2016

Sharing smiles

Fromageries Bel

Registration Document

including the Annual Financial Report

SUMMARY

Fromageries Bel

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

Registration document 2016

including the Annual Financial Report

The original French version of this translated Registration Document was filed with the *Autorité des marchés* financiers (AMF) on March 20, 2017, in accordance with article 212-13 of the AMF General Regulations. It may be used in support of a financial transaction provided that it is accompanied by an Information Memorandum approved by the *Autorité des marchés financiers*. This Registration Document was prepared by the issuer and its signatories are liable for its content.

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

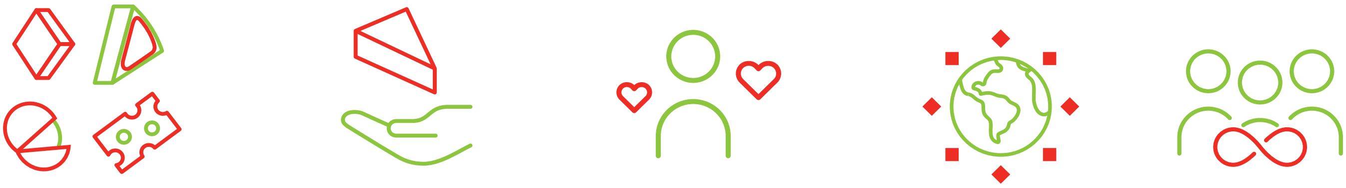
- the Annual Financial Report issued pursuant to article L. 451-1-2-1 I and II of the French Monetary and Financial Code;
- Fromageries Bel's Management Report approved by the Board of Directors pursuant to articles L. 225-100 *et seq*. and articles L. 225-102-1 *et seq*. of the French Commercial Code (according to the "Grenelle II" law of July 2010, as amended by the "Warsmann" law of March 2012); and
- the Chairman's Report on conditions for the preparation and organization of the work of the Board of Directors, on internal control and risk management procedures issued pursuant to article L. 225-37 of the French Commercial Code.

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

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

SHARING SMILES THROUGH UNIQUE EXPERIENCES OF DAIRY GOODNESS

3 values : Dare, Care, Commit
underpin the work of **the Group's 12,000 employees worldwide**



18 billion
portions sold in nearly **130** countries, *i.e.* **60%** of sales

88%
of volumes manufactured at GFSI* certified sites

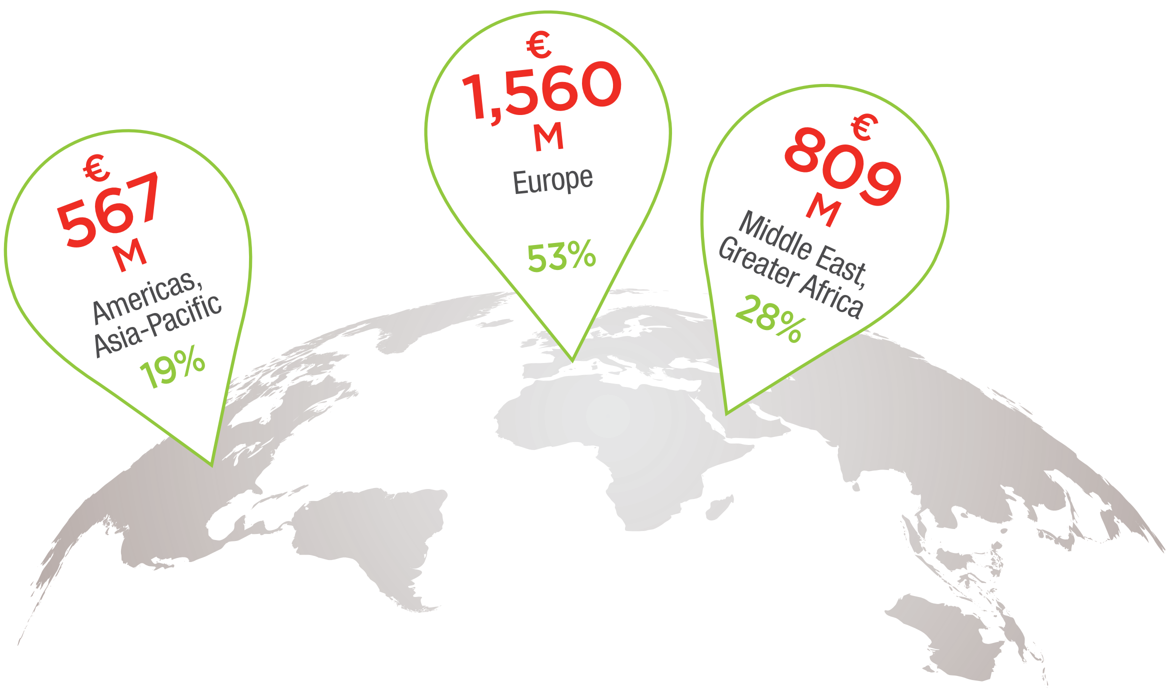
70%
of sales are represented by core brands

+25
international and local brands

Member
of the Global Compact since 2003 – GC Advanced COP level since 2013

* *Global Food Safety Initiative, quality and food safety standardss.*

Breakdown of 2016 sales



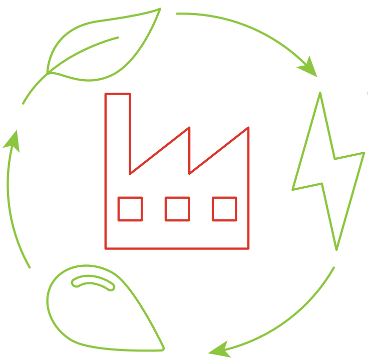
€2,936 M	€298 M	10.1 %	€213 M	€2,355 M	-€360 M
Sales	Operating income	Operating margin	Net profit – Group share	Total capital invested	Increase (decrease) in cash and cash equivalents

Other financial and accounting information, as well as the detailed financial statements, can be found in chapter 5 and in the table on the following page.
The financial data mentioned above do not include the MOM Group, as the acquisition was completed on December 15, 2016.

Continual improvements since 2008 in **reducing the environmental footprint of its 30 industrial sites**

-37.9% greenhouse gas emissions*

-11.8% electricity consumption*



-32.6% water consumption*

-41.3% oil and gas products consumptions*

** Per metric ton of cheese produced*

Committed to sustainable dairy production, access to the goodness of milk and responsible packaging management:

Nearly 2 billion liters of milk* collected from **over 2,700 milk producers*** located near our plants

WWF partner since 2012 to reduce the environmental impact of dairy production

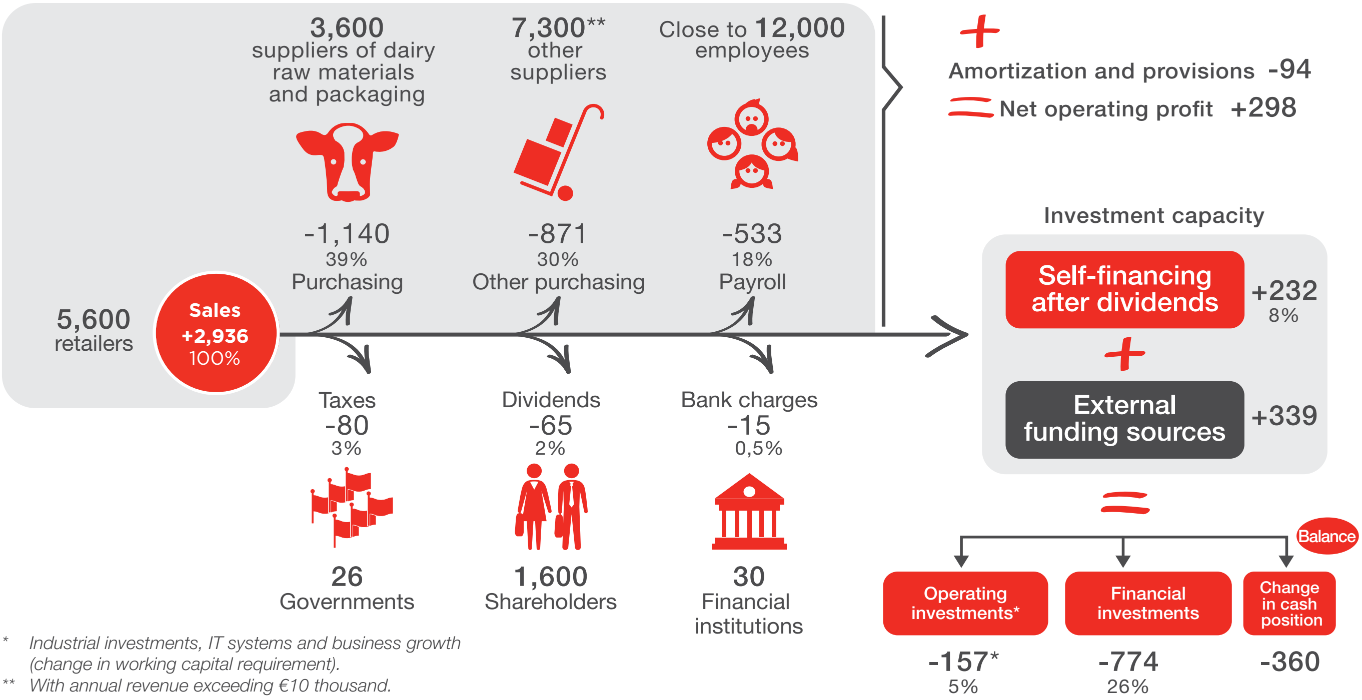
100% of soy* and PKE used in the feed of the dairy cows that produce milk for Bel are covered by the purchase of RTRS and RSPO certificates**

23 recipes formulated* to reduce the number of additives in Bel products

Target of **0% deforestation** by 2025

** In 2016.*
*** RTRS: Round Table on Responsible Soy.*
RSPO: Round Table on Sustainable Palm Oil.

Sharing the value created



* Industrial investments, IT systems and business growth (change in working capital requirement).
** With annual revenue exceeding €10 thousand.

Selected financial information (*)

(in millions of euros)	**2016**	2015	Variation (en %)
SALES	**2 936**	**2 949**	**- 0,4 %**
Gross margin	1 053	992	6,2 %
Gross margin *(as a % of sales)*	35,9 %	33,6 %	
OPERATING INCOME	**298**	**272**	**9,5 %**
Of which: current operating income	327	293	12,0 %
other non-recurring income and expenses	(29)	(21)	38,7 %
OPERATING MARGIN *(as a % of sales)*	**10,1 %**	**9,2 %**	
NET PROFIT	**217**	**188**	**15,6 %**
Of which: Group share	213	184	15,6 %
non-controlling interests	4	4	18,8 %
diluted per share (in euros)	31,4	27,2	15,5 %
TOTAL CAPITAL INVESTED	**2 355**	**1 481**	**59,0 %**
Of which: equity, Group share	1 577	1 475	6,9 %
non-controlling interests	90	27	
net financial debt	688	(21)	
Cash flow			
From operating activities	289	326	
From investing activities	(906)	(142)	
From financing activities	257	(5)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(360)**	**179**	

(*) Other financial and accounting information, as well as the detailed financial statements, can be found in chapter 5.

1

Presentation of the Activities

1.1 Presentation of the Group

1.1.1 Group profile

Bel is an international family-owned business led by the fifth generation of family managers. Its business model has traditionally focused on cheese and the Group is a global leader in individual cheese portions. Based on strong and innovative brands, the Group is positioned as a major global player in the healthy snacks segment. Its growth is driven by the strength of its core brands, The Laughing Cow, Kiri, Mini Babybel, Leerdammer and Boursin, which are market leaders, and the geographic breakdown of its business.

With a portfolio of over 25 international and local brands sold in close to 130 countries, Bel is continually adapting to the diversity of eating habits around the world.

The commitment of 12,000 employees, located in 33 countries and at 30 production sites, contributes to the Group's growth strategy which combines long-term vision, sustainable performance and international growth.

1.1.2 The Group's commitment to sustainable growth

Bel prides itself on providing wholesome dairy goodness that brings a smile and creates treasured moments. In addition to the quality of its products and the pleasure they bring, the Group has always considered smiles and enthusiasm as key success factors.

This commitment and optimism – and the desire to share them – are echoed in the Group's tagline: "Sharing smiles" which reflects its employee culture, the personality of its brands and the Bel's sustainable model.

The Laughing Cow is emblematic of this mindset. Over the decades it has helped teach generations of children about nutrition while always bringing a smile and creating a happy atmosphere. It provides key nutrients for growth and its ingredients have been adapted to suit the wide range of tastes and nutritional requirements of its consumers in almost 130 countries.

For Bel, a model cannot be sustainable unless it creates value for the Company while respecting and ensuring positive benefits for members of its ecosystem. This allows the Company to prepare for its future responsibly.

Since 2003, Bel has been a signatory of the United Nations Global Compact and reports annually on its progress in each of the ten principles of the Compact.

Company-specific tools are also developed to guide the actions of employees:

- the Code of Best Business Practices was designed for employees who encounter ethical issues in their work (see paragraph 2.2.3 "Ethical business conduct");
- Bel's Responsible Communications Charter lists the principles that it must adhere to in its communications (e.g. advertising, packaging, digital), particularly when they directly target children under 12;
- the Responsible Purchasing Charter presents the commitments made by Bel to its suppliers as well as what the Group expects from them in return in terms of major corporate issues such as trade ethics, respect for human rights and children's rights, and the fight against corruption (see paragraph 2.2.3 "Ethical business conduct").

1.1.3 Background

Origins at the heart of the Jura region

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

After World War One, the emerging cheese industry took off and Léon Bel saw the potential of cheese spread: tasty, affordable, easy to carry and easy to keep. He set out on an industrial adventure and in 1922 created "Fromageries Bel" as a limited company.

More than just a cheese brand

In 1921, he trademarked "The Laughing Cow" brand, an entirely new product in France at the time due to its original recipe, creamy texture, triangular shape and portion format.

It was also Léon Bel's idea from the outset to give this product a personality, that of a red cow mimicking human behavior: laughing. He commissioned famous animal illustrator Benjamin Rabier to draw this character. Since then, The Laughing Cow's original and endearing personality has ensured it a close relationship with consumers, both young and old, throughout the world.

Cheese maker and advertiser

As well as being a cheese maker, Léon Bel was a pioneer in the art of communication. From 1923, at a time where publicity alone seemed enough to promote a product, The Laughing Cow took to the streets with advertising posters with their omnipresent humor and developed an affectionate relationship with consumers through its original appearance on everyday objects. From 1950, The Laughing Cow entered consumers' homes through films and advertisements on television, radio and the cinema, later amassing an online community of fans who keep asking why The Laughing Cow… is laughing.

Since its birth in 1921, The Laughing Cow, its image, packaging and advertising have been regularly modernized to meet the aspirations of consumers.

For the past 90 years, it has been part of the food and cultural landscape of consumers.

Development of Fromageries Bel

The Laughing Cow's industrial and commercial launch occurred in 1924 when Léon Bel installed the first cast iron kneading machine and portion machines in the Lons-le-Saunier plant. Two years later, he built a new modern plant in Lons-le-Saunier.

In 1929, Léon Bel branched out into foreign markets. He set up the first factories in the UK and Belgium. At the same time, he broadened the range of products with, in particular, Bonbel and Babybel. He also launched the first fat-free cheese ("Forbon"), a dietary product ahead of its time.

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

International expansion

Cheese spread had all the necessary qualities, in particular in terms of homogenization and conservation, to become an internationally distributed daily food.

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

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

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

- product development, using the Group's historical international brands and specific national brands;
- regional expansion, by creating distribution subsidiaries worldwide and setting up plants located as close as possible to places of consumption. In 2014, Bel inaugurated the new Mini Babybel plant in the United States, the brand's top global market, to support its US growth. In 2015, Bel opened its first plant in sub-Saharan Africa in Abidjan. The Abidjan plant is an innovative factory making The Laughing Cow for the Ivorian market. Bel now operates in 33 countries and has 30 production sites;
- worldwide acquisitions, such as of the Dutch group Leerdammer in 2002 and the Boursin brand in January 2008, of a controlling interest in the Moroccan dairy producer Safilait in 2015, and of the MOM Group in 2016.

Beyond the cheese category

As a cheese snacking market leader with its iconic, daring brands and its portion format, the Group offers products that meet a strong consumption trend combining health, pleasure and practicality, and that create new habits. For example, Mini Babybel stands out in Europe and the United States as an alternative to sugary snacks, Cheez Dippers ("Pik et Croq" in French) diversifies the snack offer by combining cheese and bread sticks, and Apéricube makes cheese a key ingredient at get-togethers in Europe and Asia.

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

The Group confirmed this strategic positioning in 2016 with the acquisition of the MOM Group aimed at creating a major global player in healthy snacks segment. The MOM Group saw extraordinary growth in France and the United States based on its traditional brands, Materne and Mont Blanc, sold in France, and created the category of fruit compotes in squeezable pouches with strong leadership positions for its Pom'Potes and GoGosqueeZ brands. The purchase of MOM is a unique opportunity to accelerate its growth by building on Bel's international presence. Bel and MOM share an identity based on strong, innovative brands, and intend to build on the complementary nature of their ranges and their industrial know-how to confirm their international leadership (see section 1.3 "2016 markets and business" and section 2.1 "Acquisition of the MOM Group (Materne Mont Blanc)" in the Notes to the annual financial statements).

2016

- The Group completed the consolidation of Safilait following its acquisition of a majority stake in 2015.
- The Group continued its digital transition by forming a global partnership with Facebook. This partnership supports and boosts the roll-out of programs based on three pillars of the Group's digital transformation: involving consumers, enhancing marketing campaigns, and strengthening innovation and a digital culture within the Company.

  The Group's different teams and businesses followed acculturation programs, and the "i-magine" project – a collective intelligence project – met with considerable success with 80% of connected employees worldwide taking part in it.
- Bel continued its external growth strategy with the acquisition of the MOM Group, aimed at creating a major global actor in healthy snacking. Bel is now the majority shareholder of MOM with the remaining equity held by the MOM management team.

1.1.4 Strategy

The Bel Group's growth is based on a business model that has seen it rise to world number three in the branded cheese market[1].

In 2015, the Group set out a ten-year strategic plan with a symbolic target of doubling in size by 2025. This ambition means accelerating the pace of its global and sustainable growth.

Cultivating strong brands

Bel's brands are at the heart of the Group's growth model. They are the driver of Bel's values, always in perfect harmony with consumers' expectations in terms of food: products that combine healthy indulgence and fun with a dash of cheekiness.

The portion format, praised for being fun, practical and easy to keep, is an appropriate response to social issues such as food safety, balanced nutrition and the fight against food waste. It is a useful serving suggestion so that everyone can eat just the right amount. Protected by their individual packaging, our portions can be found all over the world. Together these strengths make the portion format a driver of international growth.

Lastly, the Group's brands use their brand recognition to encourage consumers to adopt a balanced diet and a healthy lifestyle.

The strength of the Group's brands, along with their original product formats, continues to offer substantial geographical growth prospects for the future.

Supporting growth through innovation

Nurtured by daring – one of the Group's three values – innovation is rooted in Bel's DNA and is central to its brands' growth. Bel constantly strives to ensure that innovation is a permanent mindset among all of its employees.

The Group encourages the empowerment of its teams at all levels and encourages anticipation, creativity, experimentation, calculated risk-taking and entrepreneurship.

Part of this innovation will be to fast-track the digitization of the business within the various divisions.

