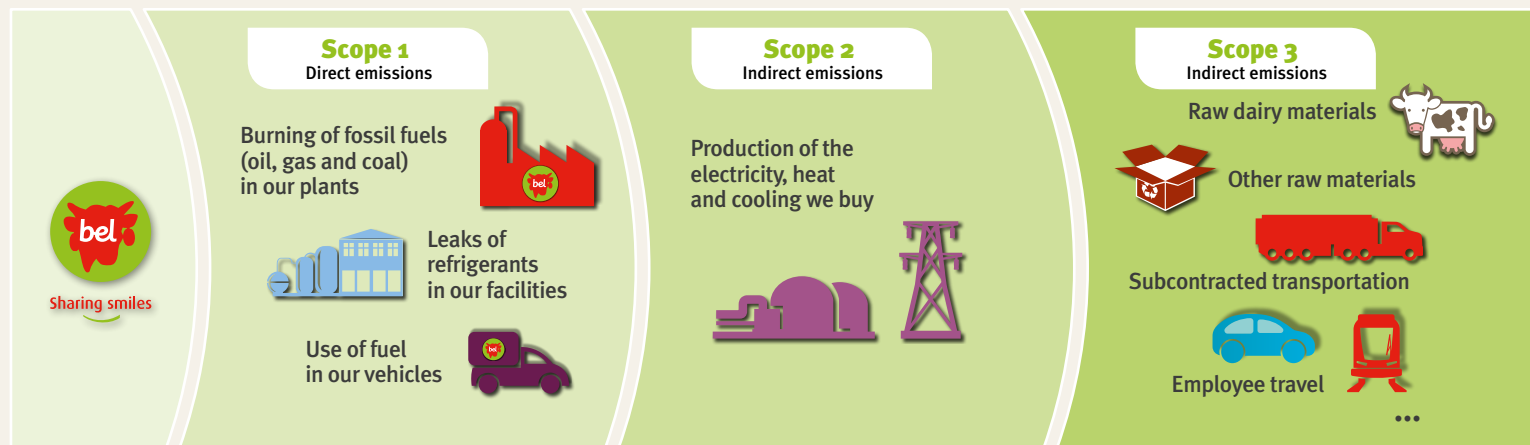
# OUR ENVIRONMENTAL POLICY

**Our Company and its growth are fundamentally linked to the living world and they depend on its proper functioning.**

## Quantification leads to reduction

Our environmental performance steering policies relate to all sites without exception. These are based on the GRI guidelines and on article 225 of the France's Grenelle II law. This steering is guided by some 40 quantitative indicators that assess the major impacts we exert on the environment in the areas of water, energy, emission, waste, investments, provisions, etc.

With regard to greenhouse gas emissions we produce, our reporting relates to scopes 1 and 2. We are not able to report on our indirect scope 3 emissions.



## WE WANT TO ACT...

- To transform our progress in respecting the environment in the various markets where we operate into **a key element that differentiates** us from other players.

## OUR ACTION LEVERS

- Dedicated structures** at all of our sites.
- Industrial expertise.**
- Certifications.**
- Partnerships** with other players in the sector.
- Consumer awareness** regarding the link between the wasting of food and natural resources.

## 2014 HIGHLIGHTS

- A new tool to **steer the environmental performance** of our sites.
- For other highlights, see the chapters on Water, Energy and greenhouse gas emissions, and on Food waste.

SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

### ENVIRONMENTAL FOOTPRINT

- Environmental policy
- Water
- Energy and GHG

INDIVIDUAL PORTIONS

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SUSTAINABLE GROWTH

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BEL MODEL

ENVIRONMENTAL FOOTPRINT

- Environmental policy
  - Life Cycle
  - Ecodesign of packaging
- Water
- Energy and GHG

INDIVIDUAL PORTIONS

TRUSTED BRANDS

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## Reducing our environmental footprint

### Supporting dairy farmers

We support our dairy farmers in improving the environmental performance of their farms, while considering the economic constraints affecting their operations.



Around 15 of our raw dairy materials suppliers provide over 1,000 metric tons of product to us each year. All of them are committed to achieving progress comparable to our level and we take their progress into account during our business reviews. We also monitor their environmental performance through the EcoVadis tool.



### Reducing our direct impact

Every Plant Manager relies on a local organization dedicated to environmental issues, with the size varying depending on sites. Training and the exchange of best practices are the two main drivers for mobilizing our teams. The Group's environmental management policy draws on the international reference guide of the ISO 14001 standard with certifications awarded by an independent third-party organization.

In 2014, we invested more than €12 million in projects specifically dedicated to protecting the environment. Moreover, over €500,000 were invested in other projects contributing to protecting the environment through their technological nature. As in previous years, no provisions for warranties or environmental risks were recognized as of December 31, 2014.

We are developing methodologies appropriate to our issues. The WASABEL (Water Saving at Bel) and ESABEL (Energy Saving at Bel) methodologies are used by each site to carry out a regular review of their water and energy consumption and put together action plans to reduce them. The objective of the BOOST program is to lower all types of losses and increase productivity, while improving the efficiency of organizational structures and production lines. This contributes to reducing energy and water consumption.

### Transportation

By working with logistics partners up- and downstream of our sites, not only do we reduce the carbon and energy use footprints of our products, but we also act against other problems such as road congestion and noise.



### Consumer awareness

The consumption phase is not stated in our life cycle assessments as a phase that strongly impacts our water and carbon footprints.



In contrast, changing behavior that surrounds the act of consumption itself is a major lever in reducing the impact of our products:

- avoiding all forms of food wastage (see page 80);
- providing sorting guidance for consumers in countries with established recycling sectors (see page 96).

15 ISO 14001 CERTIFIED SITES INCLUDING 3 NEW CERTIFICATIONS IN 2014

€12 MILLION INVESTED IN 2014 IN EQUIPMENT DEVOTED TO ENVIRONMENTAL PROTECTION

SINCE 2009 €30 MILLION HAS BEEN INVESTED IN EQUIPMENT DEVOTED TO ENVIRONMENTAL PROTECTION





SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

ENVIRONMENTAL FOOTPRINT

- Environmental policy
  - Life Cycle
  - Ecodesign of packaging

▪ Water

▪ Energy and GHG

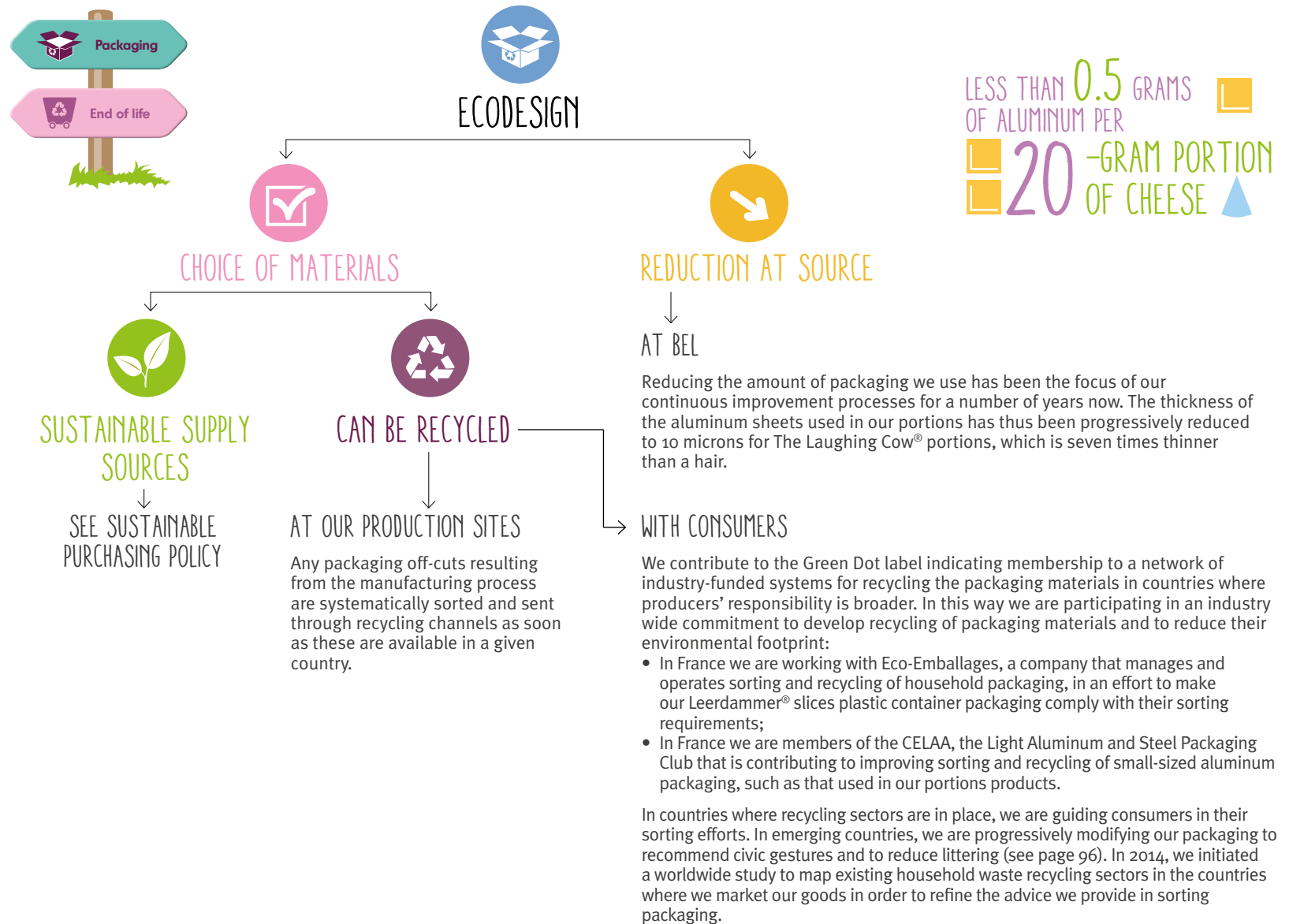
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## Ecodesign of packaging

Packaging is only considered waste at the end of its life, after it has served a variety of purposes. Nonetheless, we are requesting that all of our developers ensure that the packaging they recommend for use to marketing teams includes the proper quantities of packaging materials to meet functional specifications for insuring protection of cheese products.





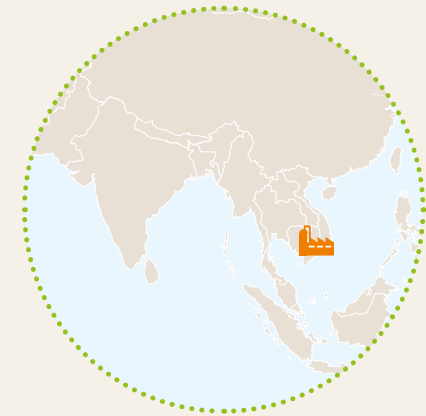
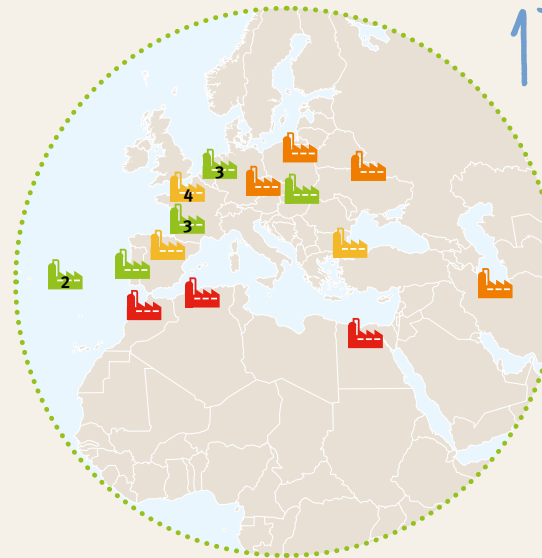
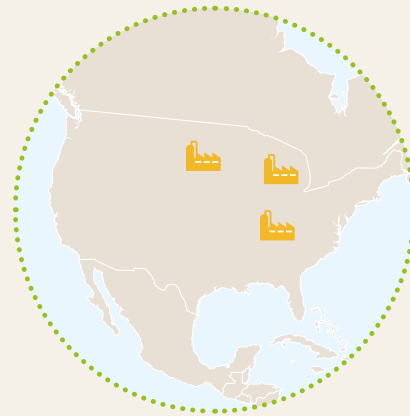
# REDUCING OUR WATER FOOTPRINT



The manufacturing phase in our sites accounts for only a small part of the total water footprint of our products. Nonetheless, in view of the scarcity of this natural resource, optimizing its use and improving the quality of our discharge is a major challenge in continuing to pursue our businesses.

## Breakdown of our plants by water availability\*

17 OF OUR 28 PRODUCTION SITES ARE LOCATED IN AREAS WITH WATER SUPPLY RISKS



  
**Water scarcity**  
 < 1,000 m<sup>3</sup>/inhab/yr

  
**Water stress**  
 Between 1,000 and 1,700 m<sup>3</sup>/inhab/yr

  
**Water vulnerability**  
 Between 1,700 and 2,500 m<sup>3</sup>/inhab/yr

  
**Availability of the resource**  
 > 2,500 m<sup>3</sup>/inhab/yr

  
 Number of Bel Group sites

(\* According to the criteria of the Food and Agriculture Organization and the Water Risk Filter. As the activity of our site located in Vendôme (France) does not depend on the availability of the water resource, it is not included on the map above.

### WE WANT TO ACT...

- To reduce our overall water footprint for each metric ton of product we produce.

### OUR ACTION LEVERS

- Continuously implementing improvement programs in our manufacturing process.
- Effective treatment of wastewater.
- Awareness and/or support by sharing expertise with suppliers.

### 2014 HIGHLIGHTS

- Updating the life cycle assessments of two core products.
- Launch of a program to optimize washing processes of production equipment.

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▪ **Water**

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## Reducing the water footprint of our sites



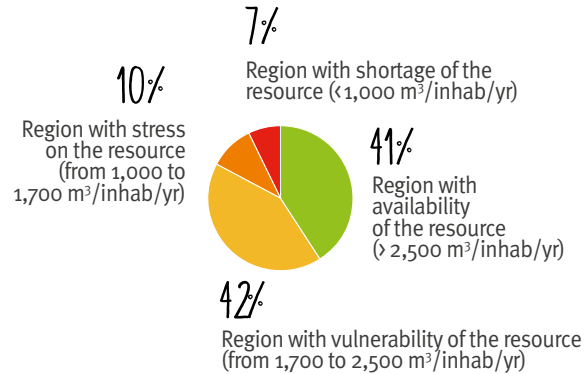
Our two main focus areas are: reduction of water consumption and quality of water discharged. We succeeded through the continuous improvement process implemented in our sites to separate our growth from our use of water.

### Mapping of our sites

We are regularly monitoring the level of water stress in the regions where our plants are located with the WWF's Water Risk Filter analysis tool. In 2014, over half of our production sites (17) are located in areas where availability of water resources was considered as at-risk. These account for 60% of our overall consumption.

Any site that suffers a temporary period of drought and exceeds an alert threshold is subject to priority action plans.

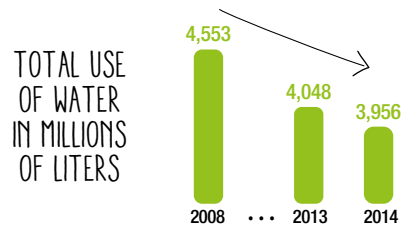
### GROUP'S WATER CONSUMPTION (M<sup>3</sup>) ACCORDING TO WATER AVAILABILITY



(\*) According to FAO criteria.

### Reducing consumption

The water coming into our plants, which is mainly managed by the public drinking water utility, comes from surface water bodies (rivers, lakes, etc.) or from water tables under the ground.



500 MILLION LITERS OF WATER SAVED\*

\* Water consumption in 2014 compared with 2008

9.24 LITERS<sup>(1)</sup> OF WATER ARE NEEDED TO PRODUCE 1 KG OF CHEESE

(1) On average.

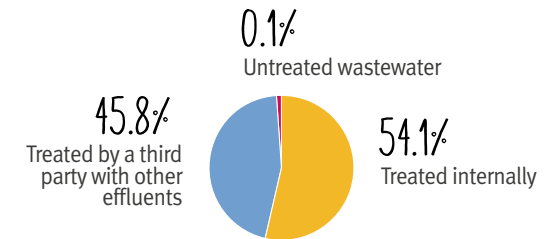
-26% IN 2014 COMPARED WITH 2008 USE OF WATER PER METRIC TON OF PRODUCT

### Ensure good discharge quality

By diminishing the amount of water they use, sites also mechanically reduce the quantity of discharge and increase its quality because the lower the volume of wastewater treated, the lower the concentration of organic content when it leaves the treatment facility.

Where wastewater from plants is treated by a third party, we carry out pre-treatment. Each year we spend around €4 million to treat waste water.

### TREATMENT OF WASTEWATER



OVER €4 MILLION SPENT EVERY YEAR IN TREATMENT OF WASTE WATER

### Limit the negative impact on natural areas

- We protect watercourses and drainage discharge points of river water that abut our sites with specific facilities.
- We comply with regulations concerning temperature and quantities of organic content present in discharge.
- We disperse very little sludge. When we do disperse sludge, we always do so in compliance with local regulations in order to avoid any pollution of water or soil. The spreading of sludge is subject to local permits, which specify the obligations involving spreading plans and surface areas, agronomic monitoring, etc., to be complied with.



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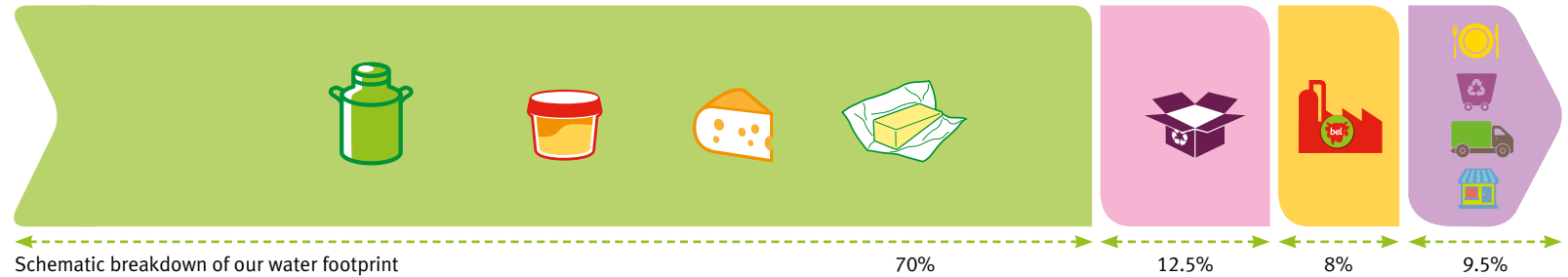
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## The water footprint upstream of our plants


The largest part of our products' water footprint occurs in milk production, which enters directly or via processed dairy materials into the composition of our recipes.



Source: Based on the LCA carried out on The Laughing Cow® 8-portion pack and Kirr® 8-portion pack


Our primary supply sources for liquid milk are located in areas where water is available and the levels of precipitation are propitious to grazing. We encourage this practice among our producers.

### In the Netherlands



In our primary supply source for liquid milk, areas for progress pertain principally to limiting discharges in natural environment via an optimization process in managing minerals such as carbon, nitrogen and phosphorous, the latter two of which are water pollutants. The "Annual Nutrient Cycle Assessment" tool is used by producers to optimize management of animal waste and fertilization on their farms, and to implement improvements. The sector has set a national objective of returning to the level of impact it exerted on water in 2002 by 2020. All of our Dutch producers are included in these continuing improvement plans.

### In France



The objective of the Aquarel project conducted by the French inter-professional dairy association is to establish an initial status report on water resources through a panel of thirty "spots" chosen depending on regions, soil, meteorological conditions, altitude, crops, etc. The results of this study will help to better understand priority action plans to be implemented with French producers, especially by anticipating the consequences of climate change on each "spot" type.



**90%** OF OUR DAIRY RAW MATERIALS PURCHASES (LIQUID AND SOLID) COME FROM COUNTRIES WHERE THE WATER RESOURCE IS AVAILABLE\*  
 (\* According to FAO criteria.

As milk production is also the largest part of the footprint of our solid raw materials' suppliers, they carry out initiatives to reduce it in their production sites. Most of their supply sources are located in dairy-production regions where the water resource is available.



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## Reducing the use of water in Ulzama

The Ulzama industrial facility is located in Northern Spain, in the heart of Navarra. It manufactures processed cheese, essentially under the Laughing Cow® brand. As a result of much effort over recent years, in 2014 Ulzama became the processed cheese manufacturing site with the best water consumption ratio per kilogram of cheese produced within the Group. This accomplishment is all the more important because the site is located in a water vulnerability area as indicated by the WWF Water Risk Filter analysis we carried out.



### ▶ A detailed action plan

The WASABEL (Water Saving at Bel) method was first implemented in Ulzama in January 2012. The first step was to **take a census of all water consumption on the site and to identify weak points and good practices already in effect**. Staff then focused on building an action plan with precise objectives in order to reduce water use throughout the site. This plan was validated by the Plant Manager and coordinated on a daily basis with the Production Manager.



One focus of the plan was on the washing phases, which were identified as a source of significant water use. The plant acquired more effective washing equipment, including wash lances with foaming ends, a washing machine and other equipment. It also modified the washing detergents used and it revised its washing procedures so that they would use less water while performing as well.

**Reducing water use has been integrated as a priority by engineering staff where investments concerning the manufacturing phase are concerned.** As a result, the plant purchased dry vacuum pumps to be installed on each baking unit. A system to recycle steam condensates was also installed. Also, plant employees underwent awareness sessions to teach them how to detect and rapidly repair any water or steam leaks.

### KEY SUCCESS FACTORS

- **Systematic integration of the water use objective** in plant activities.
- **Strong commitment on the part of staff.**



### ▶ Measuring progress and motivating staff

**One major key to success was the implementation of high performance systems to measure and steer progress**, with the installation of water meters and daily reading of usage making it possible to monitor how effective the various actions were in achieving objectives. Monthly results were communicated to plant personnel, underscoring the best areas of improvement, which resulted in ensuring the commitment and motivation of staff.

### ▶ A record performance

Ratios of water use to production, starting at 3.41 liters per kilo produced in 2012, progressively began to fall, reaching 2.73 liters per kilo in 2013. Recent efforts implemented throughout 2014, which were driven by a cohesive and involved management team, produced a record ratio of 1.7 liters of water used in producing one kilogram of cheese. **This marks the first time that a Group plant has sustainably produced cheese with less than two liters of water per kilo.** This encouraging performance has now become our target ratio for all production sites.





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**FOCUS ON** *A water treatment facility for Tangier*

Bel favors wastewater treatment solutions in treatment facilities and strictly limits the discharge of untreated wastewater. Over half of the Group's production plants have their own pre-treatment and treatment facilities for water, with the remainder sending their wastewater to external water treatment facilities.



**▶ A pre-treatment solution**



In 2014, our Tangier plant in Morocco implemented a pre-treatment solution for its wastewater using a biological treatment unit that has no oxygen supply, a process known as methanization. **Methanization was chosen because it is the most compact, least energy intensive and**

**lowest sludge producing process of all technical solutions.** With this equipment, the plant improves the quality of its industrial outflows because the water it releases into the sewage system has a lower concentration of pollutants. Our industrial processes generate outflows originating mainly from dairy raw materials used in the manufacture of our cheeses including fats, nitrogen, phosphorous and various matter in suspension, and they also include a minor part of waste elements from cleaning products needed for our site and machines. These various elements can have a negative impact on treatment processes downstream if they are in heavy concentrations when released, which is why it is important to reduce them through pre-treatment.

**LES FACTEURS CLÉS DE SUCCÈS**

- An adequate technical solution: **methanization.**
- **Strong involvement on the part of plant staff.**

**▶ Reducing the environmental footprint of the plant**

**The Tangier treatment facility entered into service in May 2014 and marked an important step in improving the plant's environmental footprint.** The treatment facility was built by Veolia Environnement. It was the subject of an agreement with the city of Tangier and received a grant from the Moroccan Ministry of the Environment. Work on the facility, which covers more than 9,000 square meters and can process an average of 140 cubic meters of water per day, lasted fourteen months. **The treatment facility is operated by three full-time staff on a 24-hour basis, who were specially trained for this assignment.**

**The plant operates as follows:** first, wastewater from the plant's manufacturing process goes into a buffer basin, then to a conditioning tank to adjust acidity levels. The next phase is methanization, which consists of sending the water through sludge made up of bacteria that digests polluting elements. Water is then treated chemically to remove phosphorous content by solidifying it. Finally, treated and clarified water is discharged into the city's sewage system.

**▶ Encouraging results**

At present, **the level of concentration of pollutants in water released has clearly diminished due to the commissioning of this treatment facility**, with COD (Chemical Oxygen Demand) concentrations less than 20% of previous levels. **The next phases will focus on optimizing the system:** This will be done first upstream through actions within the plant to improve water quality that comes into the treatment facility, then at the level of the treatment facility itself the proper balance of biomass will be sought so that even cleaner water can be obtained. Finally, it will focus on downstream, by seeking solutions to recycle sludge derived from the methanization process. These could become interesting as fertilizer products for farmers as they are rich in nutrients.





# REDUCING OUR ENERGY CONSUMPTION AND GHG EMISSIONS

Milk production and processing in our plants are the two phases of our products' life cycle characterized by high greenhouse gas (GHG) emissions. In the plants, emissions result primarily from the use of energy.

## Breakdown of our direct greenhouse gas emissions



### WE WANT TO ACT...

- **To reduce and optimize our overall energy footprint** for each metric ton of cheese we produce.
- **To reduce our carbon footprint** for each metric ton of product we produce.

### OUR ACTION LEVERS

- **Continuous improvement programs** for manufacturing processes and logistics flows.
- Use of **renewable energy**.
- **Awareness and/or support by sharing expertise** with our suppliers.

### 2014 HIGHLIGHTS

- **Mapping our carbon footprint** by means of updated life cycle assessments on our two core products.
- Finalization of the installation of a **second biomass-fired boiler**.
- Starting the process of acquiring two **additional biomass boilers**.
- Use of **electricity produced from renewable sources**.

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## Optimizing energy use at our sites

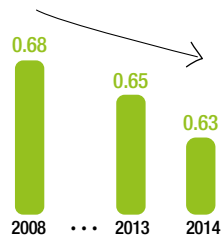


By their very nature, our processes consume large amounts of energy. This is especially the case for the milk pasteurization that ensures the impeccable quality of this raw material, which is sensitive to bacteriological contamination, and cold storage.

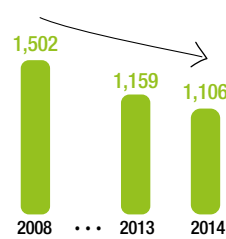
### Reduction of direct energy use at the source

In order to reduce our dependence on fossil fuels and to limit our greenhouse gas emissions, we are giving priority to actions that reduce our use of energy. In seven years, we have significantly reduced the amounts of energy used to produce one metric ton of cheese.

ELECTRICITY CONSUMPTION (MWH/METRIC TON OF PRODUCT)



CONSUMPTION OF OIL AND GAS PRODUCTS (MWH/METRIC TON OF PRODUCT)



### ENERGY CONSUMPTION PER METRIC TON OF PRODUCT SINCE 2008

A **8%** IN ELECTRICITY USE  
DROP

A **26%** IN OIL AND GAS PRODUCTS USE  
FALL

### Use of renewable energy

It is on the basis of this reduced consumption that we are examining the possible use of renewable energy sources, seeking to achieve balance with our sites' local issues, such as availability of renewable energy sources, technical feasibility and economic impact.