The Group's major brands and star products, such as The Laughing Cow, Apéricube, Babybel and Kiri, are a result of this ability to innovate. The development of the Leerdammer and Boursin ranges also reflects this mindset.

Innovation can take various forms.

Product innovation is characterized by:

- **Revitalizing existing product ranges**

  Regular product launches broaden Bel's offering and complement existing meal ideas and traditions to better meet consumers' needs with, for example, the new flavors of the Leerdammer, Boursin and Apéricube brands;
- **Reinventing products**
  - recipes are improved through enhanced nutritional value by reducing fat and salt content and adding essential nutrients such as calcium, vitamins and minerals. The Bel Group is committed to providing consumers with high-quality, healthy products offering the nutritional value expected by the public health authorities in the countries where its brands are sold,
  - Bel works with the public authorities and submits new versions of its products to a Committee of independent nutritionists for approval,
  - new packaging to improve functionality while reducing environmental impacts;
- **Extending product ranges**

  The Bel Group is constantly developing new products to create new culinary traditions and meal ideas (such as Boursin Aperitif).

  The work on product innovation is mainly overseen by three departments:
  - Marketing: focused on understanding and anticipating the changing needs and habits of consumers and customers. Excellence in this area is a key success factor and relies on innovative tools to identify future trends. This expertise is developed by observing consumer behavior, actively canvassing people's views on social media and the Internet, conducting social studies, or through sensory evaluation,

(1) Source: Zenith International Report, 2015.

- Research and Innovation: the teams have expertise in cheese-making technologies and basic and applied science (e.g. food engineering, microbiology, physical chemistry),
- Manufacturing: industrial know-how, integral to Bel's DNA for 150 years, is harnessed to create the right conditions for innovation at all production sites;

❍ **Expanding into new categories beyond cheese**

The Group offers consumers unique brands that provide quality and pleasure and offer solutions adapted to various nutrition challenges and diverse lifestyles. As a leading maker of cheese portions, Bel has shown its ability to meet growing consumer demand for healthy snacking products. To accelerate its growth, the Group has entered new categories outside of cheese with the aim of becoming a major global player in healthy snacking portions segment. It is favoring complementary product ranges and focusing its strategy on a limited number of brands with strong international potential.

Engaging employees

The Group's dynamic growth is driven by its 12,000 employees across 33 countries. Their engagement is at the heart of its human resources policy which favors responsibility, enthusiasm, entrepreneurial spirit and skills development.

The "People First" Social Charter unites all Group employees behind four priorities for the development of Bel and its teams: Enjoy our workplace – Empower everyone – Grow further – Share success. The charter also emphasizes employee engagement and responsibility as keys to the Group's development.

In 2014, the Group reasserted its values to ensure their true reflection of its history, ambitions and commitments. Throughout its organization, the three values (Dare – Care – Commit) underpin shared working methods and a common culture.

Harmonizing human resources policies and sharing a common approach to managing performance and developing talent within all Group entities also encourage employee engagement worldwide.

Keeping pace with global population growth

Worldwide, the growth potential represented by the strength of the Group's brands and the recognized quality of its products, combined with the various formats, allow it to capture new markets.

This growth is two-pronged:

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

1.1.5 Bel and its business ecosystem

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

The Group seeks to be open and attentive to this ecosystem to fast-track its development and plan a sustainable future. Bel seeks the opinion of independent actors whose expertise and advice enable it to develop.

Consumers

Bel's brands entice millions of consumers worldwide each year. It is responsible for creating products that meet their expectations in terms of enjoyment, safety, health and affordability.

The Group wants to give consumers who put their trust in its brands the keys to more responsible consumption and provides clear and transparent information on the ingredients in its products and their related nutritional value.

The digitization of practices is creating a new generation of more informed and discerning consumers who want to interact with firms and their brands and get information instantly. The Group uses the numerous points of contact established by its brands with its customers (e.g. websites, social media accounts) to listen more, understand their needs and provide them with the information they need.

Employees

Bel believes that healthy social dialog improves the workplace experience.

Its 12,000 employees have access to human resources teams. The Group regularly canvasses their opinion through an internal global opinion survey; in 2015 – the third year of the survey – 86.7% of employees responded. By analyzing the results, the Group can find out what employees think of its employment model, identify areas for improvement, and ensure that action plans meeting their expectations are implemented.

Bel is a demanding, ambitious company that values and puts its trust in its teams and encourages the entrepreneurial spirit of its employees.

Dairy producers and other suppliers

Bel is keen to build lasting partnerships with all its suppliers, especially dairy producers. To that end, Bel has embarked on a process of continuous improvement and is committed to dealing fairly and transparently with its suppliers while asking them to support its progressive efforts.

The Group's purchasing needs for production purposes chiefly include:

1. raw ingredients (e.g. milk, cheese, milk powder, butter, cream).

   In 2016, Bel collected over 2 billion liters of milk from more than 2,700 producers located close to its production sites. It sources its milk from producers and co-operatives based in countries where the Group manufactures its cheese from liquid milk (e.g. France, the Netherlands, Portugal, Slovakia, Ukraine, the United States, etc.).

   Bel is involved in four initiatives to promote more sustainable dairy production: assisting producers in anticipating the development challenges of the sector, guaranteeing impeccable health quality for consumers, controlling and reducing milk's environmental footprint, and ensuring the welfare of animals. Its commitment to sustainable dairy production is a pillar of its sustainable development strategy.

   Bel closely monitors changes in the dairy sector, particularly since the ending of quotas in Europe in early 2015. The Group has paid particular attention to proposing balanced agreements to producers and their organizations.

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

2. the materials necessary for the packaging of finished products (cardBoard, aluminum, plastic and paper).

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

   Committed to progressive efforts to reduce the environmental impact of its packaging, Bel has chosen to concentrate on two materials: cardBoard and aluminum. In 2016, the Group adopted a zero deforestation policy (see paragraph 2.7.1 "General environmental policy") and set itself the aim of procuring all of its cardBoard from certified FSC or PEFC sources by 2025. The Group also intends to participate in the transformation of the aluminum sector by joining existing initiatives. Accordingly, in December 2016, Bel joined the Aluminum Stewardship Initiative, a global scheme that aims to implement new standards for responsible aluminum procurement.

   The Group has launched a risk management policy by putting contingency plans in place (see chapter 3 "Risk factors and insurance policy").

Customers and retailers

The Bel Group aims to achieve optimal circulation, presence and visibility of its products via all local distribution networks in all of the countries in which it is present. Retail business in a certain region may be developed via the Group's subsidiaries or through importers or retailers.

The Group's marketing strategy is coordinated at international level and takes into account the international scale of the largest global distributors. This policy is adapted to each country and to each network in order to efficiently meet the needs of each market and to adapt to the market position of competitors.

In Europe and North America, the distribution system is centered on major brands composed of companies belonging to retail groups, wholesalers and even independent entrepreneurs. They have central purchasing bodies with which Bel negotiates agreements, generally on an annual basis, in compliance with local regulations.

In emerging markets, Bel signs agreements to sell its products to importers and distributors who sell them on through conventional channels (e.g. wholesalers, grocery stores, resale by portion). In general, the Group signs long-term framework agreements which are subject to annual reviews. They also include retail support provisions which are adapted to the local channels.

Entities dedicated to managing, training and monitoring Bel's importers and/or retailers enable the Group, even when it does not have a subsidiary in a country, to maintain close contact with its retailers.

Some of Bel's products are also distributed to municipalities, restaurants, service stations and consumption sites served by wholesalers specialized in the food service channel. These customers are managed by a specific sales entity which has established long-term partnerships enabling the Group's brands to be highly present outside the home.

E-commerce, comprising the online stores of retail customers and pure plays, represents a significant development potential for the Group's brands, which are investing to become a key player in the online cheese industry.

Communities in which Bel is active

The Group is mindful of the need to contribute to the vitality of the communities in which it is based. It seeks to ensure that they benefit from its activities through direct and indirect job creation, sourcing its supplies locally where specifications allow.

Bel encourages site management to listen to local stakeholders and forge partnerships with local organizations (see paragraph 2.2.2 "Building trust with stakeholders").

1.1.6 Industrial property rights

Products manufactured by Bel are marketed globally. They are often highly differentiated and are the result of innovation and new technologies for which the Group owns industrial property rights in numerous countries.

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

The Bel Group owns patents and has developed a significant know-how of technologies relating to its products, production processes, product packaging, and in-house vital operating procedures.

1.1.7 Competitive position

The Bel Group's core business is the production and distribution of cheese. The Group applies its strategy in two ways:

- in niche markets, the Group aims for a leadership position in the segments in which it operates which in general represent a small share of the cheese market. These include markets in Western Europe, Northern and Eastern Europe, and North America;
- in mass markets, where the offering is more concentrated, the segments in which the Group operates represent the core market. These include African and Middle Eastern markets.

In addition to the traditional players (the "cheese" divisions of big international food companies, international dairy specialists and major dairy co-operatives), new and often regional players are joining the fray and can hold strong local positions due to their size in their markets.

The overall trend in 2016 continued to be dominated by the consolidation and international expansion of market players.

1.2 Market trends

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

- **pleasure:** namely, multisensorial experiences, culinary fads, sophisticated products, ethnic discovery and the fusion of various food cultures;
- **health and well-being** are becoming a major concern for consumers and governments. This trend covers a wide range of benefits from alternative nutrition to very specific operational promises. The development of health/well-being benefits is a response to structural changes in society such as growing obesity, the quest for well-being and the challenges of malnutrition. It is in this context of reasoned consumption that the Group intends to offer its consumers healthy snacking solutions;
- **convenience** can be seen in terms of ease of use, the portion format and the option of being more mobile;
- **product safety and traceability,** are major concerns, and though experts agree that food is increasingly safe, a growing number of consumers consider food risks to be very high. For each of its products, Bel adheres to the same quality and food safety standards with quality control processes in place throughout its production chain. In 2016, 22 Bel production sites were certified according to GFSI standards (Global Food Safety Initiative).

Bel's product ranges are committed to responding to these four expectations while ensuring consumer satisfaction in each market. These trends vary in importance in each country.

The Group believes that an underlying trend exists in terms of reconciling pleasure and health which are no longer contradictory but rather expected in the same product: treating yourself while looking after yourself. In the future, healthy eating to reach the "state of complete physical, mental and social well-being" enshrined in the World Health Organization's constitution will become increasingly important. The identity and personality of the Group's brands reflect this desire to simultaneously deliver the taste, nutritional and emotional benefits that consumers seek. The Laughing Cow brings basic dairy nutrition to families in a fun and cheerful medium. Mini Babybel, with its cheeky and playful personality, is a nice and healthy snack for everyone. Kiri gives children and their parents all the simple indulgence of milk and cream. Leerdammer offers all the goodness of hard cheese and is completely irresistible. For its part, the MOM Group created the category of compotes in squeezable pouches.

Trends affecting production, revenue and inventories in 2016

In 2016, the world economy picked up where it left off in 2015 with low growth of around 3% (IMF source) in both years. The unstable political context in some large developed countries (Brexit, US elections) has not helped economic growth or consumption there. Things were even worse in countries affected by conflict and the Group's business in these regions fell further in 2016.

The flexibility of the Group's production sites, located very close to consumption areas, means that it can adapt its production levels across different markets. In particular, the Group was able to limit the effects of the almost 100% devaluation in the Egyptian pound in November due to the significant export activity from its Egyptian plant.

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

1

1.3 2016 markets and business

The Group's total revenue in 2016 amounted to €2,936 million compared with €2,949 million in 2015.

No revenue was recognized in the Group's consolidated financial statements for the past year concerning the acquisition of the MOM Group, which was finalized on December 15, 2016. Furthermore, it should be noted that Safilait, the Moroccan company, was purchased on September 1, 2015.

If one excludes the negative currency effects of -1.4% and the entry of Safilait into the Group's consolidation scope, representing 2% of revenue, the organic decline in Group revenue was 1% over the whole year.

In 2016, the Group restructured its target markets into three regions instead of five. On this new basis, revenue and operating income by region changed as follows:

	At December 31, 2016			At December 31, 2015		
(in millions of euros)	Sales	Operating income	OI/Sales	Sales	Operating income	OI/Rev.
Europe	1,560	152	9.7%	1,613	147	9.1%
Americas, Asia-Pacific	567	19	3.3%	539	20	3.7%
Middle East, Greater Africa	809	127	15.7%	797	105	13.2%
GROUP TOTAL	**2,936**	**298**	**10.2%**	**2,949**	**272**	**9.2%**

In Europe

In a still tense economic context in Europe, where the cheese market has grown 1.4% in volume but has deteriorated by 0.4% in terms of value, the Group maintained its sales and market share during 2016. In this relatively lackluster market, the strategy to prioritize strong brands and their healthy snacking positioning continued to prove effective, as shown by the double-digit growth in volumes in this segment over recent years.

Mini Babybel once again recorded a strong increase in sales (+6%), bringing growth to over 20% over the last three years.

The "Dips" segment (cheese and bread sticks) also saw strong growth (+9%). The launch at the end of the year of Kiri Dippi in Germany and Cheez Dippers in Ukraine reinforces the Group's offer in these markets.

Sales for the financial year saw an organic 2.1% fall to €1,560 million in 2016. Net revenue eroded in most markets, but efforts in industrial and operational productivity enabled the sales margin to remain stable, with the exception of the French market. The latter was particularly affected by the price war between retailers, which once again led to strong pressure on prices, but with no corresponding boost to sales. At the same time, the Group was able to maintain growth in advertising and promotional investments to support long-term brand growth.

Operating profit for the region stood at €152 million in 2016, versus €147 million in 2015.

In the Americas, Asia-Pacific

The strong growth trend that began in this region in 2015 continued in 2016 with a 4.5% organic increase in sales to €567 million versus €539 million in 2015.

In the Americas, the Group recorded an increase in sales that exceeded growth in the agri-food market (+2%) and gained market share in the USA and Canada.

In the Asia-Pacific region, all countries posted positive performance and Bel brands conquered market shares in the main regions.

In the United States, all brands progressed as sales by volume strengthened (+4.3%) in an ultra-competitive healthy snacking market. The Boursin brand with its traditional format boosted growth in the region in 2016 with strong growth in Canada and the USA. The Laughing Cow and Mini Babybel accompanied this positive trend with solid growth in sales by volume.

On the innovation side, the launch of The Laughing Cow Cheese dippers (cheese and bread sticks) in the American market was welcomed by consumers.

In the Asia-Pacific region, sales by volume grew throughout developing milk and cheese markets. Japan, China, South Korea, Australia and New Zealand were the growth drivers, and the Kiri brand confirmed its strong growth potential in the region.

In Japan, the leading market in the region, Kiri rose to first place in the cream cheese market thanks to a sustained innovation policy that positioned the brand in new categories such as ice-cream and pastries and stimulated sales in the food service channel.

Despite the significant advertising support required to develop these products in these markets, operating income for the Americas, Asia-Pacific region amounted to €19 million in 2016 compared to €20 million in 2015.

In the Middle East, Greater Africa

Sales for the region were up 1.5% to over €809 million in 2016, versus €797 million in 2015, despite worsening geopolitical climates in many markets and a contraction of cheese markets in countries of the Near and Middle East.

In 2016, the Group once again consolidated its historical leadership position in Algeria and Morocco in a highly competitive market.

The Group also strengthened its positions in numerous markets with strong growth in Turkey, Egypt, Iran and South Africa. This trend was supported by market share gains in the Gulf states, Lebanon and Jordan.

This performance was offset by a year marked by instability and insecurity in several countries, particularly Libya, Iraq, Yemen and certain sub-Saharan African countries whose economies are closely linked to oil exports.

In this context, sales growth in the region was mainly due to the consolidation of Safilait in the region's scope with an impact at constant exchange rates of around €58 million.

At constant scope and exchange rates, the region recorded an organic fall in sales by volume of 2.3%.

Business in the region was driven by an ambitious and innovative policy evidenced by the launch of promising new products, particularly the new spreadable version of The Laughing Cow in the Middle East, Algeria and Egypt, "La Vache qui Rit Creamy" in Morocco, and "Picon Bloc" in Lebanon.

Local brands also supported this growth trend with Rouzaneh in Iran and Les Enfants in Morocco and the Gulf states. Business development programs were also put into action, allowing the Group to strengthen its positions.

The performance confirms the fundamental relevance of Bel's growth strategy in the region.

Operating profit for the period stood at €127 million in 2016 versus €105 million in 2015.

Acquisition of the MOM Group (Mont Blanc Materne)

On December 15, 2016, Bel finalized the acquisition of the MOM Group through its subsidiary Newton Holding, which was created for this purpose. At December 31, 2016, the Group held 65.6% of Newton Holding's ordinary shares and, after taking preferred shares into account, 74.8% of its share capital representing 68.06% of voting rights. The rest is held by the management team that developed the MOM Group.

The MOM Group, which has been majority-held by LBO France since 2010, has seen unparalleled business growth in France and the United States. While relying on its historic brands, Materne® and Mont Blanc®, both of which are marketed in France, it created the compote pouch and built strong leadership positions with its Pom'Potes® and GoGosqueeZ® brands. The MOM Group has 1,300 employees and runs four production plants, two in France and two in the United States.

This acquisition will enable Bel to create a major global player in healthy snacks segment. The purchase of MOM is a unique opportunity to accelerate its growth by building on Bel's international presence. Bel and MOM share an identity based on strong, innovative brands and intend to build on the complementary nature of their ranges, regional presences and industrial know-how to confirm their international leadership.

There are eight entities in the MOM Group, one in the United States, another in Canada and the others in France. Pro forma financial statements were not prepared because the impact of the acquisition on the Group's financial statements is lower than the AMF's threshold.

MOM's unaudited revenue for the 2016 financial year is estimated at €373 million, with recurring operating income of €19 million.

Only the MOM Group's balance sheet was incorporated into the consolidated financial statements at December 31, 2016, because the income statement for the last fifteen days of the 2016 financial year was considered insignificant to the Bel Group.

For more details on the MOM Group acquisition, please see chapter 5.5.2.

Nonrecurring events that impacted the Group's main businesses and markets in 2016

Excluding the items described in the previous paragraphs, no nonrecurring events impacted the Group's main businesses and markets in 2016.

1.4 Trends likely to affect production, sales and inventories in 2017

The sharp increase in milk prices in Europe and the price of fats on the world market at the end of 2016 will adversely affect 2017 operating margin, especially as the production of dairy raw ingredients is set to fall in Europe and Oceania. Only production in the United States is set to grow in 2017.

In Europe, retailers intend keeping consumer prices stable with manufacturers bearing the brunt of raw ingredient price increases. Start-of-year negotiations in France will be particularly tense because of the price war context.

Added to this is the trend toward protectionism in countries such as the United States, the United Kingdom and Austria and doubts over international trade agreements, with an impact on the world economy which is difficult to estimate. Great economic uncertainty has been caused by surprise referendum and election results in the United Kingdom and the United States and the populist/protectionist surge in many countries. In Europe, elections are also scheduled this year in Italy, the Netherlands, France and Germany, which could see parties with different economic priorities gaining power.

Lastly, the economic situation in conflict zones continues to be very poor and unlikely to change over the next few months.

In this context, the Group considers that it is able to grow in the Americas, Asia-Pacific region and continue taking market share by virtue of the strength of its core brands.

Its balanced geographical presence enables it to quickly adapt production and stock levels to changes in the market.