The first biomass boiler was installed in 2012 at the Cléry-le-Petit plant in France. It covers 77% of the site's heat requirements. In 2015, another biomass boiler will be installed in the Sablé-sur-Sarthe plant, also in France. Two other similar projects are being reviewed for the Ribeira Grande site in Portugal and Évron in France.

**6.3%** OF THE GROUP'S ENERGY CONSUMPTION TO PRODUCE HEAT IS PROVIDED BY A BIOMASS BOILER

In 2014, we purchased certified renewable energy source electricity for the first time to power our Vale de Cambra site in Portugal.

**2.3%** OF THE GROUP'S ELECTRICITY CONSUMPTION IS CERTIFIED AS COMING FROM A RENEWABLE SOURCE



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## Reducing carbon emissions of our sites

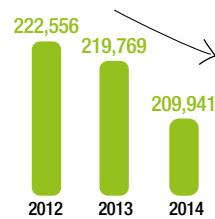
We acted through the continuous improvement process implemented in our sites to separate our growth from our carbon footprint.

The use of electrical, fuel and gas based energy accounts for 90% of the carbon footprint of our sites. Yet there are a number of parameters that explain differences in performance in our sites:

- the country where plants are located. For equivalent electricity consumption per metric ton produced, the difference in scope 2 greenhouse gas emissions from electricity generation can vary by a factor of between one and ten between two plants located in different countries;
- the production process;
- the energy mix used by the site, especially the percentage of renewable energy.

### Reducing our emissions

WORLDWIDE GREENHOUSE GAS EMISSIONS  
SCOPES 1 AND 2 (METRICS TONS OF CO<sub>2</sub>)\*



ON AVERAGE  
TO PRODUCE **1** KG OF CHEESE **490** G OF CO<sub>2</sub> EMITTED

A **9.4%** DROP IN 2014  
COMPARED WITH 2012  
CARBON EMISSIONS  
PER TON OF PRODUCT

### Avoid releasing emissions

The use of renewable energy, such as biomass and electricity produced from renewable sources, reduces the carbon footprint of our sites.

BY USING  
RENEWABLE  
ENERGY\*,  
WE REDUCED CARBON  
EMISSIONS BY  
**8%**

\* Biomass energy and electricity produced from renewable sources.

(\*) No data prior to 2012.



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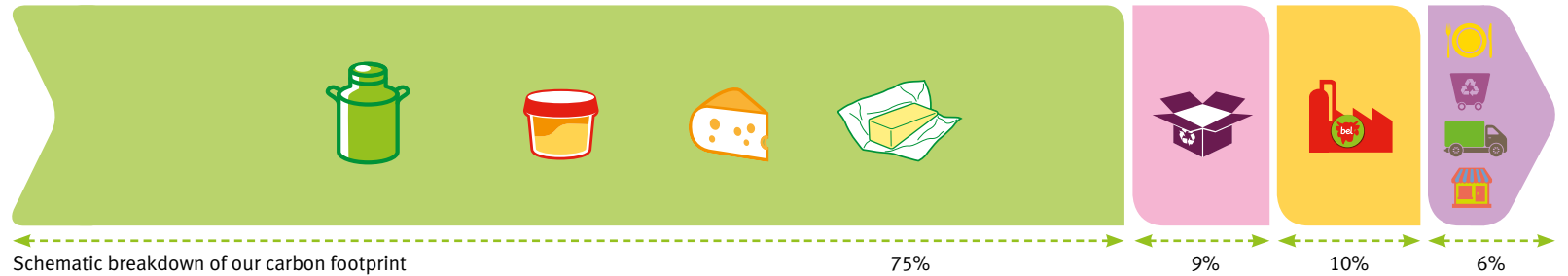
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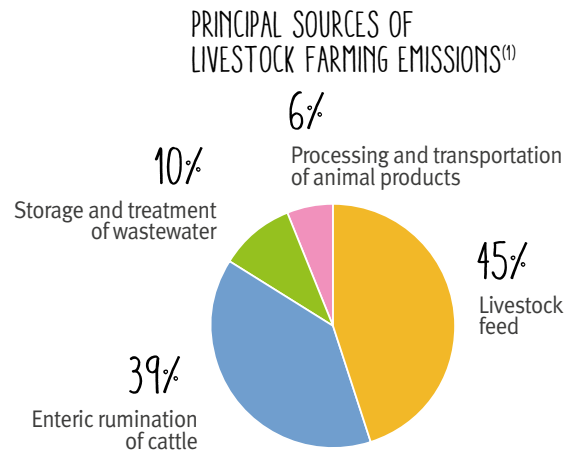
## Carbon emissions from dairy farm operations

The greater part of the carbon footprint of our products is related to greenhouse gas emissions from the farming sector. According to FAO<sup>(1)</sup>, the livestock farming sector accounts for 14.5% of worldwide emissions of greenhouse gases and dairy farms represent a third of this.



Source: Based on the LCA carried out on The Laughing Cow® 8-portion pack and Kir® 8-portion pack

Reducing greenhouse gases is a challenge for dairy production that contributes to the emission of various very effective GHG, but which, over time, promotes carbon storage in soils.

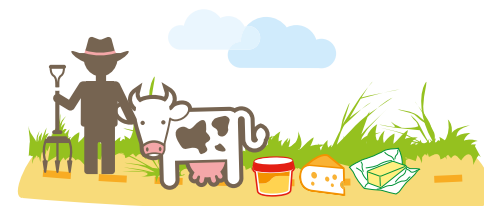


(1) Fighting climate change through livestock – Rome 2014

We are attentively monitoring work on dairy producing regions so as to assimilate the possibilities of controlling and reducing the various sources of GHG emissions.

In France, the inter-professional dairy trade organization is developing an ambitious project known as Life Carbon Dairy whose objective is to reduce GHG emissions by 20% between now and 2024. The project involves some 4,000 producers and 60 pilot farms in the form of experimental farms and agricultural trade schools, who are testing innovative practices for sustainable dairy farms.

The economic and social feasibility of the levers offered will be evaluated in concert with farmers.





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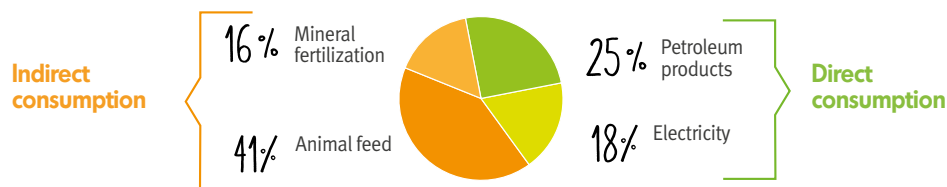


## A high performance tool for reducing energy consumption in dairy farms



A significant portion of total energy consumption related to the life cycle of our products originates from the milk production phase in dairy farms. This may involve direct consumption, i.e. consumption of electricity or fuel within the farm, or indirect, involving energy needed to produce food products given to animals or to produce mineral fertilizers. In France, as in other countries, various technical institutions work to analyze these energy consumption figures in order to map them and identify what levers can be pulled to control them.

### A breakdown of the four main areas of ENERGY CONSUMPTION ON DAIRY FARMS IN FRANCE



Source: Consumption of energy for herbivorous livestock and action levers, 2010, Institut de l'Élevage

### A particular focus placed on the use of electricity in farms reveals that:

- the milk cooling tank accounts for 50% of electricity use;
- the water heater, used in producing hot water needed to clean equipment, accounts for 21% of electricity use.

## Dairy producers have become aware of and identified their energy use



For dairy producers, who are very much involved in the daily management of their farms, this type of information is complicated to analyze and transform into specific actions. They therefore need support in this process. **We have been working since 2012** with this in mind **in partnership with the Institut de l'Élevage to develop and utilize a special tool** known as Cap'2Er that provides environmental diagnostic of a farm, with a focus on non-renewable energy consumption and greenhouse gas emissions.

The first stage involves **helping each producer to take a census and analyze energy use in detail**. This includes the types of energy, exact flows, change over time, etc. To achieve this, a Bel technician identifies the available data with a producer and integrates it in the Cap'2Er program. **The gathered data are then analyzed by our staff in conjunction with experts from the Institut de l'Élevage** in order to fine tune the diagnostic and establish detailed and appropriate recommendations for the specific circumstances of each producer. Actions to implement vary according to the characteristics of the farm, such as the number of animals it has, what crops are cultivated, feeding of animals, etc. **Diagnostics results and the recommendations linked to them are then presented to the producer** by a Bel technician together with an Institut de l'Élevage expert.



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## A high performance tool for reducing energy consumption in dairy farms (cont'd)



### ▶ Implementing energy-reduction measures

**Following the diagnostic and recommendation stage, producers review with us what action can be taken.** For example, in order to control electricity use for the milk cooling tanks and for any optimizing of hot water production, measures taken may involve cleaning milk tank cooling systems or investing in special equipment, such as pre-coolers or heat recovery systems. **In supporting producers in their choice of a system suited to their farm, we work with external partners.**

In 2014, **we carried out forty diagnostics at dairy farms with the participation of the Institut Technique and twenty new diagnostics are underway.** The Cap'2Er program has proven its usefulness in enriching dialogue with producers and making them aware of the various energy sources used.

### Jean-Yves Houdayer, a dairy producer at the Guiterrière farm in Mayenne



**“The approach that was recommended, based on known technical data, provided a more detailed perspective of my energy use,** particularly with regard to indirect consumption. It was useful to compare my situation with benchmark data and that of other farms with a system comparable to mine to highlight the areas in which my farm performed well and those where I could improve and generate savings. **This diagnostic confirmed some of my production choices aimed at getting the most out of fodder, in particular by introducing leguminous elements in pastures** in order to decrease nitrogen-based fertilizers and concentrated feeds purchases and consequently reduce indirect energy use. **The support and customized advice I received throughout the process was very useful to me** as it gave me an external perspective of my work and offered elements for comparison.”

### ★ ★ ★ KEY SUCCESS FACTORS

- **Diagnostics based on a specific tool** and on a variety of expertise.
- **Specific actions** recommended to producers.

The Cap'2Er program is a very comprehensive analytical tool that requires the full involvement of producers. Our expertise helps them identify the primary areas that need work for controlling energy use more easily and rapidly. We use these exchanges of information to bolster our expertise and to provide useful recommendations to all of the producers we work with, without necessarily carrying out a full diagnostic of each of their operations.





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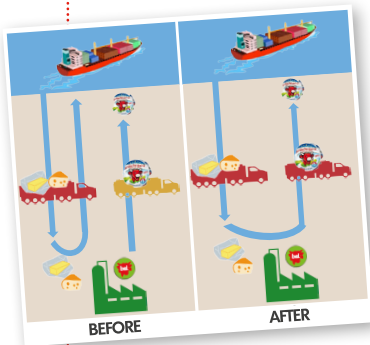
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## Supply Chain: savings and CO2 reduction for Bel Morocco

In 2014, the Supply Chain team at Bel Morocco launched two initiatives to reduce the number of miles traveled by delivery trucks, with the objective of lowering transportation costs and CO2 emissions at the same time.

### ▶ Optimizing the use of containers



#### The first initiative concerns the optimized use of containers.

After arriving from the port of Tangier with cargos of raw materials for the Bel plant, instead of going away empty, some of them leave with finished products for export. Each reloaded container dispenses with the need for an 80 km run. **While this principle appears simple at the outset, it is difficult to put into effect. Refilling containers requires a very precise level**

**of coordination between inflows of supplier deliveries and outflows of customer orders.** To achieve this coordination, procurement and export logistics staff have to work hand in hand to make incoming and outgoing flows correspond, and they have to match container types, their size and the maritime shipping company they belong to. The project began with small size loads, which increased progressively, with the objective of ultimately reutilizing ten to twenty percent of export containers between now and the end of 2015. In achieving the 20% reuse target, Bel Morocco estimates that it can reduce CO2 emissions by around 20 metric tons per year, while saving €35,000.

### ▶ Reducing the number of miles travelled

#### The second project seeks to reduce the number of miles traveled for customer deliveries in Northeastern Morocco.

Up until now, with the exception of deliveries made within a close radius around the plant, products manufactured in the Tangier facility transited through the Casablanca warehouse before shipment to customers throughout Morocco (except for the Northern area). **The initiative consists of delivering to customers in the Northeastern area of the country directly from the Tangier plant without going through Casablanca.**

This measure cuts the journey distance in half or by two thirds, depending on the destination city. **The objective is to make deliveries to 100% of the Northeastern area from Tangier beginning in March 2015**, which will reduce CO2 emissions by 100 metric tons and will save €55,000 per year. In the long term, the subsidiary wants to expand delivery areas directly from the plant to the South of Tangier.



### KEY SUCCESS FACTORS

- Projects that combine **lower costs, savings in energy** and fewer CO2 emissions.
- **A progressive process** to get all players concerned involved.

#### Abdelmajid Blal, Supply Chain Director for Bel Morocco



**“For these initiatives to truly succeed, we need the involvement and cooperation of all entities.** For this reason we decided to move progressively, to start with lower volumes so that we could deal with problems as they arose. **The initial results are very encouraging and we are going to step up our efforts to expand these projects in upcoming months.”**



# INDIVIDUAL PORTIONS



The individual cheese portion is our core business. We use it to attract thousands of consumers around the world each day. This practical and fun format is our basis for addressing certain corporate social issues.

SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

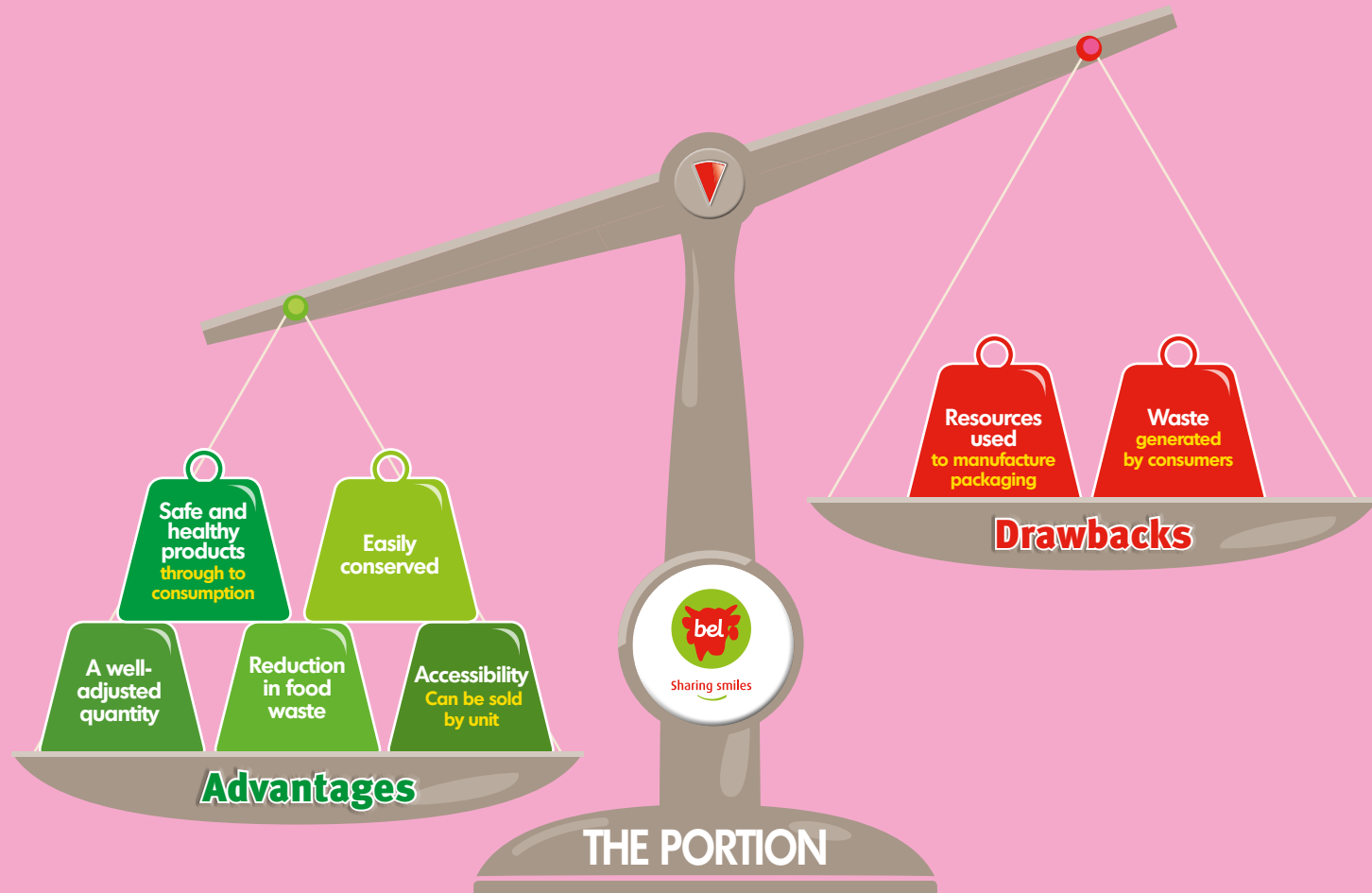
ENVIRONMENTAL FOOTPRINT

**INDIVIDUAL PORTIONS**

- Nutritional and natural qualities
- Food waste

TRUSTED BRANDS

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- Nutritional and natural qualities
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## Sharing the benefits of milk

Our corporate mission is to share smiles with families by bringing the pleasure of dairy goodness. Our portions are appreciated throughout the world and their sales growth is driven by basic trends in the food industry:

- pleasure in eating the product;
- combining taste pleasure and health: in reasonable quantities, cheeses containing concentrations of milk elements can contribute to a balanced diet. They are compatible with everyone's dietary requirements, including those watching their weight or monitoring heart problems. They are also an important source of calcium, an essential ingredient for growing children;
- convenience, ease of use and the option of eating on the go.

MORE THAN **17** BILLION  
PORTIONS OF BEL  
PRODUCTS CONSUMED

**MILLIONS**  
OF CONSUMERS  
IN NEARLY **130** COUNTRIES

OVER **530** RECIPES  
MARKETED

In emerging countries our individual portion format, in certain cases, makes the sale of single units possible at a low price.

The highly protective individual packaging limits the risk of any contamination from the outside, providing exceptional safety and taste qualities of the cheese. In addition, The Laughing Cow® and Kiri® products are pasteurized, making conservation extremely simple, even unrefrigerated. This is a genuine benefit in countries without the capacity for keeping food products cool.

We offer specific recipes, mostly in individual portions formats, which are more accessible in terms of prices than our core products, even where produced locally. With these offers we are able to increase our presence on all five continents.

### BREAKDOWN OF REVENUE FOR 2014



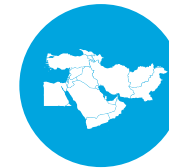
Western  
Europe  
40%



North and East  
Europe  
20%



Americas,  
Asia-Pacific  
15%



Near and  
Middle East  
10%



Greater  
Africa  
15%



# NUTRITIONAL AND NATURAL QUALITIES

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## INDIVIDUAL PORTIONS

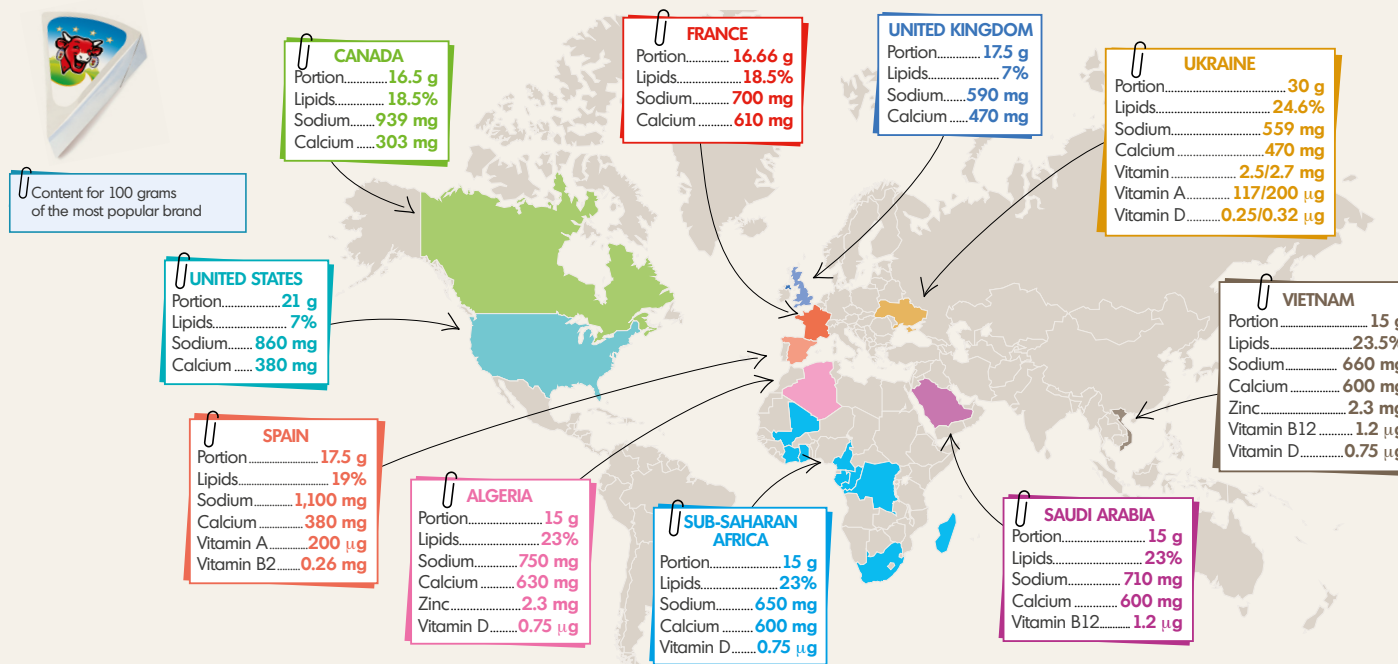
▪ Nutritional and natural qualities

▪ Food waste

TRUSTED BRANDS

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We want to offer products that reconcile consumer expectations (of taste, natural qualities, etc.) with those of the public health authorities (in terms of nutritional quality, food safety and other elements). We therefore adapt our recipes to meet these requirements for all our brands.



## WE WANT TO ACT....

- To offer products whose nutritional profiles **reconcile consumer expectations** to those of public health authorities.
- To adapt recipes to expectations of **natural qualities** identified on certain markets.
- To encourage **good nutritional habits**.

## OUR ACTION LEVERS

- **Appropriate recipes.**
- **Individual portion formats.**
- **Responsible communication** actions to increase awareness of proper nutritional habits.

## 2014 HIGHLIGHTS

- **Inclusion in the SUN network** (Scaling Up Nutrition).
- First **evaluation of the Group's nutritional strategy** by an independent auditor using a published methodology.



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**INDIVIDUAL PORTIONS**

- **Nutritional and natural qualities**
  - **Public health issues**
  - Pleasure and nutrition
  - Proactive nutritional policy
  - Focus
- Food waste

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## Being attentive to public health issues

The individual portion is a benchmark format for consumers that has meaning across all targets.

### Responding to public health issues

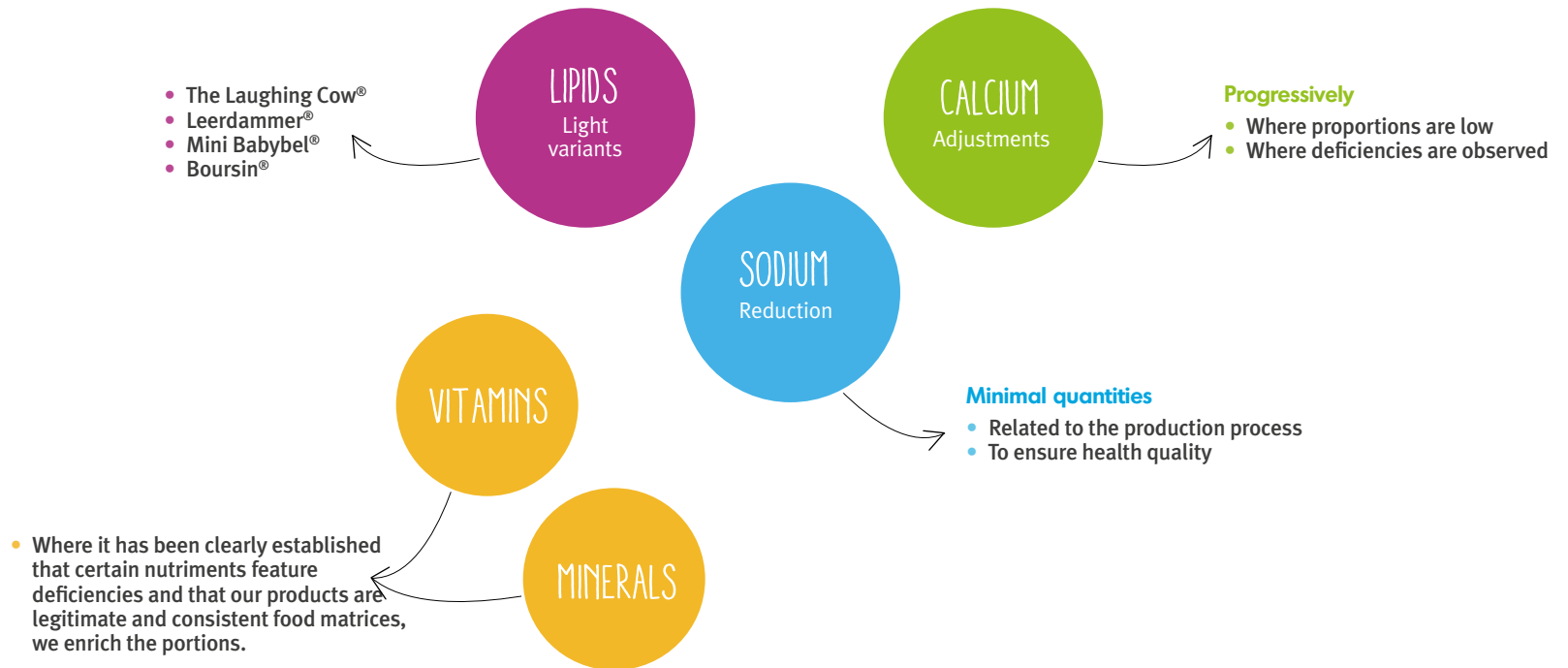
In many countries it is a priority to fight against the vicious circle that begins with poor nutritional behavior and leads to metabolic disorders and even to chronic illnesses. In contrast, for other populations it may be a question of meeting basic daily nutritional requirements. Our organizational structure helps us understand the objectives and consumption habits of various markets.

Marketing operates centrally around two business segments, developed countries and emerging countries, each featuring relay marketing teams in the countries concerned.

A CSR nutrition Leader manages a team of nutritionists organized along the same lines. This team determines our nutritional policy and ensures that it is implemented. The team relies on over 30 nutritional correspondents among local marketing staff.

### The portion is our reference for meeting these expectations

With regard to public health issues, our efforts are primarily based on three key nutrients for cheese, i.e. lipids, sodium and calcium. We refer to quantities effectively contained per unit of consumption that makes up the portion.