1.5 Property, plant and equipment

1.5.1 Industrial presence

Bel runs production sites in most of the regions where it has a commercial presence.

Its production system revolves around plants that supply both local and export markets. Large units serve regional and international markets (ten plants representing around 80% of total production) and smaller units serve local markets.

The Group's policy is to own its own plants while sometimes making use of subcontractors (in Canada, the USA, Germany, Australia and Japan).

At December 31, 2016, the 30 active* production sites were located as follows:

Region	Number of sites	Country	Main sites
Western Europe	12	France	Cléry-Dun-sur-Meuse
			Dole
			Lons-le-Saunier
			Croisy-sur-Eure
			Sablé-sur-Sarthe
			Évron
			Mayenne
			Vendôme
		Spain	Ulzama
		Portugal	Ribeira Grande
			Covoada[(a)]
			Vale de Cambra
Northern and Eastern Europe	7	Netherlands	Wageningen
			Dalfsen
			Schoonrewoerd
		Poland	Chorzele
		Slovakia	Michalovce
		Ukraine	Shostka
		Czech Republic	Želetava
Middle East, Greater Africa	8 (of which 7 are active)	Egypt	10th of Ramadan City (Cairo)
		Iran	Gazvin
		Syria	Damascus (business suspended)
		Turkey	Çorlu
		Morocco	Tangiers
			Fqih Ben Salah
		Algeria	Koléa
		Ivory Coast	Abidjan/Yopougon
Americas, Asia-Pacific	4	United States	Leitchfield
			Little Chute
			Brookings
		Vietnam	Song Than 3 - Binh Duong Province

* *Excluding MOM production facilities.*
(a) *Site closed during the second half of 2016.*

1.5.2 Investments

Main Group investments in the past three years

Bel's investment budget chiefly meets five requirements:

- growth, which relates to production capacity and new products;
- productivity, which relates to cost savings;
- continuous improvement, which relates to reducing consumption of natural resources, protecting the environment and lowering emissions;
- continuity, which relates to maintaining industrial equipment and safety requirements;
- developing IT solutions tailored to operational requirements.

The budget is drawn up within a framework of spending control. Gross investment expenditure, excluding R&D expenses, was €134 million in 2016 compared with €98 million in 2015.

The Group's investment budget is drawn up in line with its CSR strategy: all investment projects exceeding €500,000, regardless of how they are financed (e.g. equity, debt, finance lease, subcontracting), are subject not only to financial ratings but also to social ratings. Below a certain social rating, the Investment Committee demands a corrective progress plan and may refuse the project.

In 2015, the Group merged the manufacturing operations of Safilait with a site in Morocco (Fquih Ben Salah). It also opened a small mobile production unit in Ivory Coast.

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

As in previous years, no provisions for warranties or environmental risks were recognized at December 31, 2016. No damages were paid during 2016 under court rulings regarding the environment, and no actions were brought for damage caused to the environment.

Main investments in progress

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

In 2016, the main projects undertaken involved:

- developing production capacity (Vietnam, small mobile production unit in Ivory Coast);
- finalizing the SAP IT platform;
- developing new products;
- adapting, maintaining and restructuring industrial equipment;
- respecting and protecting the environment.

2

Corporate Social Responsibility

2.1 Overall approach and development

For more than ten years, Bel has been committed to corporate social responsibility (CSR), initiated by signing the United Nations Global Compact in 2003. Since then, the Group has consistently improved the environmental footprint of its manufacturing sites and offered an increasingly sustainable range of products.

While continuing to address the issues identified by the materiality analysis carried out in 2014, particularly business ethics, the Group has signaled its determination, with its strategic plan for 2025, to turn its CSR policy into a model for sustainable growth. For Bel, this means a model that creates long-term value for the Company, its stakeholders and its ecosystem.

In 2016, the Group therefore decided to focus its efforts on delivering change in three key areas:

- access to the benefits of dairy products;
- sustainable dairy production;
- responsible packaging management.

The Group is working to achieve this in partnership with external stakeholders who are experts in their fields, such as NGOs and consulting firms.

Introduction of a new CSR governance structure

To support the roll-out of its new strategy launched in 2016, the Group implemented a new CSR governance structure with at least two Executive Committee meetings devoted to CSR each year. Attended by members of Bel's Executive Committee, the meetings play a key role in furthering the Group's strategic priorities for CSR. Their role is to validate the issues to be investigated by teams, decide on the necessary investments, set priorities for teams and adjust them in the light of changes in the Group's business environment.

This new governance structure is supplemented by three Steering Committees set up to deal with specific CSR issues and three multidisciplinary CSR Committees set up to assist with the Group's overall progress in social, environmental and ethical matters.

2.2 Ethical business conduct

The materiality matrix developed by the Group in 2014 revealed that the expectations for ethical business conduct were high among all stakeholders, both internal and external.

More than a specific challenge, it involves fostering an ethical culture and practices on a daily basis at all levels of the Group.

Bel expects its managers to have a positive influence on the attitudes, behavior and choices of all their teams. Together they are responsible for the successful application of the Code of Best Business Practices and the related policies and charters.

2.2.1 Corporate responsibility at the heart of governance

The Group's structure facilitates the recognition of corporate challenges from the managerial levels to the teams.

The Board of Directors as the watchdog of commitments

Fromageries Bel's Board of Directors takes all decisions relating to the implementation of the Group's major strategic, economic, corporate, environmental, financial and industrial objectives and ensures they are implemented by Senior Management.

The Ethics Committee

Created in 2012 and reporting to the Chairman and Chief Executive Officer, the Group's Ethics Committee is supported by a network of ethics officers appointed to the HR departments of each subsidiary to oversee the implementation of the various commitments and their operational applications.

Given the increasingly strict rules on ethical conduct, and at the request of Senior Management, a review was carried out in 2016 to redefine the role of the Ethics Committee.

Since 2015, Bel's employees have had access to an early alert system through which they can report any infringements of the principles enshrined in the Code of Best Business Practices. Regardless of the country in which they operate, they can trigger an alert via a toll-free number to an operator who will communicate with them in the language of the country of origin of the call. The procedure for dealing with problems is handled by the Ethics expert of the relevant zone who notifies the Ethics Committee and reports on follow-up actions. In some cases, the Ethics Committee may have to deal with an alert itself.

The Investment Committee

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

The Committee ensures compliance with Bel's CSR commitments on new investments. It evaluates projects according to economic and financial performance criteria as well as nonfinancial criteria corresponding to major challenges facing the Group, whether employee-related, environmental or social. This nonfinancial evaluation is validated by the CSR Department.

In 2016, this evaluation was bolstered by the introduction of a new evaluation chart which takes into account new issues such as respect for human rights.

Responsible lobbying

With respect to lobbying, the Group encourages participation in the work of the professional organizations to which it belongs. However, when it considers it to be legitimate and useful, it acts directly with public authorities. Legitimate, when the interests at stake concern numerous employees or consumers who trust Bel. Useful, because in a democracy it is best when the views of all stakeholders concerned are factored into how public decisions are made.

Bel shares with all internal or external representatives, acting on behalf of the Group and its entities, precise rules for carrying out its lobbying actions in a responsible manner.

Bel joined the European Union Transparency Register in 2014 (www.ec.europa.eu/transparencyregister) and the Registry of Lobbyists of the Commissioner of Lobbying of Canada in 2015.

2.2.2 Building trust with stakeholders

Listening and dialog with the business ecosystem

Bel has a wide range of stakeholders mainly due to the international retailing of its brands and the location of its production sites. The different departments listen to, maintain dialog with and consult their own stakeholders on relevant matters. This decentralized approach allows recognition of these exchanges at highly operational levels.

Sharing the economic value created

The economic wealth generated by the Group's growth is shared with some stakeholders in its ecosystem (see double-page spread "Sharing the value created").

In 2016, Bel partnered with a service provider that specializes in calculating the economic impact of organizations. A pilot study was launched to measure the direct, indirect and induced impacts of the Évron production site in France on the surrounding area and the value created for its stakeholders. The results of this study will be published in 2017.

Contributing to the vitality of its host regions

Bel Foundation

Founded in 2008, the Bel Foundation undertakes initiatives in the interests of children and youth, focusing particularly on food-related issues. The initiatives backed by the Foundation are always carried out in countries where the Group operates. Since it started, the Foundation has donated more than €2 million to 220 projects run by charities. The Foundation reports on its activities in the Annual Report available at **www.fondation-bel.org**.

Sharing Cities

The Group is also committed to getting involved with underprivileged communities – street vendors – who can make its products more accessible to new consumers. Launched in 2013, the Sharing Cities program seeks to employ the services, in several large cities in emerging markets where Bel is already present, of street vendor networks to sell The Laughing Cow brand products while providing them with access to a variety of free services such as training, insurance, healthcare and financial services. Sharing Cities therefore represents a dual opportunity for Bel.

At December 31, 2016, Sharing Cities was active in five cities(1) and comprised 5,330 street vendors in partnership with the Group.

2.2.3 Ethical business conduct

Bell shares with its employees and its suppliers the principles that it intends to implement everywhere and ensure compliance thereof under all circumstances.

The Group's voluntary commitments

Bel, a signatory since 2003 of the UN Global Compact, regularly affirms its commitments and reports on its progress on four fundamental principles: respect for human rights, respect for labor standards, the fight against all forms of corruption, and respect for the environment.

With respect to the positioning of most of its brands, Bel pays particular attention to respect for children's rights. The Children's Rights and Business Principles, jointly drafted by the UN Global Compact, UNICEF and Save the Children, constitute Bel's reference framework.

Code of Best Business Practices

The Code of Best Business Practices sets the general framework for the professional conduct of every Bel employee. The seven principles specified in the Code do not replace the national laws and regulations which the teams are still required to follow, and where the regulation of a country is more stringent than an ethical rule stipulated in the Code, the national regulation must prevail. For the principles to be fully embraced by all teams, the Code has been translated into 18 languages. It is available in French and English on the Group's website at **www.groupe-bel.com**.

A practical guide to the Code of Best Business Practices makes it easier to understand, with examples of how it can be applied day to day. The guide is available to employees on the Group's intranet, and regular awareness-raising sessions are also organized.

In 2016, the Group began rolling out a special training program for its Code of Best Business Practices. The aim is to support, educate and train employees according to their role, managerial level and location.

(1) *In 2016, the "Sharing Cities" program was active in the following cities: Ho Chi Minh City (Vietnam), Hanoi (Vietnam), Abidjan (Côte d'Ivoire), Kinshasa (Democratic Republic of the Congo) and Dakar (Senegal).*

The specific policies of certain business lines are modeled on these principles for application on a more operational level. To implement these principles in dealings with its suppliers, Bel shares special charters with them.

Sustainable purchasing approach

The Sustainable Purchasing Charter

The Sustainable Purchasing Charter is a reflection of the Group's strong commitment to promoting ethical business conduct with and by its suppliers. In addition to the commitments made by Bel to its suppliers, the Charter presents what the Group expects from them in return in terms of major corporate challenges: trade ethics, respect for human rights and children's rights, the fight against corruption, and respect for the environment, to name but a few.

The Charter is aimed at both existing and new Bel suppliers who must promise to uphold it as soon they start tendering for the Group's contracts. Bel inserts a special clause into its contracts with suppliers to ensure their compliance with the Charter.

Supplier assessment

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

Since 2009, the Group has assessed the performance of suppliers and subcontractors whom it considers extremely important in view of their business volume, the potential risk associated with the products/services supplied, or their location. Carried out in cooperation with EcoVadis, a specialist in sustainable purchasing, this assessment is based on 21 criteria grouped into four themes: Environment, Employees, Ethics and Suppliers/Supply chain. The assessed suppliers obtain a score for each topic and an overall score out of 100 (the highest score being 100).

Suppliers assessed during the past three years represented 64.5% of the Group's purchases by value – excluding milk producers.

The average score obtained by the portfolio of Bel suppliers is increasing regularly and is always above the average score of the panel assessed by EcoVadis. This illustrates their commitment to continuous improvement, aided by the purchasing teams working alongside them.

	2014	2015	2016
Number of assessed Bel suppliers	414[a]	437[b]	487[c]
Average score of assessed Bel suppliers	44/100[a]	46/100[b]	49/100[c]
Average score of companies assessed by EcoVadis in the year	40.8/100	42.0/100	43.3/100
Rate of coverage of purchases by value (excluding collected milk)	57.3%	60.2%	64.5%

(a) Suppliers assessed between 2011 and 2014.

(b) Suppliers assessed between 2012 and 2015.

(c) Suppliers assessed between 2013 and 2016.

Subcontracting

Subcontractors allow brands to develop their presence in new regions. They produce around 4% of the total volume sold by the Group. In 2016, six major subcontractors of the Group (producing more than 1,000 metric tons per year) accounted for nearly 90% of the subcontracted volume. Bel requires all these suppliers to be assessed by EcoVadis with the same management rules as other suppliers. So far no subcontractor has been assessed as high-risk (EcoVadis score of less than 25/100).

Buyer training

Since 2014, Bel has offered its central and local buyers an e-learning course on CSR and sustainable purchasing. By the end of 2016, most of the Group's buyers (96%) had completed this training.

2.2.4 Respect for human rights and labor standards

Bel undertakes to promote and follow principles relating to respect for human rights and labor standards, within its teams and in its sphere of influence, and to ensure that it does not aid and abet any violation thereof.

Committing to a more proactive approach

Conscious that respecting human rights is about more than decent labor standards, Bel embarked on a review in 2015 to pinpoint all the potential impacts of its activities on its employees, its partners and the communities with which it interacts. To achieve this goal, it used the tool proposed by the Danish Institute (Human Rights Compliance Assessment).

The review led to special risk maps and proposed action plans being drawn up in 2016.

Protecting the essential rights of employees

This is one of the seven principles of Bel's Best Business Practices in reference to those stated by the Universal Declaration of Human Rights and the International Labour Organization's conventions. The Group strives to ensure that this principle is followed. At each site, the human resources manager, under the authority of the Director, is responsible for implementing and enforcing it.

The Group has set up very vigilant human resources policies on compliance with labor standards, especially for employees based in countries with a high risk of noncompliance with human rights. In 2016, nearly 40% of the Group's employees worked in countries with a high or extremely high risk of noncompliance with human rights (Human Rights Index – Maplecroft).

Vigilance with suppliers classified "at risk"

Bel is particularly vigilant when it comes to its suppliers' working conditions. The Group identifies suppliers who are potentially at risk particularly when purchasing promotional items, even though these account for a tiny percentage of its purchases (less than 0.2%). Their supply chains are complex and most of the plants are located in high-risk areas. Bel commissions an independent body to audit the main production sites used by its suppliers. These audits concern in particular work conditions and compliance with international standards.

The Group has not identified any other category of suppliers at major risk on these topics. However, the Group reminds all its suppliers of the duty of vigilance that they are required to implement themselves with respect to their own supply chains. This point is specifically evaluated by EcoVadis (see paragraph 2.2.3 "Ethical business conduct").

2.2.5 Respect for children's rights

Regarding the positioning of most of its brands, Bel considers that protecting children's rights is a major priority. Its reference framework consists of the 10 Children's Rights and Business Principles developed jointly by UNICEF, Save the Children and the UN Global Compact (to find out more, visit **www.unicef.org/csr**).

As a direct or indirect employer

- Bel refers to Conventions 138 and 182 of the International Labour Organization (ILO) for its Best Business Practices and its Sustainable Purchasing Charter.
- Local agreements give parents time off for their young or sick children.
- In 2015, Bel signed an agreement in France to:
  - donate holidays to another employee whose child is seriously ill or is the victim of a serious accident;
  - the solidarity round-up (a microdonation deducted from the salary of willing employees and matched by the Company) for, in particular, the Petits Princes charity which makes dreams come true for gravely ill children and youths suffering from cancer, leukemia and a variety of genetic diseases;
  - the solidarity holiday allows employees to participate in short-term humanitarian projects abroad related to children and/or food.

As a dairy industry player

- Special recipes are formulated on the basis of children's daily nutritional needs (see paragraph 2.3.2. "Nutritional quality") given that public health authorities everywhere recommend dairy products in the diets of children.
- Aware of the impact that its marketing can have on the behavior of children, Bel's Responsible Communications Charter includes the principles it wishes to be respected across its communication channels such as advertising, public relations and packaging. The Charter, which recalls the strict principles that must be respected in its media when they directly target children under 12, is shared with all its communications agencies.
- In 2015, the Marketing Department reviewed the validation procedure for communications which apply to all brands on its territories. The Charter also restates the governance system on this subject.
- The Group Procedure for processing consumers' personal data clarifies the principles to be followed to protect private data collected from children.

As a company concerned about its ecosystem

- Sponsorship initiatives implemented by the Group, and by its foundation in particular, are focused on children.
- Children are the primary beneficiaries of the citizen and solidarity initiatives taken by its brands.

2.2.6 Fighting corruption

The Group has issued guides, policies and voluntary measures to supplement its Code of Best Business Practices and govern its activities in every region.

In 2016, Bel generated almost a quarter of its revenue in countries with a high or very high risk of corruption (scoring less than 40 in the 2016 Transparency International Corruption Perceptions Index). In these countries, the Group has trained Management Committees on the rules it wants its employees to follow to prevent all risk of corruption and is vigilant about their application.

Since 2014, Bel has been party to the Supply Chain Initiative in 16 European countries(1) which account for more than 40% of its revenue. This is a voluntary, self-regulatory code which sets out 10 principles to be followed in trade relations and specifically covers corruption. The majority of them are also stated in its Code of Best Business Practices.

This will be reviewed in 2017 to plan developments linked to the introduction of measures under France's "Sapin II" law on anticorruption.

(1) In 2016, Bel was party to the Supply Chain Initiative in the following countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Slovakia, Spain, Sweden and the United Kingdom.

2.3 Access to the benefits of dairy products

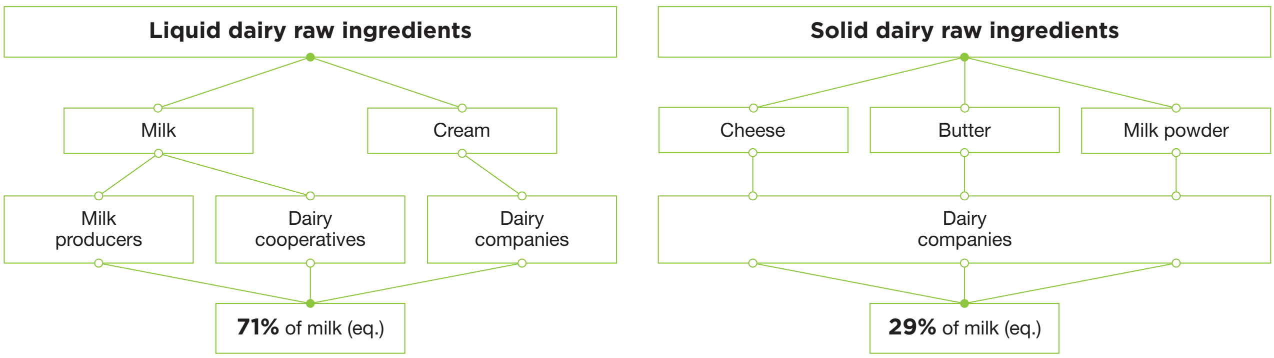
One of the UN's Sustainable Development Goals is to eradicate hunger by 2030 and ensure that everyone, and vulnerable people and infants in particular, has year-round access to a healthy, nutritious and adequate diet. At the same time, public health policies in many countries endeavor to tackle the poor eating habits that can lead to metabolic disorders or even chronic illness.