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- **Pleasure and nutrition**
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- Focus

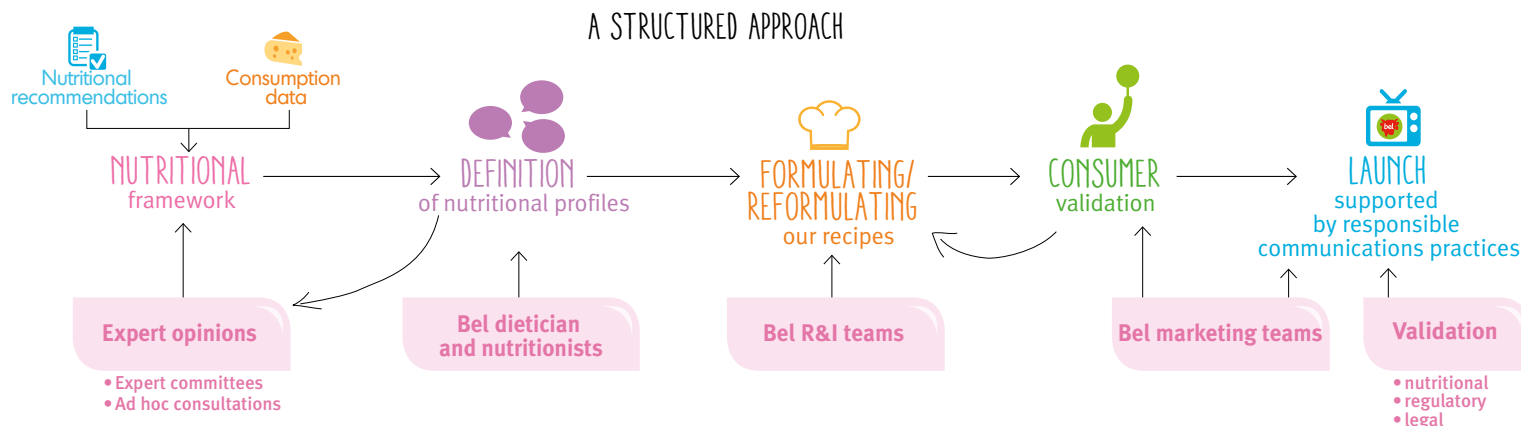
▪ Food waste

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## Reconciling taste pleasure and nutrition

We apply a rigorous process in order to offer throughout the world recipes that reconcile consumer expectations to those of public health authorities.



**Based on scientific data**

- We look for **consumer data and nutritional status** in the countries where we do business.
- We carry out **active monitoring processes**.
- We put together **bibliographic studies**.
- We mandate **studies by university researchers** in line with our interest areas.

In return, we share the progress and results of our work and our published material with our stakeholders (governments, national nutritional institutions, NGOs, consumer associations, etc.).

**Supported by external opinions**

**We seek out independent international experts, either individually or by annual committee, to bolster the strategic options that we are considering.**

We also work with public authorities, such as the National Institute of Nutrition in Vietnam, and institutes such as the French association of ambulatory pediatricians.

In 2014, **we had our nutritional strategy evaluated by an independent organization.** Its conclusions will constitute the basis of the nutritional road map we will present in 2015.

**Commit ourselves publicly**

In 2014 we became members of the SUN Scaling Up Nutrition network that operates in 54 emerging countries. **Under this partnership, we set up four commitments to nutrition in emerging countries** (see page 78).

**Support research**

We are involved in research projects to study and enhance **diet as a source of taste pleasure, health and proper nutritional behavior.**

As part of this effort, we became members of the FFAS (French foundation for nutrition and health), whose founding principle is based on parity between the scientific and economic sectors.

**Based on consumer feedback**

We only launch new products when **at least 70% of consumers interviewed enjoyed the recipe.** When reformulating an existing product, over half of those surveyed must find the new variant at least as good as the original.

**OVER 200 TASTE TESTS**  
CARRIED OUT AMONG OVER  
**60,000 CONSUMERS** IN 2014





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  - **Proactive nutritional policy**
  - Focus
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## Proactive nutritional policy

Our growth is based on innovation and on regular renewals of our formulas. Since 2010, over 70 recipes have been reformulated for nutritional and natural purposes. This drive is nonetheless guided by voluntary rules that we impose on our actions.



### Rules adopted deliberately to address public health issues

Profiles of all new recipes must always be determined in collaboration with a nutritionist and in accordance with certain rules adopted voluntarily:

- the nutritional profile of a renewed recipe may never be subject to impairment of the key nutrients of lipids, sodium and calcium with respect to the initial recipe;
- while recipes may, under certain circumstances, contain vegetable fats, we do not use palm oil (see page 32), nor do we use industrially produced trans fats. Furthermore, products with vegetable fats must not contain more saturated fatty acids than they have milk fat;
- when innovating with products, the nutritional profile must be positioned competitively with regard to other producers.



### Composition of our recipes

We have observed a growing interest among some consumers to reconnect with nature and a consequent desire to have food products they perceive as more “natural”. This search for natural product leads some to reject various food components, even when the safety of using such products has not been scientifically challenged and the products are authorized by regulatory authorities.

Our products must meet a very precise set of specifications that include long shelf life, resilience to degradation without cooling where this cannot be provided permanently and specific consumer expectations (such as smoothness of texture, attractive color, etc.). We have sometimes used non-dairy ingredients, such as maltodextrin and others, to restore smooth texture to products with lower fat content. We use other food additives to achieve different functionalities. Where this can be avoided, our products do not contain these ingredients. This is the case for Mini Red Babybel® and Boursin® Garlic and Fine Herbs, for example. We seek to systematically limit their use, even totally remove them from our formulas. Renewal of recipes is a complex process, as it can have a significant effect on texture and taste in cheeses. It is therefore essential to ensure that consumers enjoy the reformulated variant at least as much as the original.

Organic foods can satisfy some expectations of natural qualities. Still, we have decided not to position our products on this segment as it is incompatible with our industrial model, which emphasizes offering products at affordable prices to the largest number of consumers.

We purchase only “conventional” components in our processes, which means that the raw materials and ingredients used do not contain GM organisms, or contain only an incidental and unavoidable quantity of less than 0.9%, as defined by European Union regulations.

IN 2014  
OVER 10 RECIPES REFORMULATED TO REDUCE THE NUMBER OF ADDITIVES

OVER 20 PROJECTS TO REDUCE THE NUMBER OF ADDITIVES

OUR RECIPES CONTAIN NO GMO AS DEFINED BY EUROPEAN UNION REGULATIONS



SUSTAINABLE GROWTH

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  - Public health issues
  - Pleasure and nutrition
  - Proactive nutritional policy
  - **Focus** 🔍
- Food waste

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## Nutritional commitments for emerging markets

The SUN (Scaling Up Nutrition) Movement was started in 2010, and is based on the principle that everyone has a right to a good nutritional diet. What makes it stand out is that it united a large number of stakeholders, such as the United Nations, governments, civil society, donors, the private sector and researchers to contribute to a collective effort of improving nutrition in developing countries, and especially to fighting malnutrition. The SUN Movement's scope of action now extends to 54 countries, mostly located in Sub-Saharan Africa.



Within the SUN Movement, the SUN Business Network seeks to capitalize on the expertise and resources of companies that can exert a positive impact on nutrition.

The Bel Group joined this network in 2014, formalizing for the first time strong commitments to promote nutrition in emerging markets. The Bel nutrition team worked in close collaboration with several internal stakeholders for this project.

**Four major numerical objectives were set related to World Health Organization (WHO) expectations, each with a precise deadline and geographic scope of application:**

▶ **By the end of 2020, ensure the provision of calcium and vitamin D to over 13 million people in SUN countries where Bel operates,**



in particular in Sub-Saharan Africa, by fortifying certain The Laughing Cow® cheeses with at least 600mg of calcium/100g and 0.75 µg of vitamin D/100g.

**This work, which began several years ago, is part of an effort to fortify Bel products in key nutrients.**

At the end of 2014, we estimate that at least 7 million people have already benefitted from this process.

▶ **Set up a network of 5,000 street vendors by the end of 2015 to facilitate access to Bel products high in protein and calcium for the lowest income populations.**



**This network is grounded in the Sharing Cities dedicated platform that is helping to improve the working conditions of street vendors** by giving them access to micro health insurance and professional training programs.

In 2014, over 3,500 street vendors had already joined the Sharing Cities platform.



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- Public health issues
- Pleasure and nutrition
- Proactive nutritional policy
- **Focus**

▪ Food waste

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## **FOCUS ON** *Nutritional commitments for emerging markets (cont'd)*

### **Support the growth and well-being of children through:**



• **Bel Foundation actions:** all in all, between 2008 and 2018 up to €2.5 million will be distributed to associations that act to promote nutrition and well-being among children throughout the world.

At the end of 2014, the Bel Foundation had already supported over 150 charity projects to help children and teenagers, which represents almost €1.5 million in donations.

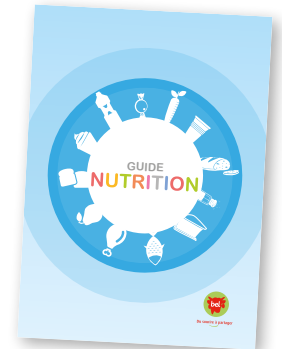
• **Educational programs centering on nutrition:** these will involve 130,000 children by the end of 2015. Since 2013, Bel has set up several events in Ivorian and Senegalese schools to train children in nutrition. This program has already reached 100,000 children.

In Vietnam, a tour organized in partnership with the Hanoi Medical University has provided nutritional advice to 5,000 children. Bel will continue to develop this type of event to provide better advice to parents and their children in the area of nutrition in developing countries.

### **Promote nutrition with 2,000 Bel employees and partners working in developing countries through the implementation of a special program at their workplaces by the end of 2016**

Bel will progressively implement an internal awareness program focusing on nutrition and a healthy lifestyle with the purpose of improving the health of its employees and its partners. Several measures will be implemented.

In Morocco, for example, **cafeteria staff will be trained in nutrition, their menus revised monthly to ensure a proper nutritional diet** and educational sessions will be provided focusing on healthy lifestyles and breast-feeding.



**KEY SUCCESS FACTORS**

- **Solid** and specific **commitments**.
- **A holistic approach to the issue of nutrition** in developing countries.

### **Testimonial by Jonathan Tench, Global Manager of the SUN Business Network**



“There are over 100 companies involved in the SUN Business Network. Combined their commitments aim to reach 125m consumers, each year, by 2020, with improved nutrition. Bel Group’s commitment to reach over 13 million consumers with improved nutrition is one of the network’s biggest targets and demonstrates the company’s commitment to apply its core business model to the need to urgently undernutrition globally.

**Nutrition is rapidly reaching the top of global policy-making and will feature in the UN’s new Sustainable Development Goals this year.** Each year the Global Nutrition Report will highlight the progress required to end malnutrition, and hold all actors to account. By tracking nutrition commitments each year, **Bel Group is demonstrating the new willingness from companies to act on nutrition and demonstrate to the wider nutrition community its commitments to accountability and transparency.**

As consumer and government awareness on nutrition grows, so does the market for quality, affordable nutritious foods. Bel Group is part of a first wave of companies taking a long term view of nutrition and understands both the responsibility they have to act in the face of malnutrition, and the business case for scaling up nutrition”.



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# REDUCING FOOD WASTE

The ethical and equally strategic issue of combating all forms of food waste has become a concern for all stakeholders in the food chain, from manufacturers to consumers, if the entire world population is to be fed and if unnecessary impacts on the environment are to be avoided.

## Consumption's relative contribution of food wastage



Source: "Food wastage footprint – Impacts on natural resources" [www.fao.org/docrep/018/i3347e/i3347e.pdf](http://www.fao.org/docrep/018/i3347e/i3347e.pdf)

### WE WANT TO ACT...

- To **minimize waste and loss** through to consumers.
- To **make consumers aware** of the need to adopt more responsible behavior.

### OUR ACTION LEVERS

- Products with **long shelf lives**.
- Individual portions protected by **effective packaging**.
- **Industrial processes** that limit the production of by-products.
- Programs for **recycling these by-products** within the food sector (Bel industries, etc.).
- **Collaboration and/or awareness of entities** directly involved in our value chain.
- **Communication directed at consumers**.
- **Donating products** to associations.

### 2014 HIGHLIGHTS

- Identifying **food waste reduction** as one of our priorities.
- **A multi-functional and dedicated working group** was set up to address this issue.
- **A program directed at catering** (cafeteria operations) was established.
- A pilot project was carried out in France to **reduce the Guaranteed Shelf Life**.



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- Nutritional and natural qualities
- Food waste
  - Milk
  - 6 action levers
  - Preventing waste
  - Focus

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## Milk is a precious raw material

Dairy producers and processors are particularly attentive to this raw material, which represents a significant portion of their revenue.

### Upstream of our production facilities

In contrast to other agricultural raw materials such as fruits and vegetables, no aesthetic factors engendering possible damages to milk are in evidence. Transportation is not a source of degradation for this liquid raw material.

### Milk is a fragile raw material that must be stored in cool locations

Producers store milk in refrigerated tanks following collection. In some cases, we provide the tanks they use.

72 HOURS  
MAXIMUM TIME PERIOD  
BETWEEN MILKING  
OPERATIONS AND  
COLLECTION OF MILK



Milk is considered non-compliant if cows have been treated with antibiotics. According to the CNIEL (French national dairy council), only a very small part of the 23 billion liters of milk collected in France is destroyed due to this reason<sup>(1)</sup>.

0,03% OF MILK  
COLLECTED  
IS DESTROYED BECAUSE  
COWS HAVE BEEN TREATED  
WITH ANTIBIOTICS



Consequently, losses of liquid milk upstream of our processing facilities are totally marginal.

The same is true for the solid dairy raw materials we purchase. All suppliers are motivated by the same determination to optimize their economic performance and seek to reduce volumes of by-products generated during the manufacture of their products.


(1) Questions sur Produits laitiers & Antibiotiques (HS n°4b - 2015).

### In our facilities

We generate three categories of by-products at our dairy facilities. These technical and mechanical by-products are cream, whey extract and downgraded cheese. We do not generate downgraded cheeses in our processed cheese facilities.

By-products are reused in our facilities or sold for use in the production of other products. A small amount of these by-products is recycled in energy form by methanization or is composted.

LESS THAN 1%  
OF OUR BY-PRODUCTS  
IS NOT REUSED



Reducing waste in our facilities is part of our continued optimization of manufacturing processes designed to improve our productivity and the effectiveness of our organizations.

The Bel Industries division recycles unused milk proteins derived from the manufacturing process to other agri-food industries. They are reprocessed and marketed to industrial customers (manufacturers of ice cream, yogurt, dairy products, etc.). Our Nollibel® brand is the world leader on its segment.

60% OF THE PRODUCTION OF  
NOLLIBEL®  
IS SOLD IN 50 COUNTRIES





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### INDIVIDUAL PORTIONS

- Nutritional and natural qualities
- **Food waste**
  - Milk
  - **6 action levers**
  - Preventing waste
  - Focus

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## Our levers to reduce waste

We identified six elements to use in reducing potential sources of loss and waste in our facilities and sales outlets.

### Protective packaging



Downstream of our production sites, our products undergo extensive handling involving vehicles, containers, warehouses, etc. Distribution of boxes and palletization plans are **designed so that units intended for sale to customers are not altered** during the various handling phases and retain their integrity through to stocking on store shelves in supermarkets or distribution in other sales outlet locations.

### Long shelf life



Processes, heat treatment of milk on the sites, product development and high performance packaging design result in our cheeses **retaining their taste and health qualities for relatively long periods**. The shortest shelf lives are for Boursin®, which extend over six to seven weeks.

### Guaranteed Shelf Life to customers



As part of the Démèter Club project in France, we did a trial over four months with a French retail chain covering some 40 hypermarkets and drive-in stores who **agreed to accept a guaranteed shelf life under current delivery times** that amounts to 66% of their total shelf life. Upcoming phases of this pilot project are in discussion.

### Planning



By using the sales forecasting system, **product manufacturing can be adjusted permanently** to estimated sales so as to meet customer expectations, but also to avoid overproduction without outlets for the sale of products.

### Donating products



Where some products are rejected by distributors despite being within the optimal consumption period prescribed, we donate them to **charitable associations that work to improve precarious living conditions**.

IN FRANCE  
**107 METRIC TONS**   
OF PRODUCTS DONATED TO ASSOCIATIONS IN 2014

### Consumer awareness



Our marketing teams are working on information actions directed at consumers **to help avoid wasting our cheeses**.





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### INDIVIDUAL PORTIONS

- Nutritional and natural qualities
- **Food waste**
  - Milk
  - 6 action levers
  - **Preventing waste**
  - Focus

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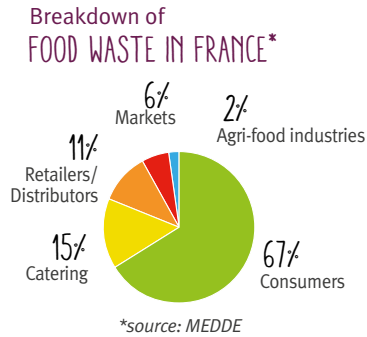
## Advantages of the portion format in preventing waste

Presentation of products in individual portions is useful for proper storage of products in homes and cafeterias.



### Unacceptable waste levels by consumers

According to the FAO, over 30% of food produced in the world is wasted. In developed countries, a major portion of this waste is due to consumers.



### What consumers say

In 2013, at our request, Ifop (French market research and polling company) carried out a study (no. 712190<sup>(1)</sup>) in order to evaluate the perception of waste risk associated with various packaging types. Results showed that individual cheese portions have a clear advantage when it comes to preventing food waste. After convenience, this was the second most popular reason for buying cheese in this form.

FOR **58%** OF CONSUMERS,  
INDIVIDUAL PORTIONS IS THE  
FORMAT THE LEAST LIKELY  
TO BE WASTED

**75%** OF CONSUMERS  
STATE THAT THEY  
NEVER THROW OUT  
CHEESE IN INDIVIDUAL PORTIONS



### What has been observed in school cafeterias

A study<sup>(2)</sup> carried out in school cafeterias has indicated that serving individual cheese portions leads to less waste than traditional cheese by the slice. Furthermore, where portions of cheese are offered in cafeterias, over 70% of students take them and finish them, while this rate reaches only 58% for sliced cheese.

**40%** OF CHEESE  
SLICED  
IN KITCHENS IS THROWN AWAY  
ONLY **6%** FOR THE INDIVIDUAL  
CHEESE PORTIONS



### Wasting cheese has a very strong impact on the environment

The later the loss of a food product occurs in its life cycle, the greater is the corresponding environmental impact when all impacts including processing, transportation and storage are considered. The environmental impact of containers, i.e. the waste packaging, must be put in perspective with the environmental impact that would be engendered by the waste of the cheese product if there were no packaging.

INDIVIDUAL PACKAGING  
REPRESENTS LESS THAN **4%**  
OF THE  
CARBON FOOTPRINT<sup>(3)</sup>

(1) Study carried out in April 2013 with almost 764 consumers of cheese sold in self-service aisles on the basis of a series of photos of cheeses with different presentations, to include individual portions, grated cheese, cheese in receptacles and whole cheeses.

(2) IFOP Study – ChefEco in 2013.

(3) Life Cycle Assessment carried out in 2014.



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  - Focus 

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## Contributing to reducing food waste in school cafeterias

In France, consumption of food outside the home is the source of up to 15% of food waste<sup>(1)</sup>. In school cafeterias, avoidable food waste is estimated at 12.5% of the cost of meals<sup>(1)</sup>, representing a total of nearly €300 million per year!



bel Foodservice

In contributing to reducing waste in cafeterias, Bel Foodservice, the Bel Group's Consumption Outside of the Home division, initiated a project in 2014 that brings **three complementary levers for action** into play.

### ▶ Help cooks come up with balanced and suitable recipes that children like

Children often leave green vegetables or fish behind on their plates, which increases the quantity of food that is thrown away. Yet this type of food is an essential part of a balanced diet.

**Together with a dietician, Bel Foodservice developed a booklet of recipes that meets the nutritional requirements of children.**

The recipes use Bel brand cheeses such as Boursin Cuisine®, Cantadou®, and others to soften certain strong tastes and provide creaminess and variety to foods in order to make them more appetizing.

Initial feedback on this recipe booklet from cooks has been very positive. The book's recipes are a perfect fit for performing their task of offering nutritionally balanced meals under GEMRCN regulations, while providing food that children like to eat that disappears from their plates!



 **15,000**  
booklets were distributed  
in 2014

<sup>(1)</sup> Source: Final Report of the Ministry of Ecology on Reducing Food Waste, November 2012



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## Contributing to reducing food waste in school cafeterias (cont'd)

### Making children aware of the need to combat food waste

It is important to show children the type of behavior they can adopt to contribute to reducing all forms of waste.



The "anti-waste responsibility" sessions run in cafeterias are designed to make children aware of the issue in an entertaining and pedagogic manner, through two small characters, Max and Léa.

A generic poster solicits their participation in the "anti-waste responsibility" initiative and the other three each address a major theme: bread, fish, fruits and vegetables.

They provide key information in understanding the scope of food waste with comparisons that

the youngest children can understand, as well as little hints for helping them to act, such as "With stale bread, you can make bread pudding".

Each child also receives a refrigerator magnet to remind everybody about anti-waste responsibility at home. Cooks who were asked about this presentation particularly appreciated the choice of themes and the graphic treatment used to get a serious message across in an entertaining manner.

The program was presented

in **2,400** schools in 2014

**300,000** children were targeted in 2014

### KEY SUCCESS FACTORS

- A structured approach upstream through recipes and downstream through sorting, guided by pedagogy and good practices provided along the way.

### Encourage sorting of waste at the end of meals

One way to help students see how much and what types of waste generated is to involve them directly in the sorting of food waste when they hand in their trays after eating. This facilitates cooks' monitoring of daily waste, which helps them with their permanent task of determining quantities for menus that limit waste and optimize costs.



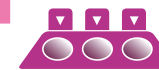
In 2014, Bel Foodservice participated in the financing of a sorting table concept by Chef-Eco, a services company that specializes in managing waste and restaurant food wastage.

The company uses a resolutely pedagogic approach, having students separate waste on their trays at the end of meals into bins collecting organic waste, packaging and bread. An integrated weighing system shows children immediately the waste portion of their meals, and cooks can then optimize their menus.

Bel Foodservice provided financing of 20% for each sorting table with no tangible or other compensation, such as a brand or company logo appearing on the tables.

At the end of 2014

**5** tables were already financed



Objective for 2015

finance **10** additional tables

In addition to addressing an important societal issue, this operation can be used to enrich dialogue that Bel Foodservice staff maintain with their customers and to recommend specific solutions that address their daily problems.



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**TRUSTED BRANDS**

- Safety and quality
- Clear and relevant information

GRI CONTENT INDEX

# TRUSTED BRANDS

Our core brands have a place apart in our portfolio, however all of our brands have established close relationships with their consumers.

Our brands are available in numerous countries where they ensure high quality and unique taste, while being synonymous with proximity.

Largest market by volume for each brand





# FOOD SAFETY AND QUALITY

SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

ENVIRONMENTAL FOOTPRINT

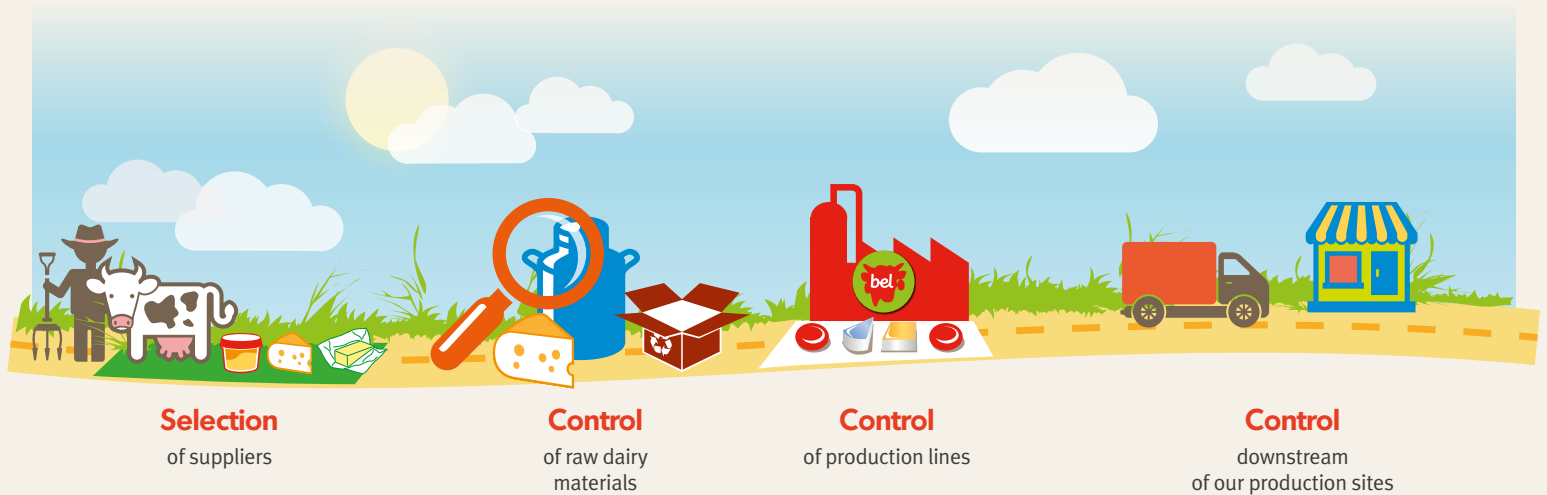
INDIVIDUAL PORTIONS

**TRUSTED BRANDS**

- Safety and quality
- Clear and relevant information

GRI CONTENT INDEX

There have always been mistrust and scares regarding food. Although objectively foods are becoming safer, some consumers consider food risks to be very high today: ensuring the quality, safety and traceability of our products is a key factor in strengthening consumer confidence in our brands.



## WE WANT TO ACT...

- To achieve a level of operational excellence in the area of **quality and traceability of our products in all phases** of their life cycle.
- To make trust in the quality and safety of our products **obvious knowledge to all of our consumers**.

## OUR ACTION LEVERS

- **Organization and procedures.**
- **Checks at every stage** through to the release of finished products.
- **Total traceability** of components and finished products.

## 2014 HIGHLIGHTS

- Launch of a new **quality management tool**.



SUSTAINABLE GROWTH

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INDIVIDUAL PORTIONS

TRUSTED BRANDS

■ Safety and quality

- **Strict quality policy** ▶
- Involved partners
- Controls
- Dual traceability
- Focus 🔍

■ Clear and relevant information

GRI CONTENT INDEX

## A strict quality policy

The organization and processes we have implemented at every level of the value chain are aimed at reducing all risks liable to affect the food safety of our products and the image of our brands, or adversely affect our business and profitability.

### A dedicated organization

At central level, the Group's Quality and Regulations Department (DQRG) reports to the Group's Industrial and Technical Department (DITG) and is responsible for leading and coordinating all processes and ensuring that they are effective. It recommends policies to be put in place, ensures the consistency of our systems and reports at various levels, provides assistance to the Group's entities and audits the organizations to assess how effectively their systems are working. It alerts the Chairman and Chief Executive Officer and the Management Committee to any major situation relating to quality and regulations. At zone and country level, quality and regulations correspondents implement the policy, are in charge of reporting, and perform the local monitoring required to anticipate changes in local legal and regulatory contexts.

### Shared tools

In order to meet these quality and safety requirements, we draw on the training of our teams to carry out self-assessments and apply the principles of the HACCP approach (Hazard Analysis and Critical Control Points).

We have implemented a recall procedure for rapidly withdrawing products from sale for which a food safety and quality alert has been issued.

### Certifications

In addition, we use international standards for food safety management recognized by the Global Food Safety Initiative (GFSI) and are expecting our subcontractors' sites to follow suit using these same standards (see page 10).

We believe that the ISO 9001 certification is the highest level of excellence in implementing management systems. However, it is a voluntary process for each site. Nineteen of our sites are certified. This certification is associated with a BRC or IFS certification and is recognized by GFSI as a food safety management system in the same capacity as the FSSC 22000 certification.

20 GFSI CERTIFIED SITES, INCLUDING 1 NEW CERTIFICATION IN 2014

85% OF OUR PRODUCTS COME FROM GFSI CERTIFIED SITES

### Bel reference guides

In all countries where we manufacture or import, a detailed analysis of food quality, safety and hygiene regulations is carried out that serves as a basis for drafting a "Bel Reference Guide" covering all of these regulations.