Eaten in moderation, cheese, which contains milk nutrients, can contribute to a balanced diet and offer a solution to these two issues. Cheese is a significant source of calcium, an essential nutrient for the growth of children, and is compatible with all nutritional requirements, including those relating to weight or a healthy heart.

2.3.1 Food quality and safety

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

The Group ensures strict traceability of all ingredients in its recipes, particularly dairy raw ingredients, whether liquid or solid. They are all subject to multiple sanitary checks as soon as they enter the production sites.



eq.: equivalent.

The complete traceability of its dairy raw ingredients and its tight logistics enable Bel to guarantee their origin: milk collection zones are always located near its production sites.

The pasteurization process implemented at Bel sites ensures the proper storage of collected milk and manufactured products, with the storage of the latter reinforced by the protective individual packaging of portions. The health qualities of cheese are also guaranteed over several weeks.

Lastly, on its packaging the Group provides consumers with instructions on how to store its products (e.g. storage temperature, best-before date).

2.3.2 Nutritional quality

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

Meeting consumer expectations

The Group regularly examines the sensory profiles of its products to ensure that they meet consumer expectations. The Group continually refines its branded products to meet these expectations. Bel's products are based on more than 580 different recipes.

Some consumers may be wary of certain ingredients even if there is no scientific data casting doubt on their safety and their use is approved by the authorities.

Food additives

To meet its precise specifications – long shelf life, ability to keep outside refrigeration if the integrity of the cold chain cannot be guaranteed – and consumer expectations (e.g. creamy texture, attractive color), Bel sometimes uses nondairy ingredients such as maltodextrin or food additives. The Group systematically limits their use and is trying to gradually remove them completely from certain formulas.

Genetically modified organisms (GMOs)

At all its sites, Bel only sources "conventional" (raw) ingredients, i.e. those that contain no GMOs or that contain only technically unavoidable trace amounts as defined by EU regulations (less than 0.9%).

Being part of the solution to public health issues

The Group gears its efforts above all on the three key nutrients of cheese – fats, salt and calcium – while controlling the content of other nutrients. The reference quantities are those actually contributed by the portion as a unit of consumption:

- for fats, Bel offers reduced fat versions for three of its five core brands – The Laughing Cow, Leerdammer and Mini Babybel;
- for sodium, the Group strives to reduce the amount of salt in its recipes. However, a minimal quantity is sometimes inseparable from the manufacturing process and/or is required to ensure the sanitary quality of products;
- for calcium, Bel gradually adjusts the calcium content of its products when it appears to be too low and there are proven cases of deficiency in the local population.

If clear deficiencies in certain vitamins and minerals are found, the Group strives to increase their content per portion.

Bel sometimes enriches its portions when deficiencies have been clearly identified in certain nutrients (vitamins and minerals). For example, The Laughing Cow was fortified with iron in Morocco and Algeria.

In 2016, the Group developed a nutritional profiling system to target its products at different consumers (children/adults) on the basis of the dietary recommendations of the World Health Organization. This system will enable Bel to draw up a new road map to revamp its products by 2020.

2.3.3 Consumer guidance

The Internet has radically changed how we search for and share information before, during and after each purchase, for example via websites, smartphone apps and social media. Nowadays Internet users can have a huge impact on the image of products and firms. If a brand ignores requests for information from consumers, they may shop elsewhere.

Bel considers that each of its brands is qualified to speak on matters of responsibility.

The Group's brands choose to strengthen their communication on topics that can help consumers make informed decisions. They seek to capitalize on the trust they have forged with consumers to guide them towards healthier and more environmentally-friendly choices. The Group is also careful to ensure that what they say remains faithful to its practices.

Responsible communication

In 2009 Bel adopted a Responsible Communication Charter encouraging it to promote healthy eating habits (e.g. suitable portion sizes, active lifestyles) across its communication channels. It involves advertising in all its forms, public relations, packaging, websites, and other channels. All of the Group's marketing teams receive training on nutrition to make them aware of these commitments.

In 2016, the Group set up a procedure for validating the public relations exercises of marketing teams worldwide.

In 2016, Bel also joined the EU Pledge to bolster its responsible approach to children in its public relations strategy. Under this initiative, Bell pledges not to advertise, via television, the press or the Internet, any of its cheeses that do not satisfy specific nutritional criteria to children under 12.

Providing consumers with the information they want

Although taste, texture, appearance and price most influence what food consumers buy, they want to back up their choices with clear and relevant information on nutritional benefits (1.9 billion people[(1)] in the world are overweight), the origin and traceability of ingredients used in recipes, and the safety and quality of the finished product. Consumers are increasingly concerned about the impact of their eating habits on the environment, the working conditions of food producers, and animal welfare.

Until recently, this information was mainly conveyed via packaging and very succinct explanations given the available space. The rise of the Internet has enabled more in-depth explanations about sometimes complex topics for the layman.

Simplified reading of packaging

Packaging provides consumers with information on product during the purchasing process. To make it easier to read, the Group is gradually rolling out a simple, visual, uniform marking system on all its packaging.

However, given the available surface area, Bel wishes to develop simple links between packaging and other communications media used by its brands (e.g. websites and mobile applications). Where consumer call centers already exist, namely in France, the UK, Germany, the USA, Canada, Vietnam and Japan, all products sold by the Group in these countries carry their contact details on their packaging.

Environmental information

Currently, the Group only provides information on the end of life of its packages: waste sorting instructions in countries where recycling channels are in place and cleanliness advice in other countries.

The Group is, however, convinced that clear and simple environmental indicators will spark consumers' interest and influence their buying behavior. In this respect, Bel actively participates in the European Product Environmental Footprint Category Rules (PEFCR) pilots which aim to harmonize throughout Europe the methods used to calculate and communicate on the environmental impacts of products.

Providing the keys to unlock responsible habits

By listening attentively to its consumers and backing scientific studies aimed at better understanding the nutritional and behavioral impact of its cheese portions in the diet of its consumers, the Group consolidates its expertise on good eating habits. Bel supports the FFAS, a research fund in France that focuses on studying the links between food and health and the decisive factors of food behavior.

Bel also wants to contribute to the nutritional education of at least 50,000 children a year until 2025 within the scope of its commitments to the Scaling Up Nutrition Movement to combat malnutrition in developing countries. In 2016, over 62,000 children took part in nutritional education initiatives in Senegal, Ivory Coast and the Democratic Republic of Congo.

The promotion of healthy habits extends to the Group's employees and partners. In 2016, over 5,000 employees and partners were made aware of healthy lifestyles.

Avoid wasting food

Food waste by consumers has a high environmental impact because it includes the impact generated by handling, transport and storage.

According to some estimates, consumer waste account for nearly half of all food waste. Bel's portion format allows for optimum conservation of the product even when the pack is opened: not only are the portions a handy size, but they also keep for longer[(2)].

Bel proactively participated in France in preparing the anti-waste charter proposed by the Association Nationale des Industries Alimentaires (French association of agribusiness, or ANIA). Bel signed up to this charter in 2015 to show the commitment of agro-food industrialists to the fight against food waste throughout the product life cycle.

Bel Foodservice (Bel's out-of-home catering division) has also launched several actions in France to reduce food waste in school canteens. These actions aim particularly to raise awareness among children through fun educational events, to encourage them to sort their waste after meals and to help chefs design balanced recipes, adapted to children's tastes.

(1) Source: World Health Organization.

(2) Study completed in April 2013 with 764 consumers of cheese sold in the self-service aisle.

2.4 Sustainable dairy production

Each year, the Group collects around 2 billion liters of milk from over 2,700 producers located near its production sites. More than 70% of Bel's annual milk collection is carried out in the Netherlands and France. Because milk is the basic ingredient in cheese production, Bel is keen to shape the future of the dairy industry. Sustainable and high-quality milk production is closely correlated to the sustainability of farms, cattle-feeding methods and animal welfare.

2.4.1 Improving the sustainability of the dairy industry

Bel is committed to reducing the environmental impact of the dairy industry at every stage, from cattle-feeding to milk production. Depending on the themes and regions, the teams implement action plans directly with their partners or contribute their expertise to pilots run by interprofessional bodies. In November 2012, the World Wildlife Fund (WWF) and Bel joined forces to work together on a scheme to develop a more sustainable dairy industry by reducing its environmental impact.

Reducing the environmental impact of animal feed

From the study carried out by Bel and the WWF of the environmental risks of each raw ingredient used in dairy cattle feed, it emerged that two have a particularly high environmental impact: soy and palm kernel expeller (PKE). Both are linked to deforestation in their countries of origin and to practices that can often be detrimental to their ecosystems.

Supporting the sustainable production of soy and palm oil used in dairy cattle feed has become a priority for Bel which became a member of the Round Table on Responsible Soy (RTRS) in 2014 and the Round Table on Sustainable Palm Oil (RSPO) in 2015:

- in 2016, the Group purchased RTRS and RSPO certificates to cover all soy (71,885 metric tons) and PKE (41,622 metric tons) volumes used worldwide[1] to produce the milk used directly or indirectly in the making of its products. These purchases do not cover milk collected by Bel from its Dutch producers who are already covered by certificates purchased by the Dutch dairy sector;
- furthermore, with the WWF, the Group continues to search for alternatives to imported soy in France, a complementary solution to the current purchase of certificates.

Reducing greenhouse gas emissions

According to the United Nations Food and Agriculture Organization (FAO)[2], dairy cattle farming accounts for 2.9% of the planet's carbon emissions

Wherever possible, the Group assists its producers in the various sourcing regions to help them control and reduce greenhouse gas emissions, whether through animal waste management, the quality of animal feed or the mineral fertilization of crops. In France, for example, Bel lent its expertise to the *Ferme laitière bas carbone* (Low Carbon Dairy Farm) project run jointly by dairy industry stakeholders which, like the Life Carbon Dairy project, aims to reduce the greenhouse gas emissions of the entire French dairy industry by 20% between now and 2024.

Water conservation

Bel's major liquid milk supply regions (the Netherlands, France and Portugal) are located in areas where, according to the FAO, there is little pressure on water resources and where the amount of rainfall is conducive to grazing. Nevertheless, using water sparingly is a future challenge for the entire dairy sector.

In France (the Group's second-largest milk sourcing region), in order to predict the consequences of climate change on the country, the Climalait project run by dairy industry stakeholders seeks to gain an overview of water resources through a panel of 30 sites that vary in terms of region, soil, climate, altitude and crops, among other things. Bel will keep a close eye on the results so that it can gain a better idea of the priority action plans to be put in place with its producers on each type of site.

In the Netherlands, the Group's leading milk-sourcing region, efforts focus on controlling the impact of the sector's activities on water: all producers seek to optimize mineral management (carbon, nitrogen and phosphorus, the latter two are water pollutants). The Annual Nutrient Cycle Assessment tool allows them to measure the mineral profile of their animal waste, adjust their fertilization and apply improvements. The national goal is to maintain the impact on water by 2020 at the same level as in 2002. All of the Group's Dutch producers are integrated in these continuous improvement plans.

(1) Excluding Safilait, the Moroccan firm acquired by Bel in 2015.

(2) Source: FAO (Tackling Climate Change through Livestock – 2013).

2.4.2 Promoting animal welfare

Bel's primary responsibility is to offer consumers healthy and high-quality products. High-quality milk production depends on good animal health and welfare. The Group therefore seeks to address this sensitive issue with its partners to ensure the highest possible level of animal welfare. It offers practical support to its dairy farmers, particularly in France and the Netherlands:

- in France, all of Bel's dairy farmers have signed up to the Good Farming Practices Charter which requires them to consider factors such as herd health, animal feed, milk quality, animal welfare, personal safety and environmental protection. Regular audits are conducted to validate their commitment and encourage ongoing improvements in their practices;
- in the Netherlands, 23% of the Group's dairy farmers use the Cow Compass tool to manage and improve livestock practices, especially in animal health and welfare;
- in the Azores (Portugal), all of Bel's milk producers are involved in the *Programa Leite de Vacas Felizes* initiative which revolves around five themes: grazing, animal welfare, food safety and quality, sustainability, and efficiency.

2.5 Sustainable packaging

A signature Bel concept for nearly a century, the cheese portion lies at the heart of its business model. This format has numerous advantages that allow the Group to contribute, at its level, to more sustainable food:

- by improving food quality and safety;
- by offering consumers the right nutritional intake for their needs;
- by helping to reduce food waste.

Bel is nevertheless aware of the challenges posed by its products' end of life and the packaging waste they generate. The Group therefore implements action plans to reduce the environmental impact of its packaging at each stage of the product life cycle from design through to end-of-life management.

2.5.1 Eco-friendly packaging design

To reduce the environmental impact of its packaging, Bel adopts a two-pronged approach to eco-friendly design: choosing the right materials and reducing the quantities used at source.

Whether designing new or updating existing packaging, reducing the amount of packaging used has been a priority for Bel for several years. Reduction at source concerns all packaging placed on the market, regardless of the country, but must not compromise the essential functions of packaging, i.e. protection, conservation, convenience and minimal risk of waste[(1)].

Bel ensures that its packaging uses the right quantity of materials to meet the functional specifications that guarantee at least the nutritional quality and safety of the products and protect them against shocks. Continuous improvement efforts have reduced the thickness of the aluminum sheets used for The Laughing Cow portions to 10 microns, seven times thinner than a strand of hair.

Packaging design and manufacture must also factor in the potential for recycling and minimize the environment impact on disposal.

2.5.2 Responsible procurement

For a procurement policy to be regarded as responsible, it has to include not only conventional requirements in terms of cost, quality and lead times, but ethical, social and environmental considerations as well. It must minimize any negative impact while making a positive contribution to all parties in the supply chain.

In the light of these challenges, Bel has chosen to focus its efforts on two materials: cardBoard and aluminium.

Cardboard

Cardboard represents approximately two-thirds of the packaging used by Bel. It is divided into two main categories:

- corrugated cardBoard (about 50% of the cardboard volume) used for transport packaging;
- flat Cardboard used primarily for consumer sales units.

The Group uses the right quantity of Cardboard necessary to ensure the quality of products and protect them against the physical shocks that lead to losses. Wherever possible, Bel uses Cardboard made from recycled fibers. However, when the strength of the material is important (e.g. automated processes and transport), it uses Cardboard made from virgin fibers because recycled fibers require significantly more material to deliver the same performance.

As part of its zero deforestation policy adopted in 2016 (see paragraph 2.7.1 "General environmental policy"), Bel wants all of its Cardboard to be from certified FSC or PEFC sources by 2025.

Aluminum

Each year, Bel sells more than 18 billion portions worldwide, the vast majority of which have aluminum packaging. Although this material only represents a small percentage of the Group's packaging purchases, its symbolic place in the brand portfolio means that Bel is keen to contribute actively to its sustainable management.

Aside from its environmental impact, the sourcing of aluminum can have significant social impacts such as compliance with labor standards in bauxite mines and recyclable waste not being recycled.

(1) Bel published an indicator on the average packaging weight in kilograms per metric ton of cheese produced, calculated on a global scope (all presentations and products combined). The decision to cease reporting on this indicator is explained in the note on methodology.

The Group thus intends to participate in the transformation of the sector by joining existing initiatives. Accordingly, in December 2016, the Group joined the Aluminum Stewardship Initiative, a global scheme that aims to implement new standards for responsible aluminum procurement.

From January 2017, Bel will take on a role of downstream supporter to encourage the emergence of responsible aluminium certification.

2.5.3 End-of-life packaging

The portion format of Bel's products guarantees their quality and safety for several weeks while offering consumers the right nutritional intake for their needs and helping to reduce food waste.

However, Bel is hindered by the absence of a collection system for the recycling and reuse of packaging materials in many countries where its products are sold. This is particularly the case for aluminum microwaste and plastic packs. Mindful of this issue, the Group is researching ways of reducing the environmental footprint of its packaging in the home and on its production sites.

On production sites

On Bel's production sites, any packaging off-cuts resulting from the manufacturing process in plants are systematically sorted and sent to the corresponding recycling channels if such channels exist in the country concerned.

In the home

Bel wants to step up its support for the development of collection and recycling schemes. This is already the case in France, where the Group is working with Éco-Emballages – a firm that manages the sorting and recycling of household packaging waste – on a plan to improve the recyclability of plastic packs for Leerdammer sliced cheese. The Group also belongs to the CELAA, a trade association seeking to help improve sorting and recycling of small aluminum and steel packaging waste. In late 2016, Bel joined a similar initiative in Belgium.

Because consumers can play a key role in reducing the environmental impact of packaging through recycling, marketing teams are endeavoring to provide clear recycling information either on the packaging itself or on brand websites (see paragraph 2.3.3 "Consumer guidance").

In emerging countries, the Group is gradually altering its packaging to explain how individuals can act responsibly and reduce litter (see paragraph 2.3.3 "Consumer guidance"). Lastly, Bel works closely with its logistics partners.

2.6 Retaining employees and attracting talent

Bel has an inclusive employment model which reconciles its economic and financial performance with the development of its staff.

All human resources policies are harmonized while respecting the specific aspects of local cultures. Employee health and safety feature prominently, as does future-proofing the business by offering an attractive model for the talent needed for its development.

To measure the level of employee engagement, the expectations of employees and how they perceive its employment model, Bel conducts a regular international opinion poll with the help of an external specialist.

2.6.1 Bel as an employer: key figures (excluding Safilait and MOM)

Workforce

At December 31, 2016, the Group had 10,699 employees in more than 30 countries. On a like-for-like basis, Bel's total workforce (permanent and fixed-term at 12/31/2016) fell by 147 employees, or 1.4%, from December 31, 2015.

At the end of 2016, Safilait had 1,189 employees while MOM had around 1,300.

Workforce by operational region* (a)	2014	2015(b)	2016
Europe	6,288	6,131	6,016
Of which France	*3,301*	*3,278*	*3,216*
Americas, Asia-Pacific	1,041	1,078	1,197
Middle East – Greater Africa	3,655	3,637	3,486
GROUP TOTAL	**10,984**	**10,846**	**10,699**

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

(a) *Active permanent and fixed-term employees at December 31.*

(b) *The 2015 workforce figures have been updated in line with the data published in the 2015 Registration Document to reflect changes after the end of the period.*

Workforce by status(a)	2014	2015(c)	2016
Managers(b)	1,814	1,929	2,014
Non-managers	9,170	8,917	8,685

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

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

(c) *The 2015 workforce figures have been updated in line with the data published in the 2015 Registration Document to reflect changes after the end of the period.*

Hires and departures (excluding changes in scope of consolidation)

To maintain its competitiveness and fuel its growth, Bel is constantly adapting its business lines and its human resources to match its needs. For example, the Group hired 1,317 employees in 2016. That same year, most departures were voluntary (resignations and retirements).

Hires and departures	2014	2015	2016
Number of hires	1,397	1,119	1,317
Number of departures	n/a	1,227	1,506
Of which redundancies/dismissals	*n/a*	*209*	*186*

Redundancies/dismissals by operational region	2014	2015	2016
Europe	n/a	78	63
Of which France	*n/a*	*50*	*37*
Americas, Asia-Pacific	n/a	79	77
Middle East – Greater Africa	n/a	52	46
GROUP TOTAL	**ND**	**209**	**186**

The Group's average rate of job insecurity is 10.2% (calculated excluding temporary staff). This rate takes account of fixed-term positions and the use of temporary staff in relation to all human resources in work (fixed-term + permanent + temp staff). This average masks significant local discrepancies. For example, in Iran (part of the Middle East – Greater Africa region), where Bel employs 356 people, a fixed-term contract is standard legal practice and is not a sign of job insecurity.