At the European level, the "Hygiene Package" has been in effect since January 1, 2006. This regulation includes several legal texts. It implements a single and transparent policy in the area of food hygiene and safety in all European Union countries and involves all operators extending from farm production to processing plants and distribution of products.

Where possible, we apply the most stringent rules, primarily based on European regulations, to all actors ranging from production on the farm through to consumers. For example, regarding allergens management, we monitor more than 23 rather than the minimum 14 allergens as required by European regulations.

BEL REFERENCE GUIDES SHARED WITH OUR SUPPLIERS AND OUR DISTRIBUTORS





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■ Safety and quality

- Strict quality policy
- **Involved partners**
- Controls
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## Involved partners

Aware that food safety is a shared responsibility, we work in close cooperation with all operators along the value chain in order to deliver safe, healthy products to our consumers.



### Supporting dairy producers

Producers are responsible for the health quality and compliance of their milk and are required to take appropriate steps for ensuring this. To prevent all risks from the outset, particularly bacteriological risks, our dairy production technicians share best practices for producing high-quality milk. Where milk does not meet our standards, they recommend and implement specific actions:

- an audit of operations (sometimes attended by a veterinarian);
- proposed action plans to improve milk quality;
- monitoring of these plans to assist the producer in bringing about improvements.



### Approval and auditing of suppliers and subcontractors

Our approval process for suppliers and subcontractors furnishing raw materials covers all aspects of food safety and includes a full audit.

Quality audits are carried out with our major suppliers of the most sensitive raw materials and at our subcontractors' sites.

Where minor non-compliance issues are observed that do not pose a risk to the food safety of products supplied to us, the audited partners agree to a schedule for implementing corrective actions.

86 SUPPLIERS AND 11 SUBCONTRACTORS AUDITED IN 2014 



### The same strict requirements for products bearing our brands

Our requirements in terms of quality, safety and traceability are extended without exception to subcontracted products carried by our brands and where our brands are associated with another brand.

NO CRITICAL NON-COMPLIANCE IN 2014 



### Support for certain distributor partners

Quality, safety and traceability of products must be optimal from the time they leave production facilities through to the point of sale. For more than five years, we have been progressively sharing our Storage and Distribution Best Practices Charter with our distributors or importers in the various regions where we market goods. The Charter is tailored to the retailer's situation following an inspection or audit.

OVER 30 DISTRIBUTORS HAVE ADOPTED OUR STORAGE AND DISTRIBUTION BEST PRACTICES CHARTER 



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- Dual traceability
- Focus 🔍

■ Clear and relevant information

GRI CONTENT INDEX

## Strict controls at each stage



At every stage of our raw materials manufacturing process through to the release of the finished product, our cheese products are checked rigorously. We keep all records of these inspections on each site, as they constitute proof of the analysis results.

### Milk is a “living” and fragile raw material

Milk’s qualities start degrading when it comes into contact with air, light and ambient heat. We collect milk no later than 72 hours after milking in order to conserve these qualities. The milk is kept in refrigerated tanks (see page 81).

Milk must meet precise criteria in terms of fat and protein content, as well as strict hygiene standards. It must not contain any residue from antibiotics.

Samples are taken systematically when milk is collected and upon arrival at processing facilities to be used in implementing the inspection plan that includes laboratory analyses. In some very rare cases where the milk is of insufficient quality, it is not used.



### All of our raw materials are subject to very strict specifications

Upon arrival at our processing plants and before being used in production, all raw materials that go into our products are inspected at microbiological, physicochemical and organoleptic levels.

All packaging go through a control procedure upon arrival at our facilities.



### Control on production lines

Quality control plans pertain to semi-finished (work in progress) and finished products as well as to the production environment (air, water, machines, manufacturing premises, staff, etc.). Our semi-finished and finished products meet requirements extending beyond the regulatory minimum, particularly with respect to pathogens.

As a precaution, we reinforce controls particularly on foreign bodies and at all of our sites. We carry out a detailed and comprehensive analysis of all the points that could be at risk with regard to any malicious actions. Action plans are being implemented progressively.



### Downstream of our production sites

Audits are performed on the distribution chain in order to ensure that cold chain, transportation and conservation conditions of our products are met.



### Internal and external controls

All of these controls are performed by the plant’s analysis laboratory and, where necessary, by accredited independent external laboratories. Our overall compliance with the specified requirements is guaranteed by the competent health authorities and certified by the approval mark that all of our plants affix to our products.

The frequency of these inspections is based on our HACCP assessment and is tailored to the raw material or ingredient in question.



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**TRUSTED BRANDS**

■ **Safety and quality**

- Strict quality policy
- Involved partners
- Controls
- **Dual traceability**
- Focus 🔍

■ Clear and relevant information

GRI CONTENT INDEX

## Dual traceability across the entire value chain



We are able to pinpoint the storage location of any product at any time, right up to the end customer, across all of our distribution and sales networks.



### Total traceability

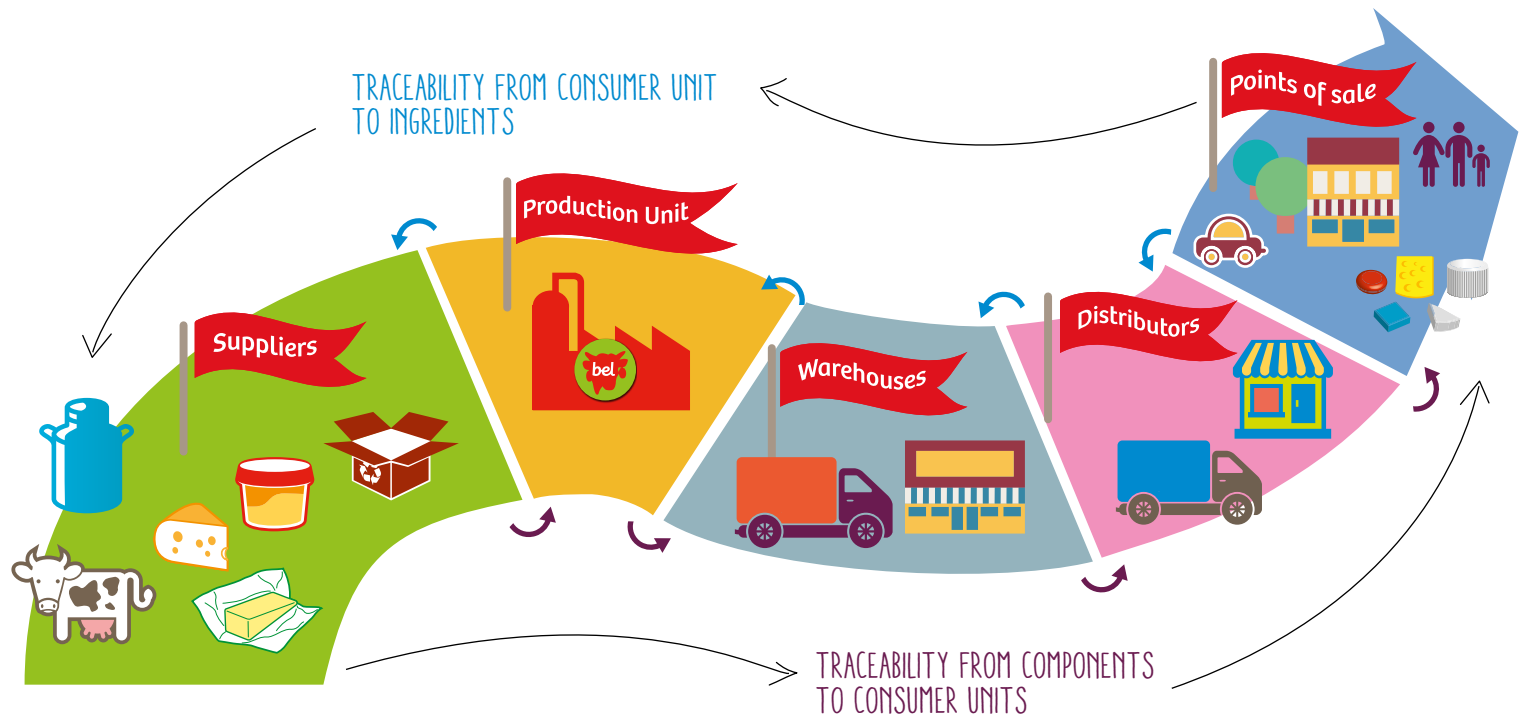
As well as being able to identify all raw material suppliers involved in the manufacture of a given product, we are also able to identify all product batches in which a given ingredient is used.

We also use our traceability system to store and manage information and data flows relating to food safety, promptly submit data requested by the authorities, identify risks and isolate individual production runs. These optimize the efficiency of any withdrawals and recalls.

**Traceability tests** are carried out ranging from identification of raw materials through to downstream of production sites. All our suppliers of dairy raw materials and ingredients are assigned codes and traced. We perform regular tests on our suppliers in order to ensure that they are able to provide additional traceability data within 24 hours of our request.

Ensuring the **full traceability of our products** up to consumption entails the use of mandatory labeling of consumer sales units (through batch codes, best-before date, use-by date, etc.). Moreover, all logistic units are identified by means of labels that link each unit to the corresponding product batch code.

### FULL TRACEABILITY OF OUR PRODUCTS





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## FOCUS ON **A new quality management system**

Every year thousands of analyses are carried out at our plants to check the quality of our products at each stage of production. The Quartz project uses a shared management model for all this data in an effort to improve its reliability and traceability, as well as to accelerate the sharing of information and good practices, and to anticipate which improvements to implement.



Almost two years of preparatory work were required to draft specifications and select the most appropriate IT system to use prior to the project launch in January 2014. Ultimately, we chose a specific module of the SAP management software package, SAP Quality Management. It was then adapted to the specific requirements of Bel by a project team made up of several internal stakeholders and some Capgemini consultants.

### ▶ **Optimal reliability and traceability of data**



The specific use of the shared database that will be implemented is to trace the bulk of quality controls that are performed at all Group sites. We will be able to ensure optimal reliability and consistency of data with an integrated system that will be shared by all internal staff involved in the quality process, not only in our plants but throughout the supply chain.

### KEY SUCCESS FACTORS

- A tool to achieve our objective of excellence in terms of quality.
- Multiple benefits: better responsiveness, improved cooperation, etc.

### ▶ **Facilitating the sharing of data and preventive measures**

Operators inside plants will enter their data directly into the system and will be able to share it in real time. Information will circulate much more rapidly, helping us to be more responsive in addressing customer and consumer requests in the area of quality and traceability. This sharing of data will also promote an exchange of good practices among all the players.

Another benefit will be that using data will be easier and analyzing trends will help us in being more proactive in our improvement processes. If certain products are at the limits of non-compliance, preventive measures can be put in place to ensure that this threshold is not crossed.

### ▶ **A successful launch**

Following an initial phase of six months dedicated to configuring the SAP solution and the first system tests, the implementation phase for the Quartz project in production sites began in September 2014 with the first pilot program at the Evron plant. Staff were trained to use the tool and made aware of the benefits of this new way of working so as to bolster everybody's involvement and commitment. The first wave of implementation at plants was then launched in early 2015 for the Brookings (USA), Cairo (Egypt), Tangier (Morocco) and Pacy-sur-Eure (France) sites. All in all, the implementation of the Quartz system in every Group site should take over two years, through to the end of 2016.



The development and implementation of Quartz required a major investment in time and human resources for the Group. It represents a major phase in the coordination and standardization of our practices, and more globally in our operational excellence process.



# CLEAR AND RELEVANT INFORMATION

Until recently, information was conveyed through traditional media formats. Now the Internet has fundamentally changed how to seek out and exchange information. People exploring the web can strongly impact the image of products and companies.

## Information and purchase in the digital era



### WE WANT TO ACT...

- To provide our consumers with **easy access to the information they seek**.
- To make our brands **honest and reliable contact points** for all our stakeholders.

### OUR ACTION LEVERS

- Brands in which consumers place their **trust**.
- Developing **easy to reach contact points**.
- **New digital technologies**.

### 2014 HIGHLIGHTS

- **A system of simple visual markers was set up** to facilitate reading information on packaging.
- **Q&A formats were drawn up** on important subjects.
- **Commitment to the European pilot program PEFCR** (Product Environmental Footprint Category Rules) in the “dairy products” category.
- **New consumer services** in Vietnam and Japan.

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- Safety and quality
- **Clear and relevant information** ▶

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TRUSTED BRANDS

- Safety and quality
- **Clear and relevant information**
  - Access to information
  - Nutrition
  - Environment
  - Focus

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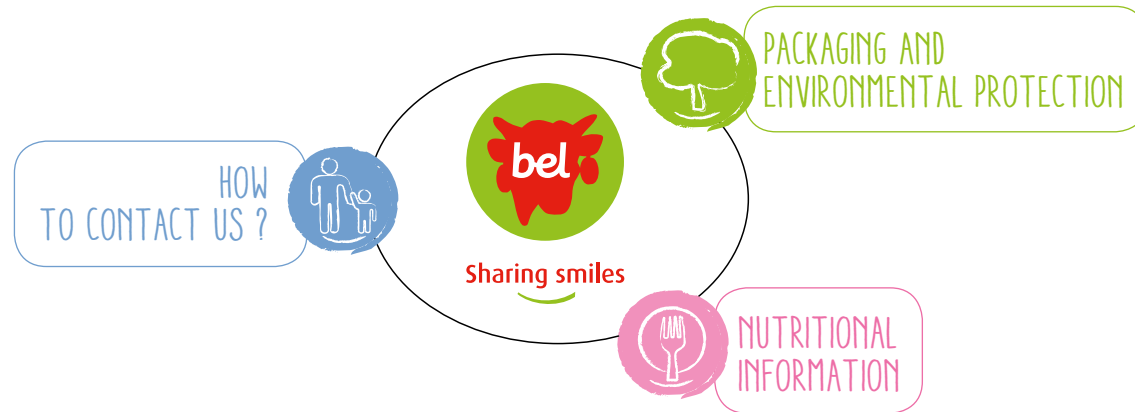
## Making access to information about our products easy GRI GRI G4-PR3 G4-DIM3

The type of information sought by consumers now extends far beyond the framework of nutritional information. The media is becoming increasingly interested in subjects related to nutrition.