Rate of job insecurity[a]	2014	2015	2016
Europe	n/a	3.8%	3.9%
Of which France	*n/a*	*2.9%*	*2.1%*
Americas, Asia-Pacific	n/a	0.0%[b]	11.8% [b]
Middle East – Greater Africa	n/a	21.1%	20.0%
GROUP TOTAL	**ND**	**9.9%**	**10.2%**

(a) Proportion of fixed-term contracts to all contracts, treated as equivalent to full-time contracts.

(b) Layoffs in the United States are not included in this figure.

2.6.2 Occupational health, safety and well-being

For several years now, Bel has put continuous improvement processes in place tailored to the diversity and complexity of the situations encountered.

Uncomfortable working conditions and occupational illness

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

Plants are gradually setting up action plans to reduce these factors of discomfort and offer a healthy working environment for all employees.

Organization of work

In a socioeconomic context that demands a constant search for productivity improvement, Bel considers factors that directly impact the well-being of its employees in the workplace, such as:

- organization of working hours and commuting;
- organization of offices, workshops and relaxation areas;
- work relations;
- changes in working methods with, in particular, the development of digital technology which in some cases can undermine work/life balance.

The Group asks its managers to keep a close eye on these factors and, whenever appropriate, to implement the necessary remedial plans (e.g. personalized training programs, definition and application of rules of good conduct, compliance with paid vacation).

	2014	2015	2016
Percentage of employees with at least three weeks of annual leave	94%	95%	94%

The Group is looking at new ways of organizing working hours. In 2015, Bel signed an agreement to set up home offices for all employees working at head office in order to promote their well-being by reducing their home/office commuting time. Thus, unless the nature of their job prevented it, all employees were entitled to work from home once a week, or twice a week if over the age of 55.

Absenteeism has many causes. In certain cases, absenteeism can be directly linked to discomfort at work. Absences often create disorder which can have multiple impacts on the workload of present employees and on the operation and efficiency of the teams.

Illness absenteeism rate	2014	2015	2016
Hours of absence due to illness/theoretical working hours	2.08%	2.45%	2.21%

Monitoring accidents

Bel has made health and safety at work a top priority. Since 2012, the Group has tracked the frequency rate of all accidents leading to medical treatment involving not only its employees but also all persons on its sites (e.g. visitors, subcontractors and temporary staff), regardless of whether or not they lead to lost time. This indicator exceeds French regulatory requirements for mandatory monitoring of the accident frequency rate, namely, accidents involving lost time for Bel employees. This more stringent monitoring reflects the Group's commitment to health and safety.

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	2014	2015	2016
Accident frequency rate(a) AFR Bel			
Accidents with and without lost time for all persons present on Bel sites	12.6	10.7	8.2
Accident frequency rate(a) AFR1			
Accidents with lost time for Bel employees	6.1	4.8	4.4
Accident severity rate(b) of Bel employees	0.2	0.1	0.1

(a) Number of accidents per million hours worked.

(b) Ratio of number of hours not worked, over the total number of hours worked.

2.6.3 Equal opportunities

Bel fights all forms of discrimination and promotes equal opportunity in hiring and throughout the careers of its employees.

Gender

With regard to non-managers, the number of women can be explained by the cultural contexts of the Group's locations, the organization of work teams, or even local regulations (e.g. night shifts). Against this backdrop, the Group considers that the average breakdown of men/women – for all regions – of 70%/30% of non-managers could be improved.

Men/women breakdown	2014	2015	2016
Total employees	68%/32%	68%/32%	68%/32%
Non-managers	70%/30%	70%/30%	70%/30%
Managers	59%/41%	59%/41%	59%/41%

Breakdown of hires by gender	2015	2016
Men	698	918
Women	421	399
Total hires	1,119	1,317

Nevertheless, although among managers women represent on average more than one-third of the workforce, the proportion is lower (22%) among the higher grades (1 and 2). The Group considers a proportion of 30% women in positions of these levels as a minimum threshold to respect.

In 2016, the Group launched a "Diversity & Inclusion" program, for which one target is to reach this proportion by 2020. In addition to the overall approach, specific targets have been set for occupation families and individual action plans have been defined for their achievement.

Men/women breakdown by grade	2014	2015	2016
Board of Directors[(a)]	7/2	5/2	5/2
Executive Committee[(a)]	9/2	9/0	7/0
Grade 1[(a)]	15/2	15/2	22/4
Grade 2	78%/22%	78%/22%	74%/26%
Grade 3	69%/31%	68%/32%	68%/32%
Grade 4	62%/38%	60%/40%	60%/40%
Grade 5	61%/39%	60%/40%	61%/39%
Grade 6	55%/45%	57%/43%	56%/44%
Grade 7	52%/48%	50%/50%	52%/48%

(a) Absolute values.

Bel pays attention to avoid creating wage distortion between men and women; in 2015 in France, it signed a three-year agreement on gender parity based on four main goals: encourage equal access to work by guaranteeing non-discrimination during hiring and by developing more diversity in so-called gender-specific jobs, guarantee equal pay for equal work, ensure equal access for men and women to training, and promote a better work/life balance (including making more room for parenthood).

Bel considers that a wage gap of more than 5% in the same country and at the same grade reflects a problem of wage discrimination. Its wage policy allows for a gap of 3%, in accordance with its goals.

	2014	2015	2016
Average ratio of women's salaries to men's salaries[(a)]	0.96	0.97	0.97

(a) Managers at the same grade in France. Data from other countries are deemed a non-representative bias of the number of men and women at equivalent grades.

Multicultural policy

Present in more than 130 countries, Bel is attentive to the diversity of the world in which it operates. The Group seeks to better understand its 400 million consumers by putting together teams that reflect this diversity.

Bel believes in creative drives and in the new forms of knowledge driven by diversity. The Group considers diversity as an engine for innovation and creating a nimble team. In this sense, diversity is a source of wealth creation which is inseparable from the Group's ambitious goals.

Thus, as part of its "Diversity & Inclusion" program, Bel set itself the target of achieving 35% of managers in the highest grades (1 and 2) to be non-French by 2020 and 45% by 2025, compared to 28% at the end of 2016.

Generational diversity

More than 10% of Bel's employees are aged 55 and over. Bel is attentive to securing their end of career, with special attention paid to their working conditions, and to helping them build up the knowledge they have acquired.

In France, the three-year strategic workforce planning was renewed in 2014. It supplements the generation agreements – which anticipate changes in the workforce with departures for retirement – and agreements on disability. It aims to roll out the necessary tools to deal with changes in jobs and qualifications.

	2015		2016	
	%	Total	%	Total
55 and over	11%	1,172	11%	1,198
45 to 54	26%	2,811	27%	2,866
35 to 44	35%	3,837	35%	3,735
26 to 34	25%	2,699	24%	2,591
25 and under	3%	327	3%	309
TOTAL	**100%**	**10,846**	**100%**	**10,699**
Median age	42 years		42 years	

Disability

Bel encourages the integration into its teams of people with disabilities.

Following the partnership agreement signed with the AGEFIPH[1] in 2011 in France, the Group wished to make the increased employment of persons with a disability part of an agreement signed with its labor partners in 2014. This agreement seeks to maintain the employment rate of persons with a disability at the Group's production sites in France while raising it at non-production sites.

Furthermore, Bel works with numerous institutions in the protected and adapted sector in France that provide work to people with disabilities who are not sufficiently autonomous to work in ordinary or adapted environments.

Employment rate of people with disabilities in France	2014	2015	2016
France[(a)]	6.43%	6.57%	7.86%

(a) This rate includes employees on internships and collaboration with the protected and adapted sector.

2.6.4 Training

Bel seeks to develop and retain the loyalty of its employees. Nevertheless, Bel has to cope with business fluctuations and the changing needs of its production sites. In addition, the Group pays attention to fostering interdepartmental versatility which helps to secure the employability of its employees – in particular that of non-managers – while broadening their career paths.

As such, Bel implements training programs targeted and tailored to all its employees – managers and non-managers alike.

Training policies

Group training courses are organized around four areas:

- knowledge of the Group, its history and its business;
- development of business line technical skills;
- development of managerial and leadership skills;
- development of personal skills. For example, providing literacy classes on certain sites.

The Group has to constantly renew the contents of its training programs or create new ones to keep up with technological and organizational changes and the competitive environment. Bel uses different training methods depending on their goals, content and target audiences: e-learning, tutoring, internal or external group learning, intercompany training, and others.

Training plans for the upcoming year and mobility prospects are naturally discussed during individual performance reviews conducted every year with managers (managers, technicians and supervisors) and every two years with non-managers (clerical and manual workers).

Individual performance reviews	2014	2015	2016
Percentage of eligible managers[(a)] with whom an individual performance review was conducted (annual basis)	89%	88%	86%

(a) Eligible managers are those with permanent contracts on the payroll who worked for the Group for the whole of 2016 or joined before July 1, 2015 and left after July 1, 2016.

Total number of training hours

Bel achieved its aim of increasing the number of employees with access to training and the average number of training hours between 2015 and 2016.

Employee training	2014	2015	2016
Percentage of employees who attended at least one training course in the year	71%	72%	77%
Average number of training hours per employee	24	24	26

(1) An association in France that provides funding and assistance for the integration of people with disabilities into the workplace.

Versatility and mobility

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

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

2.6.5 Compensation

Bel is persuaded that offering fair, motivating and non-discriminatory compensation is the key to combining appeal and competitiveness. The Group's wage policy is determined by the Human Resources Department and the local teams are in charge of implementing it.

The majority of the agreements signed in 2016 in different countries where Bel operates deal with compensation (fixed or variable) and employee benefits (see paragraph 2.6.6 "Employee relations").

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

Employee benefits

Beyond the minimum base set by international laws and regulations, Bel wants to ensure that all its employees worldwide receive benefits that are in line with Group standards. Thus, the Group awards compensation and other benefits that exceed basic or minimum levels.

	2014	2015	2016
Percentage of employees[a] with health coverage	90%	94%	93%
Percentage of employees[a] with death and disability coverage	84%	94%	94%

(a) Permanent or fixed-term employees.

Internal equity and external competitiveness

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

Recognition of individual and group performance

The recognition of individual performance is based on merit. The variable compensation of grade 1 to 6 managers and vice-chairs (79% of managers) represents at least 8% of their fixed compensation. Ten percent of this variable compensation is contingent on achieving nonfinancial objectives linked to the Group's CSR policy.

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

	2014	2015	2016
Percentage of employees having a compensation system based on the overall performance of the subsidiary or Group	64%	77%	100%

Numerous agreements were signed in 2016 in the different countries with respect to employee compensation (see paragraph 2.6.6 "Employee relations").

Employee shareholding

Since 2007, Bel has set up bonus share award plans, subject to performance conditions, for some of its employees (see paragraph 6.2.3 "Stock options/performance shares").

2.6.6 Employee relations

Bel believes that proper social dialog is key to improving life in the workplace. The Group therefore encourages dialog between managers and employees and between management and staff and/or union representatives, if any.

Organization of social dialog

Employee representative bodies within the Company, which are elected or appointed by employees, vary by country and include Works Councils, workforce delegates, and Health and Safety Committees (CHSCTs).

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

In 2016, 97% of employees had access to employee representation.

Summary of the collective agreements for the year

In 2016, the Group signed 35 collective agreements worldwide, six of which were in France:

- an agreement on unpleasant working conditions to put in place prevention measures at production sites (e.g. protection against noise or mechanical vibrations) as well as compensation measures when employee exposure is inevitable;
- three agreements on employee compensation – one on profit-sharing and two mandatory annual bargaining agreements on pay for clerical and manual workers and management;
- an agreement on a new retirement savings plan set up for employees;
- an agreement offering more flexible teleworking arrangements.

2

Other collective agreements signed by Bel worldwide in 2016

Theme	Country	Details
Compensation (fixed or additional), employee benefits and benefits in kind	Germany	• a profit-sharing agreement for 2016; • an agreement on introducing a special allowance for staff returning from maternity leave.
	Italy	• an agreement on the additional compensation of nonexecutives not eligible for a bonus.
	Switzerland	• two profit-sharing agreements for 2016 for clerical and manual workers; • an agreement on compensation and profit sharing; • two agreements for a mandatory bonus linked to company profits to be converted into an increase in meal expenses reimbursed for clerical and manual workers.
	The Netherlands	• an agreement on compensation.
	Portugal	• two agreements on compensation.
	Vietnam	• an agreement on overtime pay; • an agreement on the introduction of an internal pay policy; • an agreement on the introduction of a marriage bonus.

Theme	Country	Details
Organization and flexible working hours	Spain	• a two-year agreement on the corporate environment at the Ulzama production site.
	Italy	• an agreement on maintaining a work/life balance (e.g. teleworking, time off for volunteer work, travel outside of working hours).
	Slovakia	• an agreement on flexible working hours; • an agreement on introducing teleworking in special circumstances.
	Switzerland	• an agreement on the extension of teleworking to non-managers.
	Vietnam	• three agreements on public holidays: one day for Christmas, one or two days for the Vietnamese New Year (depending on where the employee's family live), and one day in the event of a close relative dying.
Miscellaneous agreements	Germany	• an agreement recognizing the strict German privacy laws in relation to the implementation of the Group's IT policy; • an agreement concerning two modules of the Group's human resources management tool; • an agreement on the reorganization of German marketing and sales teams; • an agreement on the measures put in place by the Group for the reintegration of employees returning from long-term sick leave.
	United States	• an agreement on pay, working conditions and employee representation for the Little Chute site.
	Portugal	• two branch agreements.

2.7 Reducing the environmental footprint

The sustainable use of natural resources and the fight against climate change are the major sustainability challenges facing the dairy sector. Bel is conscious that the quality and availability of water pose a major threat to the sustainability of its business (see paragraph 3.2 “Risks relating to the external environment”).

2.7.1 General environmental policy

Environmental policy

The scope of Bel’s environmental responsibility spans milk production right down to the end consumer. The Group implements continuous improvement plans or encourages its partners to do so when it is not directly in charge.

In a concern for efficiency, the Group has set itself ambitious goals to reduce the water and energy footprint of its sites and implement gradual continuous improvement processes to minimize their other impacts.

The Wasabel (Water Saving at Bel) and Esabel (Energy Saving At Bel) programs allow each site to monitor its level of consumption and develop action plans to reduce it. To amplify these progressive efforts, Bel organizes dedicated training and best practice sharing sessions between sites.

The Group strives to contribute to sustainable dairy production – its upstream value chain – and to encourage consumers – its downstream value chain – to adopt habits less damaging to the environment by consuming the right quantities for their needs and reducing all forms of food waste.

Monitoring and reporting

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

For the latter, the Group’s reporting concerns Scopes 1 and 2:

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

For the first time in 2016, Bel conducted a carbon audit to measure greenhouse gas emissions along its entire value chain – in other words, upstream and downstream of its production sites (see paragraph 2.7.3 “Energy and greenhouse gases”).

Environmental protection around sites[(1)]

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

At present, all of the land owned, leased or managed by the Group 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.

In addition, the Group’s installations are designed to reduce their noise levels, especially when they are located close to residential areas. Measurements are taken every two years internally or by a service provider to monitor and control the compliance of the sound level at the boundary of the property and the emergence level for the most at-risk residents. Action to reduce noise levels is taken when the noise emergence level exceeds local standards or the noise is perceived as a nuisance.

Fighting deforestation

In 2016, Bel set itself a “zero deforestation” goal. The first phase was completed with the support of the WWF to ensure sustainable production of the soy and palm kernel expeller contained in feed for cows whose milk is directly or indirectly used in Bel’s products (see paragraph 2.4.1 “Improving the sustainability of the dairy industry”).

The second phase concerns the supply of packaging materials (see paragraph 2.5.2 “Responsible procurement”).

(1) Land use was not identified as a key issue for the Group, given that the space occupied by its plants is very small.

2.7.2 Sustainable use of water

Water scarcity affects more than 40% of the world's population[(1)], a worrying proportion that could worsen due to global warming caused by climate change. Guaranteeing, by 2030, access to clean water and sanitation for all and ensuring the sustainable management of water resources is one of the 17 Global Goals adopted in September 2015 at the United Nations Sustainable Development Summit.

To be part of this essential collective effort, Bel routinely reduces the water consumption required for production and uses efficient water treatment technology.

Reducing water consumption

For the most part managed by public utilities, the drinking water used in the Group's plants comes from bodies of surface water such as rivers and lakes or from groundwater (water tables).

In 2016, Bel continued to reduce its average water consumption to produce 1kg of cheese. The programs implemented allowed Bel to reduce its water consumptions per metric ton produced between 2008 and 2016 by 32.6%.

Water consumption	2008	2009	2010	2011	2012	2013	2014	2015	2016	Change 2008-2016
In m^3 per metric ton produced[(a)]	12.53	11.21	11.21	10.93	10.05	9.58	9.24	9.19[(b)]	8.45	-32.6%
In thousands of m^3*[(c)]	4,553	4,377	4,409	4,350	4,136	4,048	3,956	4,118	4,348	-4.5%

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

(a) *Production of cheese and other products that are more concentrated than milk (milk packaging sites are excluded).*

(b) *Since 2015, metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered by-products.*

(c) *Group total (including milk packaging sites).*

Quality of discharges into natural environments

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

By reducing their water consumption, the sites mechanically reduce their discharges and improve quality as the lower the volume of water treated in treatment facilities, the lower the concentration of organic matter flowing out of those facilities. Wastewater from sites are mostly treated internally. Discharges sent to a third party for treatment are treated beforehand by Bel. Each year, the Group spends around €4 million on wastewater treatment.

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

	2014	2015	2016	Change 2014-2016
Total wastewater volume *(in thousands of m^3)*[(a)]	4,056[(c)]	4,152[(d)]	4,489[(e)]	+10.7%
Treated internally	2,196[(c)]	2,196[(d)]	2,174[(e)]	-1.0%
Treated by a third party with other effluents	1,858[(c)]	1,956[(d)]	1,934[(e)]	+4.1%
Spread untreated	3[(c)]	0	381	-
Volume of wastewater by metric ton *produced (m^3/metric ton produced)*[(b)]	9.5[(c)]	9.2[(d)(h)]	9.3[(e)(h)]	-2.1%
Quality of purified water *(in metric tons)*[(a)]				
Chemical oxygen demand (COD)	103[(f)]	123[(f)]	94[(f)]	-8.7%
Suspended matter discharged	38[(f)]	51[(f)]	39[(f)]	+2.6%
Total nitrogen discharged	14[(f)]	14[(f)]	14[(f)]	0%
Total phosphorous discharged	4[(f)]	5[(f)]	5[(f)]	+25.0%
Cost of wastewater treatment *(in thousands of euros)*[(a)]	4,029	4,026	3,884	-3.6%

(1) *Source: United Nations Sustainable Development Goals.*

	2014	2015	2016	Change 2014-2016
Spreading of sludge from wastewater treatment or untreated water plants[a]				
Total dry matter *(in metric tons)*	1,644	1,540[g]	1,356[g]	-17.5%
Nitrogen *(in metric tons)*	136	123[g]	112[g]	-17.6%
Phosphorous *(in metric tons)*	101	101[g]	94[g]	-6.9%
Spreading perimeter *(in hectares)*	1,316	1,061[g]	2,521[g]	+91.6%

(a) Group total (including milk packaging sites).
(b) Production of cheese and other products that are more concentrated than milk (milk packaging sites are excluded).
(c) Data available for 27 sites, i.e. 100% of total production for this reporting scope.
(d) Data available for 24 sites, i.e. 85% of total production for this reporting scope.
(e) Data available for 30 sites, i.e. 90% of total production for this reporting scope.
(f) Data available for 13 of the 14 sites that provide full treatment before discharge into the natural environment. Data from collective stations are no longer collected.
(g) Data available for six of the seven sites that spread their waste.
(h) Since 2015, metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered by-products.

2.7.3 Energy and greenhouse gas emissions

Greenhouse gas emissions continue to rise worldwide and increased more than twofold since 1990[1]. Taking emergency measures to fight climate change and its impacts is one of the 17 Global Goals adopted in September 2015 at the United Nations Sustainable Development Summit.

At the sites

The Group galvanizes its teams around reducing its energy footprint, a notion that is easier to grasp than reducing the carbon footprint. This approach is justified since, at these sites, more than 96% of the greenhouse gas emissions are from energy consumption; the remaining 4% is lost through refrigerant fluid leaks.

Cheese production is a highly energy-intensive activity, especially the pasteurization of milk to obtain impeccable quality for a raw ingredient that is sensitive to bacteriological contamination and the cold storage of finished products.

As required under current regulations, the Group performed energy audits on its French entities (plants and head office) in 2015.

Reduction at source and use of renewable energies

To reduce its dependency on fossil fuels and gradually limit its greenhouse gas emissions, Bel prioritizes actions to reduce its energy consumption. Based on this reduced consumption, the Group is studying the possibility of using renewable energy sources while continuing to take local factors into account (availability of energy from renewable sources, technical feasibility and economic impact).

In 2016, the Group's two biomass boilers represented 17% of energy consumption for its heat production.

In 2016, the Group purchased electricity from a renewable source for its Vale de Cambra site in Portugal and Brookings in the United States. In France, Bel signed a contract with EDF to feed into the grid the equivalent of the entire electricity consumption of its French production sites in electricity from renewable sources.

(1) Source: United Nations Sustainable Development Goals.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	Change 2008-2016
Electricity consumption (in MWh)*(a)										
Uncertified electricity from a renewable source	247,340	257,531	258,212	264,725	273,392	274,685	263,551	270,929	289,967	+17.2%
Certified electricity from a renewable source	-	-	-	-	-	-	6,178	10,048	9,857	-
TOTAL ELECTRICITY	247,340	257,531	258,212	264,725	273,392	274,685	269,729	280,976	299,825	+21.2%
Of which renewable electricity	-	-	-	-	-	-	*2.3%*	*3.6%*	*3.3%*	-
Consumption of oil, gas and biomass products to generate heat and for other purposes *(in MWh LHV)(a)**										
Oil and gas products	543,381	543,080	541,237	521,335	503,969	489,435	473,679	489,156	437,769	-19.4%
Biomass	-	-	-	-	30,307	42,687	32,146	39,911	92,016	-
STATIONARY COMBUSTION	543,381	543,080	541,237	521,335	534,276	532,122	505,825	529,067	529,785	-2.5%
Of which biomass	-	-	-	-	5.7%	8.0%	6.4%	7.5%	17.4%	-
Energy consumption *(in MWh/metric ton produced)*(b)										
Electricity	0.68	0.66	0.66	0.66	0.66	0.65	0.63	0.63	0.60	-11.8%
Oil and gas products	1.50	1.39	1.38	1.31	1.22	1.16	1.11	1.09 (c)	0.88(c)	-41.3%
Biomass	-	-	-	-	0.08	0.10	0.08	0.09 (c)	0.19(c)	-

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

(a) Group total (including milk packaging sites).

(b) Production of cheese and other products that are more concentrated than milk (milk packaging sites are excluded).

(c) Since 2015, metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered by-products.

Greenhouse gas emissions – Scopes 1 and 2

On a worldwide scale, numerous parameters affect the Group's emissions:

- countries where the Group's production sites are located: greenhouse gas emissions linked to electricity use may vary by a factor of 1 to 10 between any two countries;
- manufacturing processes;
- the energy mix used by each site, especially their use of renewable energy sources.

Other factors contribute to a lesser extent:

- refrigerant leaks: HCFC/R22 refrigerants, used mainly for the storage of finished products, are gradually being phased out;
- fuel consumption for the Group's vehicle fleet.

In 2016, the higher proportion of renewable energy in the Group's energy mix reduced by nearly 10 points the proportion of greenhouse gas emissions linked to oil and gas consumption. The increase in "Fuel consumption of the Group's vehicle fleet" is due to the fuel consumption of Safilait (Morocco), acquired by Bel in 2015, which handles its entire product distribution.

Breakdown of greenhouse gas emissions*	2014	2015	2016
Scope 1			
Associated with fossil fuel and gas consumption	56%	56.3%	48.1%
Associated with biomass consumption	-	0.3%	1.0%
Associated with refrigerant fluid leaks	3%	3.5%	3.8%
Associated with the fuel consumption of the Group's vehicle fleet	5%	4.7%	9.3%
Scope 2			
Associated with the generation of electricity purchased within the Group	35%	35.2%	37.8%

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

2

Optimizing all these factors allows the Group to gradually reduce its greenhouse gas emissions per metric ton produced and increase its production without increasing its carbon footprint. Only one site in France (Sablé-sur-Sarthe) is covered by the quota system, but the minimum goal is to not have to buy quotas despite the growth of this site's activity.

GREENHOUSE GAS EMISSIONS SCOPES 1 AND 2*

Emissions	2008	2009	2010	2011	2012	2013	2014	2015	2016	Change 2008-2016
kg eq. CO_2/metric ton produced[a]	694	624	615	579	541	520	490	487[a]	431[a]	-37.9%
Metric tons eq. CO_2[c]	251,048	243,414	241,287	230,437	222,556	219,769	209,941	218,880	234,454	-6.6%

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

(a) *Production of cheese and other products that are more concentrated than milk (milk packaging sites are excluded).*

(b) *Since 2015, metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered by-products.*

(c) *Group total (including milk packaging sites).*

Using energy from renewable sources (biomass and renewable source electricity) allows the Group to significantly reduce its greenhouse gas emissions.

As required by the applicable regulation, the carbon assessments of French production sites are available at: **http://www.bilans-ges.ademe.fr/**.

Scope 3

To identify major sources of greenhouse gas emissions along its entire value chain, the Group performed a carbon audit for the first time in 2016 (on the basis of 2015 data). It was carried out on a limited scope in accordance with some of the guidelines contained in the Greenhouse Gas Protocol and did not include the impact of processing the by-products sold to third parties.

The results of this carbon audit confirmed those of the life cycle analysis performed by the Group in the past and demonstrated the significant contribution of dairy raw ingredients to its carbon footprint.

Distribution of Bel's greenhouse gas emissions along the entire value chain (total quantity = 3.8 million tonnes eq. CO_2)	2015
Dairy raw ingredients	86.7%
Scopes 1 & 2	5.7%
Upstream transport[a]	4.3%
Packaging	2.8%
Downstream transport[b]	0.6%

(a) *From production sites to warehouses.*

(b) *From warehouses to depots.*

Logistics

The carbon audit carried out by the Group revealed that around 4.5% of its greenhouse gas emissions[1] were from the transportation of its finished products from their production facilities to retailers. The Group optimizes the transportation stages of its raw ingredients and finished products to reduce not just its greenhouse gas emissions but also other nuisances (e.g. road congestion, noise). The locations of its plants as well as logistics flows are designed to reduce distances both upstream (mainly for fresh milk) and downstream (as close as possible to consumer markets).

In all countries, Bel works with its logistics service providers to:

- optimize truck and container fill rates;
- optimize transport flows and delivery frequencies;
- study alternatives to road transport systems that produce fewer greenhouse gas emissions.

2.7.4 The circular economy and the fight against food waste

According to the FAO (Food and Agriculture Organization)[2], more than 30% of the food produced in the world is wasted; this corresponds to 1.3 billion metric tons of food per year.

Bel considers the fight against any form of food waste as an important ethical challenge.

Production sites

The manufacturing process of finished products is adjusted to match sales estimates to avoid any overproduction without a firm outlet.

However, in all its manufacturing cycles, Bel generates downgraded cheeses (for technical or mechanical reasons) in addition to cream and whey from its dairy sites. All these by-products are reused in the Group's own plants, or resold to be used as raw ingredients in other products, or slightly recovered as energy (methanization). Ultimately, 1% of the Group's by-products are not recovered.

Bel Industries sells the proteins from the processing of milk which are not used in the Group's dairy plants to other firms in the food industry. Its Nollibel brand is a global leader in its segment.

Distribution

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

Production processes, milk thermal treatments, product development and efficient packaging design allow Bel cheeses to retain their flavor and health qualities over relatively long shelf lives – the shortest shelf life is six to seven weeks (Boursin) – which ultimately helps consumers to avoid wasting food.

The Group has taken the necessary steps to allow its sites and logistics warehouses to donate products to food banks. In 2016, Bel's warehouses in Europe[3] donated 176 metric tons of products to charity, of which 106 metric tons in France.

In 2015, Bel France also signed up to the antiwaste charter of the ANIA (the French Food Industries Association).

(1) Source: life-cycle analysis carried out on the eight-portion The Laughing Cow and the eight-portion Kiri.

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

(3) In 2016, Bel donated products in the following countries: Belgium, Spain, France, Greece, Italy, the UK, Sweden and Switzerland.

2.8 Note on methodology

Choice of indicators

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

The Group's nonfinancial reporting satisfies the requirements of the decree implementing Article 225 of France's "Grenelle II" law of July 10, 2010 (articles L. 225-102, R. 225-105-1 and R. 225-105-2 of the French Commercial Code). Bel's CSR program is modeled on three international frameworks: the UN Global Compact, ISO 26000, and the fourth generation of the Global Reporting Initiative.

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

Reporting procedure and guidelines

The nonfinancial reporting procedure describes the methods used to collect and calculate the Group's nonfinancial key performance indicators. It is circulated, read and applied at all levels of data compilation and reporting.

This procedure is supplemented by a nonfinancial reporting protocol. It defines the Group's performance indicators.

These two documents serve as reference guides for data verification by external auditors in accordance with the decree implementing article L. 225-102-1 of the "Grenelle II" law of the French Commercial Code. They are made available to stakeholders who request it so as to facilitate comprehension and transparency of the key performance indicators presented.

Organization of reporting

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

The business line CSR Leaders coordinates the collection of CSR indicators in their respective area(s) of expertise. They rely on their network of local experts to contribute data.

Consolidation and internal control

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

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

Reporting tools

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

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

The bulk of data on social KPIs is collected with SIRH, a tool developed by the Human Resources Department.

Some data is obtained from the information systems installed throughout the Group (e.g. SAP, Magdalena) or special software (e.g. EcoVadis, Acciline).

Reporting scope and period

Published data concern all of the Group's entities and subsidiaries as consolidated in the Annual Financial Report with the exception of the MOM Group, acquired by Bel in late 2016, and barring the specific situations defined below.

When an indicator is calculated over a specific scope, the coverage rate is systematically mentioned to avoid introducing bias into the understanding of the data.

The data collected cover the period from January 1 to December 31, 2016. Depending on the indicators, this involves:

- annual data consolidation from January 1, 2016 to December 31, 2016;
- data measured at December 31, 2016.

If the history is available, data is provided for the last three financial years. On topics related to water, energy and greenhouse gas emissions, progress areas are part of long cycles: Bel has provided data since 2008, the Group's reference year on these topics.

Employee-related

The Group's employee-related reporting covers all its production sites and subsidiaries (in France and abroad) comprising at least one employee on a fixed-term or permanent contract during the period from January 1 to December 31, 2016, except for:

- the Group's subsidiary in Syria (part of the Middle East – Greater Africa region), which was excluded from the reporting scope after its production was suspended in 2012;
- Safilait, a Moroccan firm acquired by Bel in 2015 and also part of the Middle East – Greater Africa region. It is however mentioned in the consolidated report on the total number of employees present at December 31, 2016 in accordance with the Group's rules.

Environment

Environmental reporting includes all of the Group's production and research sites except for a production workshop in Ghazvin leased to an operator involved in other activities on the same site with insufficient separation to measure the specific impacts of each workshop. Safilait is included in the scope of environmental reporting for 2016.

Environmental reporting also includes the Group's collection centers and warehouses as well as its head office. However, it does not cover the exclusively tertiary sites of subsidiaries: regarding the impacts of the Parisian head office, the latter may be considered as negligible in the Group's total environmental footprint.

Some environmental indicators are reported in metric tons produced (e.g. water consumption, GHG emissions). Since 2015, metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered by-products. Safilait mainly produces pasteurized milk and UHT milk, which generates significant production volumes. To avoid distorting ratios, Safilait's production, consumption, emissions and waste are excluded from the calculation of ratios. For the same reasons, the Covoada site in Portugal is excluded from the calculation of ratios. Their consumption, emissions and waste are however included in the reported volumes.

The direct impacts of on-site activities of subcontractors and suppliers are counted by the sites concerned. The impacts of off-site activities of subcontractors and suppliers are not counted by the sites concerned. Subcontracted production activities are not counted.

Emission factors linked to the consumption of electricity, fuel oil, gas, chlorofluorocarbons, petrol and diesel are those of the French Environment and Energy Management Agency (ADEME). All emission factors are updated on the basis of data published by the International Energy Agency (IEA) for the international scope and by the ADEME for the France scope.

Greenhouse gas emissions from the Group's own fleet of vehicles include emissions from vehicles on long-term leases.

The classification of water availability risk is based on data from the FAO and risk analysis with the Water Risk Filter provided by the WWF. The classification is updated every year.

Packaging

Bel used to publish an indicator on the average packaging weight in kilograms per metric ton of cheese produced, calculated on a global scope (all presentations and products combined). The Group has decided to cease reporting on this indicator due to the lack of reliable data. A new indicator will be defined in 2017.

2.9 Statutory Auditors' Reasonable Assurance Report on a selection of consolidated employee-related and environmental information included in the Management Report

Following the request made to us and in our capacity as Statutory Auditors for Fromageries Bel S.A., we conducted a review to enable us to express reasonable assurance on a selection of consolidated employee-related and environmental information selected by the Company and identified by the * symbol in chapter 2 of the Registration Document (hereafter "the Information") established for the financial year ended December 31, 2016.

The selected employee-related information is as follows:

- total workforce and breakdown of workforce by operational region, by status and by gender;
- frequency rate of accidents with and without lost time for all persons present on Bel sites;
- frequency rate of employee accidents with lost workdays;
- accident severity rate of employees.

The selected environmental information is as follows:

- quantity of recovered byproducts;
- total water consumption and consumption in shortage region;
- total electricity consumption;
- consumption of oil, gas and biomass products for heat production and other;
- greenhouse gas emissions scopes 1 and 2.

Responsibility of the Company

This Information was prepared under the responsibility of the Board of Directors in accordance with the reference guides used by the Company (hereafter the "Reference Guide"), available upon request at the Company's head office, a summary of which can be found in the Registration Document in section 2.8 "Note on methodology".

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

It is our responsibility, based on our work, at the request of the Company, to express reasonable assurance that the Information was prepared in all material aspects in accordance with the Reference Guide. The conclusions we express below concern this Information alone and do not refer to Chapter 2 on "Corporate Social Responsibility" in its entirety.

To assist us in conducting our work, we consulted our corporate social responsibility experts.

We conducted the work described below in accordance with the professional guidance issued by the national auditing body (Compagnie nationale des Commissaires aux comptes) relating to this intervention and with the international standard ISAE 3000[1].

- we assessed the suitability of the Reference Guide with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- we verified the set-up of a process to collect, compile, process and check the Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the Information;
- we interviewed people from the Sustainable Development Department, the Human Resources Department and the Industrial and Technical Department at the head office and on the industrial sites and subsidiaries in order to analyse the deployment and application of the Reference Guide;
- we implemented analytical procedures on the Information and verified, based on spot checks, the calculations as well as the consolidation of the Information;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we selected a representative sample of sites and countries[1] based on their activity, their contribution to the consolidated Information, their location and a risk analysis;
- at the level of this sample, we conducted interviews to check the proper application of procedures and implemented in-depth detail tests based on sampling, consisting of checking the calculations made and comparing them with the supporting documents. The sample selected represented 52% of the workforce and between 38% and 48% of the environmental information.

We estimate that the sampling methods and the sizes of the samples that we adopted, based on our professional judgment, allow us to reach a conclusion of reasonable assurance. Due to the use of sampling techniques as well as other limits inherent in the operation of any information and internal control system, we cannot entirely rule out the risk of non-detection of a material misstatement in the Information.

Conclusion

In our opinion, information was prepared in all material aspects in accordance with the Reference Guide.

Neuilly-sur-Seine, March 9, 2017

The Statutory Auditors

For Deloitte & Associés	**For Grant Thornton** French member of Grant Thornton International
Pierre-Marie Martin Partner	Virginie Palethorpe Partner

(1) *For employee-related information: France, Morocco, U.S.A., Poland. For environmental information: industrial sites of Brookings, Chorzele, Dalfsen, Dole, Evron, Leitchfield, Sablé, Tangiers.*

2.10 Statutory Auditors' report, appointed as independent third party, on the consolidated employee-related, environmental and corporate information included in the Management Report

For the year ended December 31, 2016

To the shareholders,

In our capacity as Statutory Auditors of Fromageries BEL SA, designated as an independent third party and accredited by COFRAC under number 3-1048, we hereby present our report on the consolidated employee-related, environmental and corporate information for the financial year ended December 31, 2016 (hereafter the "CSR Information"), in application of the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board of Directors is responsible for preparing a Management Report including the CSR Information required by Article R.225-105-1 of the French Commercial Code, prepared in accordance with the protocol used by the Company (hereafter the "Reference Guide"), a summary whereof can be found in the management report and is available on request at the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional doctrine and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, our responsibility is:

- to certify that the required CSR Information is presented in the Management Report or, in the event of omission, is explained pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Certification of completeness of the CSR Information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reference Guide (conclusion on the fair presentation of the CSR Information).

Our work required the skills of five people and was carried out between December 2016 and March 2017 for a period of approximately five weeks. To assist us in conducting our work, we consulted our corporate social responsibility experts.

Our work described below was carried out in accordance with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and in line with the professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) in that respect and, concerning our conclusion on fair presentation of the CSR Information, with ISAE 3000.

Certification of completeness of the CSR Information

Nature and scope of procedures

Based on interviews with management, we familiarized ourselves with the Group's Sustainable Development strategy, with regard to the employee-related and environmental impacts of the Company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We have compared the CSR Information presented in the Management Report with the list set forth in Article R.225-105-1 of the French Commercial Code.

In the event of the omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, namely, the Company and its subsidiaries within the meaning of Article L.233-1 and the companies that it controls within the meaning of Article L.233-3 of the French Commercial Code, subject to the limits set forth in the "Note on methodology" presented in paragraph 2.8 of the management report.

Conclusion

Based on our work and considering the limitations mentioned above, we certify that the required CSR Information is presented in the Management Report.