### Simple identification marks on our packaging

The first vector for communication concerning our products is their packaging, which presents the advantage of making the information available at the time of purchase.

To simplify reading information on packages, we designed a system of simple, visual highlights that will progressively be used on all of our packaging. Priority is being given to the five core brands, which will adopt this by the end of 2016. Two brands, The Laughing Cow® and Mini Babybel®, are now considered as pilot brands in Europe.



### More detailed content beyond the packaging

The reduced surface area of our packaging limits how much content we can deliver through this media.

We have put time and effort into developing other resources (websites, mobile apps, brochures, consumer departments, etc.), that provide access to more detailed, educational information.

### Easier contact

Where dedicated consumer services are in place in some (France, the United Kingdom, Germany, the United States and Canada), all of the products we sell in these countries have the contact details for this service on their packaging. In 2014 we set up two new consumer services in Vietnam and Japan.

More and more customers are asking about the sustainability of our model, about production tools, continuous improvement processes, control of sourcing, etc. We always respond clearly and honestly to this questioning.

As a supplier of products to other companies, we comply with the audit requests they make to us (SEDEX, for example).







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- **Clear and relevant information**
  - Access to information
  - **Nutrition**
  - Environment
  - Focus

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## Individual portion: the standard for our communication on nutrition



The individual portion is one of the keys for effective action in promoting nutritional balance.



### The portion is a genuine consumer benchmark

From the age of one, children progressively lose their capacity of regulating their dietary intake<sup>(1)</sup>. Studies have shown that the larger the portions served to children, the more cheese they consume<sup>(2)</sup>. Therefore, it is essential to give children appropriately sized portions to provide nutritional requirements without giving them too much.

The recommended amount of cheese in grams ranges from 16 g to 40 g depending on age and the nutritional background of the country, which is used to judge how much calcium is required without overloading on salt and fat.

As such, the individual portion is a benchmark for adults, especially those who are overweight or who suffer from chronic food-related diseases. Other studies<sup>(3)</sup> have shown that consumers identify individual portions as appropriate quantities.



### Adjusted nutritional values

We provide the average recommended nutritional values per unit consumed on product packaging where adequate space exists to provide relevant information to consumers.

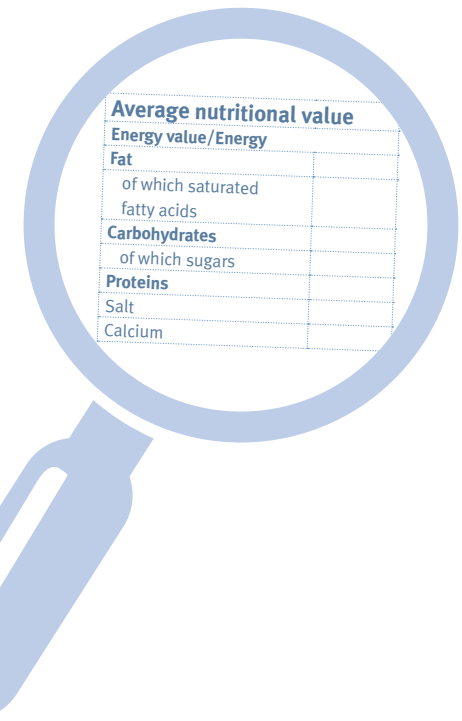
We regularly ensure that our formulas comply with the targeted nutritional profile labeled on our packaging.



### Encourage good nutritional habits

Wherever relevant, the brands offer background information regarding nutritional intake of their products, sometimes with advice for adopting good nutritional habits.

This information is displayed on the packaging wherever the size allows.



CHILDREN'S  
EATING HABITS  
396 SCIENTIFIC  
STUDIES  
ANALYZED BY BEL FOR ITS  
BIBLIOGRAPHICAL SUMMARY

(1) Cecil et al., 2005

(2) Rolls et al., 2000; Fischer J., 2007; Fischer et al., 2003

(3) Wansink B., 2004; Geier et al., 2006



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- Safety and quality
- **Clear and relevant information**
  - Access to information
  - Nutrition
  - **Environment**
  - Focus

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## Developing interest in environmental information

We are convinced that using environmental indicators that are readily understandable by consumers will increase their interest and cause them to change their behavior.



### Encouraging consumers to properly deal with packaging waste

Consumers expect help in sorting their packaging waste. For this reason, the visual cues that we use on the “environmental” part of packaging focus on sorting recommendations in countries where recycling facilities are in operation and, in other countries, on gestures that promote cleanliness.



### Evaluating our impact

In 2014 we updated the life cycle assessments for two core products, Kiri® and The Laughing Cow®, on the basis of the reference guidelines for calculating environmental impacts shared with the entire French dairy sector. We contributed significantly to the development of this framework within the inter-professional arena.

From an order of magnitude perspective, these assessments will orient our action plans.



### Standardizing calculation methods

It is necessary to share calculation rules and standardized methods of communication between countries and operators in the food sector.

Europe has initiated a pilot program for this kind of standard, known as the PEFCR (Product Environmental Footprint Category Rules), at the level of European countries. We are directly involved in the “dairy products” category contributed by the European Dairy Association (EDA).

With this context in mind, we feel that it is premature to publish detailed results of our life cycle assessments in view of the still very significant margin of error, as well as distortions in competition that could cause the use of non-standard calculation rules.



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- Safety and quality
- **Clear and relevant information**
  - Access to information
  - Nutrition
  - Environment
  - **Focus** 🔍

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## FOCUS ON **Babybel® commits!**

In an effort to further increase the trust of consumers in our brands, in 2013 we initiated a program entitled “Growing brands with purpose”. This program’s objective is to identify the environmental and societal issues that each of our core brands must work on to contribute to the Group’s progress priorities and to be perceived as truly responsible by their consumers. The societal issues are the generally predominant ones, since the Group’s environmental challenges such as reducing water use, optimizing the energy mix and other issues are most often addressed at our production sites, which also often produce several brands.



**Babybel® is one of the pilot brands for this program.** A group of priority measures was determined at European level for each type of challenge, then the countries concerned implemented complementary measures on a local level.



### ▶ **Societal issues**

- **Optimized recipes** to attain a better nutritional balance: reducing the amount of salt in some formulas.
- **More responsible promotions** targeting children:
  - testing of new promotional mechanisms as alternatives to concrete incentives;
  - selecting rewards that have more meaning.
- **More transparent communication on packaging:** labeling of Babybel® nets are pilots for implementing the Group’s new Labeling Charter.
- **The brand’s commitment to communities.** The societal role of the brand has been clarified and broadened. It consists of providing a joyful and positive experience in helping to overcome the most unfortunate situations, especially when they concern children.
 

**Several events were organized in this vein to help hospitalized children.** In France, this is done through the partnership with Le Rire Médecin association and in Belgium in support of the Cliniclowns association. This type of action will be extended to the Netherlands and to Denmark in 2015.



### ▶ **Environmental challenges**

#### **Reduction of the environmental footprint of products and their packaging:**

- A project to reduce the amount of wax used
- Work on cellophane types
- A new promotional label
- New lidless carton packaging





## FOCUS ON **Babybel® commits!** (cont'd)

SUSTAINABLE GROWTH

BUSINESS ETHICS

BEL MODEL

ENVIRONMENTAL FOOTPRINT

INDIVIDUAL PORTIONS

TRUSTED BRANDS

■ Safety and quality

■ Clear and relevant information

- Access to information

- Nutrition

- Environment

- Focus

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### ► Implementation in the United Kingdom

Rather than serving as a simple relay for measures decided centrally, employees in countries are strongly encouraged to initiate complementary local operations. In the United Kingdom, several initiatives are already underway:



#### • A long-term charity commitment

Babybel® continues to pursue its partnership with the Comic Relief association started in 1999 for the Red Nose Day charity event to collect funds for underprivileged people. Nearly €1.2 million have already been collected thanks to that partnership.

- A detailed packaging communication effort, in particular on the brand's site [www.babybel.co.uk](http://www.babybel.co.uk):
  - As a complement to the nutritional profiles of products, the brand encourages proper eating behavior and physical activity around lunchtime. A lunchtime challenge gives children several ideas for recreational activities to achieve this.
  - The brand's site also provides details regarding the various manufacturing phases of its products.

#### • More direct contact with consumers

A new Consumer Service system was set up in 2014. It is largely outsourced to manage consumer relations more effectively and with greater flexibility. A dedicated Babybel® team was even set up with a special telephone number for the brand, in addition to a pre-paid post office address. The new Consumer Service recorded 2.6 times more contacts between 2013 and 2014. It also helped in improving knowledge of consumers, the responsiveness of the brand and work flows between the brand's different branches. The launch of Babybel's Consumer Service on Twitter, a communications tool that has grown enormously in the United Kingdom, is planned for 2015.



### KEY SUCCESS FACTORS

- A framework set by central staff.
- Commitments broken down by country-specific characteristics.





## GRI Content Index for 'In accordance' - Core



### General Standard Disclosures

General Standard Disclosures	Page(s)	External Assurance
<b>Strategy and analysis</b>		
G4-1	2	Yes, pages 72 and 73 of the 2014 Registration document
<b>Organizational profile</b>		
G4-3	2	Yes, pages 72 and 73 of the 2014 Registration document
G4-4	6	Yes, pages 72 and 73 of the 2014 Registration document
G4-5	101	Yes, pages 72 and 73 of the 2014 Registration document
G4-6	5, 86	Yes, pages 72 and 73 of the 2014 Registration document
G4-7	7	Yes, pages 72 and 73 of the 2014 Registration document
G4-8	73	Yes, pages 72 and 73 of the 2014 Registration document
	Page 9 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-9	5, 6	Yes, pages 72 and 73 of the 2014 Registration document
	Page 118 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-10	37, 39, 40	Yes, pages 72 and 73 of the 2014 Registration document
	Page 40 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-11	38	Yes, pages 72 and 73 of the 2014 Registration document
G4-12	30	Yes, pages 72 and 73 of the 2014 Registration document
G4-13	Page 202 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-14	90	Yes, pages 72 and 73 of the 2014 Registration document
G4-15	18	Yes, pages 72 and 73 of the 2014 Registration document
G4-16	26	Yes, pages 72 and 73 of the 2014 Registration document
<b>Identified material aspects and boundaries</b>		
G4-17	11	Yes, pages 72 and 73 of the 2014 Registration document
	Page 70 and page 220 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-18	16, 17	Yes, pages 72 and 73 of the 2014 Registration document
	Page 70 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-19	16, 17	Yes, pages 72 and 73 of the 2014 Registration document
	Page 70 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-20	16, 17	Yes, pages 72 and 73 of the 2014 Registration document
	Page 70 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-21	16, 17	Yes, pages 72 and 73 of the 2014 Registration document
	Page 70 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-22	Page 70 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document
G4-23	11	Yes, pages 72 and 73 of the 2014 Registration document
	Page 70 of the 2014 Registration document	Yes, pages 72 and 73 of the 2014 Registration document

Registration document available on our website [www.groupe-bel.com](http://www.groupe-bel.com)

## General Standard Disclosures (cont'd)

General Standard Disclosures	Page(s)	External Assurance
<b>Stakeholder engagement</b>		
G4-24	12	Yes, pages 72 and 73 of the 2014 Registration document
G4-25	12	Yes, pages 72 and 73 of the 2014 Registration document
G4-26	12, 16, 17	Yes, pages 72 and 73 of the 2014 Registration document
G4-27	12	Yes, pages 72 and 73 of the 2014 Registration document
<b>Report profile</b>		
G4-28	11	Yes, pages 72 and 73 of the 2014 Registration document
G4-29	11	Yes, pages 72 and 73 of the 2014 Registration document
G4-30	11	Yes, pages 72 and 73 of the 2014 Registration document
G4-31	11	Yes, pages 72 and 73 of the 2014 Registration document
G4-32	11, 99	Yes, pages 72 and 73 of the 2014 Registration document
G4-33	11	Yes, pages 72 and 73 of the 2014 Registration document
<b>Governance</b>		
G4-34	8	Yes, pages 72 and 73 of the 2014 Registration document
<b>Ethics and integrity</b>		
G4-56	20, 21	Yes, pages 72 and 73 of the 2014 Registration document

## Specific Standard Disclosures

Material Aspects	DMA and Indicators	Omissions	External Assurance
<b>Category: Economic</b>			
Indirect Economic Impacts	G4-DMA (pages 48 and 49)		Yes, pages 72 and 73 of the 2014 Registration document
	G4-EC8 (pages 50 to 53)		Yes, pages 72 and 73 of the 2014 Registration document
<b>Category : Environmental</b>			
Energy	G4-DMA (pages 65 and 66)		Yes, pages 72 and 73 of the 2014 Registration document
	G4-EN3 (page 66)		Yes, pages 72 and 73 of the 2014 Registration document
Water	G4-DMA (pages 60 and 61)		Yes, pages 72 and 73 of the 2014 Registration document
	G4-EN8 (page 61)		Yes, pages 72 and 73 of the 2014 Registration document
<b>Category : Social</b>			
Employment	G4-DMA (pages 37, 38, 40)		Yes, pages 72 and 73 of the 2014 Registration document
	G4-LA1 (page 39)		Yes, pages 72 and 73 of the 2014 Registration document
Customer Health and Safety	G4-DMA (pages 87 to 91)		Yes, pages 72 and 73 of the 2014 Registration document
	G4-PR1 (page 88)		Yes, pages 72 and 73 of the 2014 Registration document
Product and Service Labelling	G4-DMA (pages 93 to 96)		Yes, pages 72 and 73 of the 2014 Registration document
	G4-PR3 (page 94)		Yes, pages 72 and 73 of the 2014 Registration document

Registration document available on our website [www.groupe-bel.com](http://www.groupe-bel.com)





Sharing smiles



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