Conclusion on the fair presentation of the CSR Information

Nature and scope of procedures

We conducted around twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reference Guide with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;

verify the set-up of a process to collect, compile, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the Company's characteristics, the employee-related and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

For the CSR Information which we considered to be the most important:

- with respect to the consolidating entity, we consulted documentary sources and conducted interviews to confirm the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, based onspot checks, the calculations as well as the consolidation of the data and we checked their consistency and their agreement with the other information disclosed in the Management Report;
- with respect to the representative sample of entities and sites that we selected according to their activity, their contribution to consolidated indicators, their location and risk analysis, we conducted interviews to check the proper application of procedures and implemented detailed tests based on sampling, entailing verification of the calculations made and reconciliation of the data with supporting documents. The sample selected represented an average 41% of the workforce presented and between 26% and 43% of the environmental information presented.

We assessed the consistency of other consolidated CSR Information with respect to our knowledge of the Company.

Lastly, we assessed the relevance of the explanations, if any, for the total or partial absence of some information.

We estimate that the sampling methods and sample sizes that we used, based on our professional judgment, enabled us to reach a conclusion of moderate reasonable assurance; a higher level of assurance would have required more extensive verification work. Due to the use of sampling techniques as well as other limits inherent to the operation of any information and internal control system, we cannot entirely rule out the risk of non-detection of a material misstatement in the CSR Information.

Conclusion

Based on our work, we observed no material misstatement that would cause us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Reference Guide.

Neuilly-sur-Seine, March 9, 2017

One of the Statutory Auditors,

Deloitte & Associés

Pierre-Marie Martin

Partner

Appendix: Summary of environmental data

	Units	2014 Values	2015 Values	2016 Values
CIRCULAR ECONOMY				
Recovered by-products				
Downgraded cheeses or similar recovered internally or externally	t	10,718	12,772	15,504
Dry whey extract recovered internally or externally	t	85,227	82,445	82,963
Cream recovered internally (production site or within Group) or externally	t	43,424	45,991	47,623
Quantity of recovered by-products*	t	139,368	141,208	146,090
WATER CONSUMPTION				
Water consumption vulnerability region	m^3	1,677,512	1,965,747	2,132,557
Water consumption stress region	m^3	373,252	493,958	721,671
Water consumption shortage region	m^3	293,480	264,898	602,338
Water consumption nonvulnerability region	m^3	1,611,514	1,393,805	891,296
Total water quantity	m^3	3,955,758	4,118,408	4,347,862
ENERGY				
Electricity				
Grid electricity consumption without certification of renewable energy source (and self-generated from fuel oil or gas until 2014)			270,583	289,535
Consumption of self-generated electricity from fuel oil or gas	MWh	263,551	345	433
Electricity consumption from a certified renewable energy source	MWh	6,178	10,048	9,857
Total electricity consumption*	MWh	269,729	280,976	299,825
Fuels				
Fuel oil*	MWh_LHV	75,507	77,092	96,559
Gas*	MWh_LHV	398,172	412,064	341,210
Biomass*	MWh_LHV	32,146	39,911	92,016
Stationary combustion	MWh_LHV	505,825	529,067	529,785
GREENHOUSE GAS (GHG) EMISSIONS				
GHG emissions linked to electricity consumption	tCO_2e	73,022	77,150	88,760
GHG emissions linked to fossil fuel and gas consumption	tCO_2e	118,263	123,193	112,708
GHG emissions linked to biomass consumption	tCO_2e	473	587	2,245
GHG emissions linked to refrigerant fluids	tCO_2e	6,569	7,553	8,838
GHG emissions linked to the Group's own vehicle fleet	tCO_2e	11,614	10,397	21,902
GHG emissions Scopes 1 and 2*	tCO_2e	209,941	218,880	234,454
DISCHARGES INTO WATER				
Discharge into the natural environment				
Volume of water purified internally with discharge into the natural environment	m^3	2,195,895	2,196,270	2,173,602
Discharged chemical oxygen demand	kg	102,795	122,572	93,673
Discharged phosphorous	kg	3,870	5,496	4,808
Discharged suspended matter	kg	37,715	51,015	38,547
Discharged nitrogen	kg	13,717	14,471	14,099

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

	Units	2014 Values	2015 Values	2016 Values
Discharged to an urban wastewater treatment facility				
Volume of water treated by a third party with other effluents	m^3	1,857,949	1,955,567	1,933,975
DISCHARGES INTO THE SOIL				
Spreading of untreated water				
Volume	m^3	2,504	0	381,078
Agronomic recovery of sludge from wastewater treatment facility				
Nitrogen	t	136	123	112
Phosphorous	t	101	101	94
Dry matter	t	1,645	1,540	1,356
Spreading surface area	hectare	1,316	1,061	2,521
DISCHARGES INTO WATER AND SOIL				
Total volume of discharges	m^3	4,056,348	4,151,837	4,488,655
Total cost of treatment of these discharges	EUR	4,029,289	4,026,167	3,884,469
OTHER EMISSIONS IN THE AIR				
Nitrous oxide, nitrogen dioxide	t	158	167	201
Sulfur dioxide	t	146	145	213
NOISE POLLUTION				
Percentage of sites in compliance for the noise level at the boundary of the property and the emergence level for the most at-risk residents	%	70	86	83
IMPACTS ON THE ENVIRONMENT				
Number of incidents	unit	105	103	101
Corrective actions	unit	102	101	98
Production of waste				
Quantity of nonhazardous waste sorted and sent to recovery	t	18,478	17,341	16,999
Quantity of hazardous waste sorted and sent to appropriate treatment channels	t	503	710	1,291
Waste incinerated with generation of energy	t	2,826	2,746	2,598
Waste incinerated without generation of energy	t	11	262	1,092
Waste disposed of in landfills	t	3,291	3,333	2,873
Total quantity of waste		25,109	24,391	24,853
Cost of treatment	EUR	1,953,529	1,352,085	1,432,100
Income from sale	EUR	499,630	435,978	434,452

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

3

Risk factors and insurance

3.1 General risk management policy

General risk management policy

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

The Group's general risk management approach allows it to:

- identify, analyze and classify the key risks relating to its business;
- define, implement and monitor measures aimed at limiting risk.

The Group thus carries out a regular review of its significant risks, i.e., risks that could have an unfavorable effect on its business, reputation or that of its brands, financial position or results.

The Group does not believe that any significant risks exist other than those described below.

However, other risks may exist that the Group currently has no knowledge of or considers immaterial at the date of this document.

The Group's risk management system is described in paragraphs 4.3.2 "Internal control environment of the Company", 4.3.3 "Managing major risks" and 4.3.4 "Specific internal control procedures implemented by the Company".

Crisis management

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

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

Insurance and risk coverage

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

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

Bel maintains strict control and centralized management of industrial risks under the authority of the Group Industrial and Technical Department, itself under the Group Industrial Safety and Environment Department, in conjunction with the Group Risk Department and the Group Insurance Department, which both fall under the Finance Department.

The MOM Group, which was acquired on December 15, 2016, has not joined the master insurance program and is keeping its own policies.

Damage to assets, operating losses and transport

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

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

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

The installation of automatic fire sprinkler systems will continue, eventually covering all strategic production sites.

Civil liability

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

The change in exposure in the US in particular, and the merger with the MOM Group, led Bel to increase its level of cover in case of "product withdrawals".

Additional policies

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

3.2 Risks relating to the external environment

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

Bel is a food manufacturer and its sales are influenced by the global economic climate in its core markets. In periods when the economy slows substantially, consumption may decrease, with a negative effect on sales growth. The diversity of the regions and markets in which the Group operates is designed to spread risk and limit its effects.

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

The Group's worldwide industrial and commercial presence exposes it to certain risks that could affect its business, reputation, employees, financial position, results and assets.

The Group's strategy of regional diversification is intended to cushion the impacts of these risks by limiting the effects of complex local situations and maintaining the possibility of offsetting them with more favorable situations in other markets.

Nevertheless, geopolitical events taking place since 2011 in parts of the Maghreb and the Middle East had an impact on commercial activities and results in 2016 in the countries where the Group operates.

The marked deterioration in the political, social and security situation caused the Group to reduce or slow its business in one or more of these countries, potentially affecting its growth in the region.

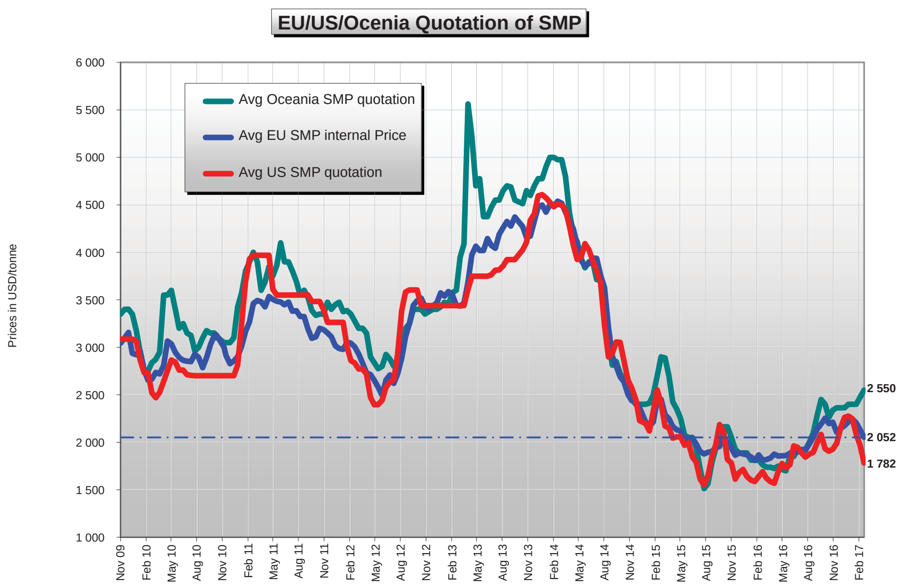
Protecting Group employees working in these countries is a key concern. The Group supplies them with the means, procedures and services to ensure their safety.

A signatory of the United Nations Global Compact, Bel is committed to protecting the basic rights of its employees in the workplace in all countries where it operates and is particularly vigilant in countries where there is a significant risk of human rights abuses (see paragraph 2.2.1 "Corporate social responsibility at the heart of governance").

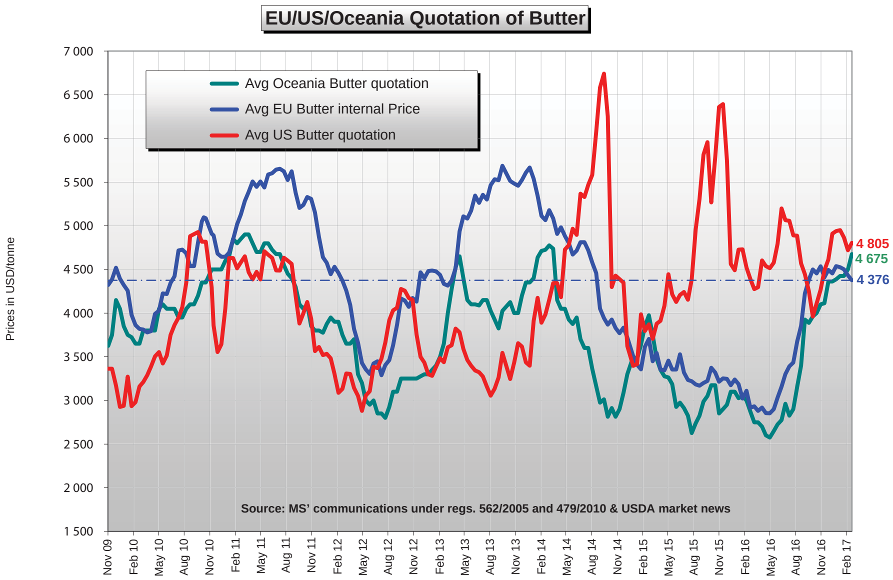
Risks relating to commodity price volatility

Price volatility in the raw ingredients Bel uses to make its products is likely to have a material impact on its results. The influence of the milk price on the quantities produced, the climate, and global and regional demand fluctuations affect the price of the raw ingredients concerned (milk, powder, butter and cream). The Group might not be able to increase its prices for retailers to the same extent as the increase in these production costs, which would have an impact on its results. The termination of milk quotas in Europe in 2015 has resulted in an influx of milk that weighs heavily on the markets. The rapid recovery of the commodity markets could have an impact on the Group's results. Average prices for butter, cheddar, skimmed milk powder (SMP) and whole milk powder (WMP) in Europe, the United States and Oceania are shown below.

PRICE OF SKIMMED MILK POWDER (SMP) IN USD PER TONNE



PRICE OF BUTTER IN OCEANIA, EUROPE AND UNITED STATES IN USD PER TONNE



Aside from the agreements reached with customers and retailers, the Group's ability to pass on changes in the prices of raw ingredients is dependent on economic conditions and, for certain markets, on local political and regulatory conditions. Price increases are therefore subject to approval by the authorities in certain countries.

Risks relating to currency volatility

Given its international presence, Bel is exposed to currency volatility in its commercial and financial activities.

For more details on the Group's currency risk management policy, see paragraph 3.4 "Financial risks".

Risks relating to regulations

As it is present in many countries, Bel is subject to regulations established by governments or international organizations which apply to its food manufacturing, advertising and import/export activities. It is chiefly subject to health, safety and environmental standards, customs systems, and quality controls.

The Group must comply with a host of mutating laws and regulations that are increasingly restrictive. Any changes in these laws and regulations and any administrative decision can have a material impact on the Group's business and financial results. Numerous regulations may also indirectly limit the sale of its products.

Regulatory pressure is intensifying, particularly as regards competition law in the food sector. As a result, the Group could be subject to investigations and proceedings with regard to anticompetitive practices.

The Group takes the measures it deems appropriate to ensure compliance with regulations, particularly as regards competition law. It develops awareness initiatives for the employees concerned and plans to pursue training in this area.

These measures are set out in the Code of Best Business Practices provided to all Group employees (see paragraph 2.2.3 "Ethical business conduct").

Bel operates in many markets and may hold substantial market share in some countries. It cannot therefore completely rule out having to respond to investigations relating to competitive positioning.

Risks relating to competition

Bel carries out its business in intensely competitive markets where big international cheese groups and many local producers operate. In Western Europe, the Group is present in relatively mature and highly competitive markets. In the rest of the world, some international dairy and/or cheese groups with front rank positions in some product ranges are looking to strengthen their positions and penetrate new markets where Bel is present. Local cheese producers are also very active. In addition, a number of retail chains have developed their own brands that compete with Bel products.

The Group is therefore endeavoring to raise the mindshare of its brands, make its products stand out and improve the profitability and management of its businesses in order to generate the resources it needs to implement a robust policy, chiefly through advertising investment which is an integral part of its brand strategy. The Group is also looking to seize opportunities to expand its range in most of the markets in which it operates.

Reputational risk

The reputation of Bel and its brands is considered a strategic asset in its expansion and value.

The mindshare of the Bel brands is based on quality, food safety and connecting with consumers. The international communication policies of the brands, which include digital media, increase their reputational risk.

The Group's reputation could be weakened at any time by risk situations such as an unfavorable event affecting one of its products or sites, an inappropriate communication and promotion strategy, or even uncontrolled dissemination of prejudicial information circulating publicly.

The success of Bel's brands depends in part on their positive image with consumers. Any deterioration in the image of the Group and its brands could adversely affect its sales, business or growth. It therefore closely monitors its brand communication.

The Group has a risk management system that identifies and addresses risks.

The Group's risk management system was strengthened in 2014 with the introduction of digital and local press monitoring and media training for its spokespersons in crisis situations.

A responsible public relations policy has also been shared with the Group's spokespeople to ensure a coordinated and managed approach to engaging with external stakeholders based upon listening and respect. In 2014, Bel joined the European Union transparency register. **(www.ec.europa.eu/transparencyregister)**.

Risks relating to global warming

As a food manufacturer, the Group is highly exposed to the consequences of global warming in general and to the growing scarcity of fresh water worldwide in particular. The growing frequency of extreme weather events such as heatwaves, drought and flooding adds to underlying trends such as rising temperatures and changing rainfall patterns. These phenomena have severe consequences for the agricultural sector and food security at the global level. The dairy sector is impacted throughout its value chain from crops grown for cattle feed to milk yields (which depend on climate conditions) to consumers who are increasingly concerned about the impact of their diet on the environment.

Faced with the danger of water scarcity, the Group conducts an annual risk analysis (according to the criteria of the Food and Agriculture Organization and the Water Risk Filter) allowing it to assess the level of water stress in the areas where it is based. In 2016, more than half of its production sites were located in regions where the water resource was identified as at risk.

To address this, the Group is developing ways of reducing its water consumption. Priority action plans are implemented for any production site exposed to periodic drought exceeding a warning threshold (see paragraph 2.7.2 "Sustainable use of water").

3.3 Risks intrinsic to the Group's business

Risks relating to products

Contamination risks

Food safety is a fundamental priority for Bel. Any alleged or proven safety risks for the Group's products could harm its reputation, business and results. The risk of contamination depends on the type of product concerned, but it exists at every stage of the production cycle from the raw ingredients to retailers and consumers.

Upstream risks are mainly chemical and physical in origin (foreign bodies) or related to fraud (origin/composition) and could affect the Group's raw ingredients, inputs and packaging among other things. Downstream risks are mainly bacteriological for the most fragile products (dairy cheeses). Furthermore, like all agri-food products, Bel products could be exposed to malicious contamination.

Any crisis affecting the dairy industry and the natural qualities of milk could also adversely impact Bel's business through negative media coverage, even if the crisis had no direct link with its activities.

The Group has a monitoring structure in place to identify as far upstream as possible any emerging risks directly or indirectly affecting its production. After assessing potential risks, it applies the best suited and most efficient measures to date according to the level of severity (see paragraph 4.3.4 "Specific internal control procedures implemented by the Company").

Accordingly, since 2013 Bel has reinforced its multiyear investment budget to set up foreign body identification systems on its production lines and for risk management (increased control and monitoring).

Risks linked to innovation and consumer expectations

Bel's various products are subject to consumer tastes and expectations. Were it to fail to anticipate, identify and understand changes in the tastes and eating habits of consumers, its sales and results could be adversely affected.

The Group is developing a diverse portfolio of products to cater to various tastes and meet the needs and expectations of consumers. Bel listens to its consumers so that it can adapt to their eating habits.

Risks relating to trademarks and intellectual property

Bel owns trademarks, designs and models, domain names and copyright worldwide.

The Group makes considerable efforts to protect and defend its portfolio of trademarks worldwide.

Trademark registrations worldwide are updated every year. The Group also conducts global monitoring of its major brands to ensure that no similar or infringing trademarks are registered by third parties. If products or trademarks that are counterfeit or that harm its rights are discovered, all of the Group's legal resources in the country or countries concerned are put into action to put an end to the counterfeiting or unfair competition.

Considering the mindshare of its brands, Bel is objectively exposed to the risk of counterfeiting and unfair competition. The unequal legal protection of intellectual property and unequal treatment of unfair competition in the legal systems of some countries may lead to a more limited recognition of and respect for the Group's rights, and the legal resources it can call upon may not be effective enough to combat counterfeiting and unfair competition.

The Group has introduced an Intellectual Property Policy to raise employee awareness of intellectual property issues and the dangers of counterfeiting. The Group Legal Department is tasked with ensuring the protection and effective defense of its trademarks and domain names; it centralizes the entire portfolio of trademarks, models, domain names and legal disputes and implements a coherent global strategy of protection and defense. The defense of Bel's intellectual property rights is not confined to word marks and domain names but also extends to device marks (e.g. packaging, decoration, shapes), advertising and websites, among other things.

Any difficulties encountered in protecting and defending its intellectual property rights, mainly its trademarks, and combating counterfeiting, could affect the Group's business and results.

Risks relating to the health and safety of Group employees

The Group faces the risk of accidents at the workplace, during commutes and on business trips.

The Group's Health & Safety Department is responsible for leading, coordinating and ensuring the effectiveness of all procedures designed to protect the health and safety of employees.

The manager of each plant is responsible for implementing operating measures to ensure the health and safety of all persons on site. Most of the time the manager is assisted by a head of health & safety. On tertiary sites this responsibility lies with human resources teams.

When events threaten to place its employees in an unsafe or even dangerous situation, the Group implements specific measures to protect them. No site was concerned by such measures in 2016.

Some employees are required to travel to markets that have natural and/or geopolitical risks. Bel provides them with the means and puts procedures in place to keep them safe. These procedures are reinforced with the support of an internationally recognized service provider.

There is a proportional link between the number of dangerous situations and behaviors, near-accidents, incidents and first aid, and the occurrence of serious accidents. Based on this logic, Bel prioritizes prevention, focusing in particular on behaviors, near-accidents and minor incidents.

Observing employees at the workplace is a simple and efficient way to identify healthy as well as harmful situations and habits. Safety behavior visits (SBVs) entail observing employees at work and then discussing the findings with them. Sites involved in this initiative must increase the number of SBVs carried out per employee per year.

In 2016, 8,173 SBVs were carried out within the Group. As a sign of the importance attached to safety, the members of the Executive Committee took part in a one-day on-site practical training course.

In 2017, the aim is to continue increasing the average number of SBVs per employee.

Employees who are on the road as part of their job (e.g. milk collectors and sales representatives) receive regular road safety training.

Occupational health certification and management systems

The Group is committed to a certification procedure (OHSAS 18001) for its production sites and facilities.

Risks relating to the environment

Environmental certification and management systems

The Group is committed to an ISO 14001 certification procedure for its production sites and facilities. In 2016, 18 Group production sites were ISO 14001 certified.

Risks relating to dependence on suppliers or customers

The Group's production requirements are met by external suppliers (mainly dairy raw ingredients and packaging). These supplies are provided by a limited number of operators in the market (see paragraph 1.1.5 "Bel and its business ecosystem"). Bel could encounter difficulties in finding alternative sources if some of its suppliers were to fail to meet their obligations, which could affect its results and business.

The Group's Purchasing Department has developed a policy aimed at limiting the risk of supply disruption by securing a large share of the Group's needs in goods and volumes through annual and multiyear framework agreements with a limited number of strategic suppliers.

In terms of packaging, the Group has launched a risk management policy by establishing contingency plans.

The Group's products are marketed to a limited number of key customers in certain markets such as Western Europe and the United States. Any decision by one or more of the Group's customers to stop marketing certain products could have a material impact on its operating profit. To prevent any deterioration of relations with its key customers, the Group keeps a close watch over changes in its commercial activity, particularly the renewal of commercial contracts.

Risk of total or partial destruction of a strategic production site

The Group has 30 operational production sites. Any incident – particularly if caused by the increased occurrence of extreme weather events, in some cases related to global warming – could lead to a total or partial site shutdown and affect the production and marketing of products made at the site concerned. To safeguard its production facilities, Bel regularly optimizes them and puts prevention and business continuity plans in place. The Group has also taken out insurance, damage and operating loss policies to cover risks which are presented in paragraph 3.1 "General risk management policy".

Risks relating to the Group's growth strategy

The Group's strategy is to strengthen its position through acquisitions and organic growth. Before any major investments are made, analyses are carried out to assess the quality of the growth opportunities and to measure expected growth and cost synergies. A risk appraisal is always performed.

Any growth project taking place in a changing environment exposes Bel to consolidation risks and changes in market climate. The expected targets could prove hard to achieve and require the Group to adjust its strategies, if necessary.

In 2016, the Group made a significant acquisition by taking over the MOM Group. This strategic transaction aims to broaden and deepen Bel's healthy snacking range on a global scale. The Group's most senior executives are steering the consolidation of the new businesses.

Risks relating to information systems

The Group relies on data from integrated IT systems which are used to make operational management decisions and trace operations.

Although these applications are monitored and constantly upgraded, any failure of the applications or communication networks could penalize some decision-making and the profitability of operations. To mitigate these risks, the Group makes use of specialist operators to manage its critical infrastructure (IT systems and telecommunication networks). The contracts governing the Group's relationship with these firms were established to ensure a high level of availability and security commensurate with maintaining centralized applications in operational condition.

These contracts and their associated services are regularly reviewed, and the business recovery procedures to be implemented in the event of a major incident at the Group's processing center are periodically tested.

The Group has systems and procedures in place to control and manage fraud risks, hacking attempts and the spread of computer viruses. Procedures and tools are implemented to respond to threats arising due to technological changes.

Various measures are aimed at reducing the Group's exposure to the risk of cyberattack, notably an increased focus on IT systems security with priority given to security projects, accelerated roll-out of strategy at management level, and changes in governance.

Additional information is provided in paragraph 4.3.5 "Procedures for preparing and processing the Company's accounting and financial information".

Legal and litigation risks

The Group faces legal risks in all of its businesses and in its international markets.

These risks, which can arise from legal and regulatory frameworks, business operations or contracts with suppliers and customers, are described in the relevant sections of this chapter.

At December 31, 2016, and up to the date of this Registration Document, the Group reviewed the main legal and/or administrative proceedings in progress or envisaged in the normal course of its business. Provisions were made for probable and quantifiable costs that could arise from these proceedings.

The main legal and administrative proceedings are described in Note 7 to the consolidated financial statements in paragraph 5.5.1. "Consolidated financial statements at December 31, 2016".

There are no other governmental, legal or arbitration proceedings in progress, including any proceedings of which the Group is aware, whether pending or threatened, that are likely to have, or that have had, material impacts on the financial position or profitability of the Company and/or the Group in the past 12 months.

3.4 Financial Risks

In the course of its business the Group is exposed to various financial risks relating to liquidity, exchange rates, interest rates, counterparties and commodities.

The Group Treasury Department, which reports to the Deputy General Manager responsible for financial affairs, has the necessary skills and tools to manage the reduction of market risks. A monthly report is sent to the Deputy General Manager and regular presentations are given to the Audit Committee.

Additional quantified information, particularly in relation to the Group's exposure to these various risks after they have been managed, is presented in Note 4.15 "Financial instruments" to the consolidated financial statements in paragraph 5.5.1 of this Registration Document.

Liquidity risk

The Group has established a policy to limit liquidity risk. It regularly carries out a specific review of its liquidity risk and considers itself capable of meeting its future due dates. Pursuant to this policy, a large proportion of the Group's resources are medium-term resources. The Group thus enters into confirmed credit lines and medium-term interest-only loans with its banks and investors. In 2016, the Group strengthened its liquidity by negotiating an extension to the maturity of its €520 million credit line from 2020 to 2021. As part of its acquisition of the MOM Group, Bel further strengthened its liquidity by negotiating an additional €300 million credit line maturing in 2021 extendable to 2022 and 2023, €100 million in drawable amortizing loans maturing in 2023, and $100 million in drawable amortizing loans maturing in 2023. No credit lines, i.e. €820 million, had been drawn at December 31, 2016. The Group still has a strong liquidity position as Fromageries Bel, the centralising entity for the Group's surpluses, had a substantial amount of excess cash of €204 million at December 31, 2016.

Fromageries Bel's loan contracts contain certain covenants including a ratio of debt to current operating income from ordinary activities less than or equal to 3.5. If these covenants are not met, the lenders can declare a default and demand early repayment of a significant portion of the Group's debt.

Neither Fromageries Bel nor its subsidiaries are subject to a rating published by a credit ratings agency.

The Group has put a cash pooling policy in place at the Fromageries Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or financing local needs. The MOM Group had not yet joined this system at December 31, 2016, but the aim is to integrate it into the cash pooling system in 2017. The Group Treasury Department manages internal current accounts and a system for offsetting payments between entities.

In countries where the pooling of surpluses and financing needs is not allowed, subsidiaries invest their surpluses in money market funds denominated in their local currency and, if needed, finance themselves primarily in local currency. The policy of systematically paying dividends also aims to limit recurring surpluses at subsidiaries.

Some subsidiaries may have no alternatives to local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss.

Surplus liquidity is invested in the form of money-market UCITs or deposits, either short-term or with almost immediate liquidity.

Exchange rate risk

Fromageries Bel and its subsidiaries are exposed to transactional exchange rate risks due mainly to sale and purchase undertakings in currencies other than their functional currencies. Fromageries Bel also holds assets, earns income, and incurs expenses and obligations, either directly or via its subsidiaries, in a wide basket of currencies. As the consolidated financial statements are presented in euros, the value of assets, liabilities, income and expenses will be impacted by fluctuations in the euro.

Management policy is to hedge risk in foreign currency transactions using firm or optional derivative financial instruments to reduce sensitivity to unfavorable currency fluctuations. Hedging is not intended to generate profit. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all the French, European, North American and Japanese entities. The Group Treasury Department provides these entities with the necessary currency hedges. The dollar, sterling and zloty are the main currencies exposed to transaction risk. Hedges do not exceed a horizon of 18 months. The MOM Group will be integrated into the exchange rate risk centralization procedures in 2017, but its exposure to transaction risk remains low.

For subsidiaries in countries where there are no hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies. However, local currency devaluations can have a significant impact on the profitability of the concerned entity.

Interest rate risk

Most of the Group's financing is arranged by Fromageries Bel, which also handles interest-rate risk management centrally. The policy governing interest-rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate falls. At December 31, 2016, most investments were at floating or adjustable rates. Gross debt is divided equally between fixed and floating rates.

Counterparty risk

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

Risk relating to commodity markets

Although it is exposed to volatility in commodity prices, the Group, and the dairy industry in general, does not make use of a hedging market offering sufficient liquidity. Only the US market has a hedging market, although it is limited to local production and consumption. The US subsidiaries make use of this market as part of budgetary hedging through the use of firm or optional derivatives.

4

Corporate governance

This chapter is an integral part of the Chairman's Report prepared in accordance with article L. 225-37 of the French Commercial Code. The purpose of paragraph 4.1 is to report on the composition of the Board of Directors of Fromageries Bel, the application of the principle of balanced gender representation on the Board of Directors, and the conditions for preparing and organizing the work of the Board of Directors. Paragraph 4.2 sets out the compensation policy for corporate officers and paragraph 4.3 describes the internal control and risk management procedures established by the Company.

Factors likely to have an impact in the event of a public offering along with the rules of participation in Annual General Meetings appear in chapter 6 and in the brochure of the Combined General Meeting of May 11, 2017.

The Report was prepared on the basis of the work carried out by the Company's various departments, particularly the Group Financial Department, the Group Internal Audit Department and the Group Legal Department.

4.1 Governance principles

4.1.1 Adherence to the Middlenext Code

Since 2010, the Company has referred to the Middlenext Corporate Governance Code which can be viewed at the Company's registered office and on the website **http://www.middlenext.com**. The Board of Directors considered that the Middlenext Code was well suited to the Company which has had a majority family shareholding since 1922 with 71% of the share capital and 73% of the voting rights at December 31, 2016 owned by family shareholders and by the holding company Unibel.

Pursuant to its recommendations, on December 14, 2016, the Board of Directors reviewed the key issues updated by the Middlenext Code. These key issues refer to the main questions that the Board "must ask to ensure effective and quality governance". They relate to executive power (managers), supervisory power (Directors) and sovereign power (shareholders).

The Company does not diverge from the recommendations of the Middlenext Code.

4.1.2 Composition, terms of office and expertise of the Board of Directors and Senior Management

Composition of the Board of Directors and Senior Management

The Company's Articles of Association stipulate management by a Board of Directors comprising no fewer than three and no more than twelve members unless otherwise authorized by legal provisions. The members of the Board of Directors are appointed by the Ordinary General Meeting at the proposal of the Board of Directors following an opinion from the Appointments and Compensation Committee.

The term of office of Directors is set at four years (renewable). It may exceptionally be reduced to one, two or three years for the sole purpose of staggering Directors' terms of office. The Company's Internal Regulations also stipulate that each Director must hold at least 20 shares of the Company throughout his or her period of service. The number of Directors aged over 72 must not exceed half (rounded up to the nearest whole number) of the serving Directors at December 31 of any given year.

Moreover, the Company's Internal Regulations require a Lead Independent Director to be appointed for a term that may not exceed his or her term of office as Director. The main role of the Lead Independent Director is to offer the Board of Directors and its Chairman assistance to ensure that the Company's governance bodies are properly run within the Board and its specialist Committees. He or she also acts as a liaison between the governance bodies, the Senior Management of the Company and the Executive Committee.

Article 13-2 of the Articles of Incorporation stipulates that the Board of Directors shall include, in accordance with article L. 225-27-1 of the French Commercial Code, a Director representing the Group's employees, appointed for a period of four years by the Central Works Council. By way of exception, the Director representing employees is not required to own a minimum number of Company shares.

Moreover, the Board of Directors may appoint one or more non-voting Directors. Non-Voting Directors attend Board meetings and take part in Board discussions in an advisory capacity.

At the date of this Registration Document, the Board of Directors had seven members, including two women, one foreign Director and a Director representing employees appointed by the Central Works Council pursuant to Article 13-2° of the Articles of Association and law 2013-504 of June 14, 2013. Antonio Maria was appointed as Director representing employees by a decision of the Central Works Council dated June 17, 2014, effective July 1, 2014.

Senior Management includes Antoine Fiévet, who has held the combined role of Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009, and Bruno Schoch, Deputy General Manager responsible for Finance, Legal Affairs and IT Systems.

Thierry Billot was appointed as Lead Independent Director on July 29, 2015.

MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT AT MARCH 20, 2017

Name	Current position within the Company	First appointed	Last reappointed	End of term of office	Audit Committee	Appointments and Compensation Committee
Antoine Fiévet	Director	04/25/2001	05/14/2014	2018 OAGM*		Member
	Chairman and Chief Executive Officer	05/14/2009		2018 BoD		
Thierry Billot[(a)]	Lead Independent Director	05/14/2014		2018 OAGM*	Chairman	Chairman
Fatine Layt[(a)]	Director	05/10/2012	05/12/2016	2020 OAGM*	Member	
James Lightburn[(a)]	Director	03/15/2007	05/12/2016	2020 OAGM*	Member	Member
Nathalie Roos[(a)]	Director	05/14/2014		2018 OAGM*		
Unibel SA[(b)(c)(d)] represented by Florian Sauvin	Director	06/16/1972	05/14/2014	2017 OAGM*		
Antonio Maria[(e)]	Director representing employees	07/01/2014		2018		Member
Bruno Schoch	Deputy General Manager, not a Director	12/17/2008	05/14/2014	2018 BoD		

* *Ordinary Annual General Meeting.*

(a) *Independent Director.*

(b) *Reappointed at the Combined General Meeting of May 14, 2014 for a period of three years.*

(c) *Florian Sauvin was appointed by Unibel's Management Board as the permanent representative of Unibel on the Company's Board of Directors with effect from May 12, 2015, replacing Pascal Viénot.*

(d) *In May 2017, the directorship of Unibel is due to expire; the Annual General Meeting to be held on May 11, 2017 will be asked to renew its term of office for a four-year period.*

(e) *Antonio Maria has been a member of the Compensation Committee since March 9, 2016.*

Change in the composition of the Board of Directors and Senior Management, appointment and reappointment of Directors

TABLE SHOWING CHANGES IN THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT IN THE 2016 FINANCIAL YEAR

Name	Additional information	Positions held within the Company	Start date	Departure date
Philippe DELOFFRE	French	Non-Voting Director	05/10/2012	05/12/2016[a]

(a) On May 12, 2016, Philippe Deloffre's term as non-voting Director expired. At his request he was not reappointed.

In May 2017, the directorship of Unibel, is due to expire. The Annual General Meeting to be held on May 11, 2017 will be asked to renew its term of office for a four-year period until the Annual General Meeting to be held in 2021.

Independence of Directors

At its meeting of March 8, 2017, the Board of Directors examined the individual situation of each Director in relation to the independence criteria set out by the Middlenext Code. Four Directors – Fatine Layt, Nathalie Roos, Thierry Billot and James Lightburn – were deemed independent within the meaning of the Middlenext Code.

Information on conflicts of interest and agreements involving corporate officers can be found in paragraphs 4.1.3 and 4.5.1. Two Directors represent family shareholders and are not independent within the meaning of the Code: Antoine Fiévet and the holding company Unibel. Antonio Maria, Director representing the Group's employees, is not independent.

At the date of this Registration Document, independent Directors had no business relationships with the Company.

After the Combined General Meeting of May 11, 2017, and subject to a vote in favor of the resolution for the renewal of Unibel's directorship, the Board of Directors will be composed of seven members including four independent Directors.

TABLE: SITUATION OF DIRECTORS IN RELATION TO THE MIDDLENEXT CODE INDEPENDENCE CRITERIA

Middlenext Recommendation (R3)

The Company adheres to the recommendation of the Middlenext Code (R3) for at least two members to be independent.

Criteria

Five criteria can be used to establish the independence of Board members which is characterized by the lack of significant financial, contractual or family relations likely to have a bearing on independent judgment:	Antoine Fiévet	Unibel	James Lightburn	Fatine Layt	Nathalie Roos	Thierry Billot	Antonio Maria
1 *Be neither an employee nor an executive corporate officer of the Company or an entity within its Group, and not have been one in the last five years.*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*No*
2 *Not have been in a significant business relationship with the Company or its Group within the last two years.*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
3 *Company or hold a significant percentage of its voting nights.*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
4 *Not have a close relationship or family ties with a corporate officer or a major shareholder.*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
5 *Not have been an auditor of the Company in the last six years.*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Conclusion: in the Board's view, four Directors qualify as independent.	**Not independent**	**Not independent**	**Independent**	**Independent**	**Independent**	**Independent**	**Not independent**

General and personal information on the corporate officers and their expertise

Biography and information on current corporate officers

Antoine Fiévet

born in 1964. Nationality: French

Business address: 2 allée de Longchamp – 92150 Suresnes (France)

Director and Chairman and Chief Executive Officer

Term of office

Antoine Fiévet was coopted to the Board of Directors on April 25, 2001, a decision ratified by the Annual General Meeting of April 25, 2001, and was appointed as Chairman and Chief Executive Officer by the Board of Directors on May 14, 2009. His term of office was renewed by the Annual General Meeting of May 14, 2014 for four years, i.e. until the end of the Annual General Meeting to be held in 2018.

Biography, management expertise and experience

Antoine Fiévet represents the fifth generation of the family shareholding (Fromageries Bel was established in 1865 by his great-great grandfather Jules Bel). He graduated from the Université Paris-II Assas (Master's degree in economics) and the Institut supérieur de gestion de Paris (doctoral studies). He held several managerial positions in communication and publishing firms up to 2001. Between 2001 and 2009, he was Managing Partner of Unibel SA; he chaired the Strategic Directions Committee and held a seat on the Fromageries Bel Board of Directors. Antoine Fiévet is also a member of the Board of Directors of FBN France (Family Business Network) which consists of more than 180 French family firms. Antoine Fiévet is also a member of the Board of Directors and Compensation Committee of Bonduelle.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

Valentine Fiévet (sister), Vice-Chairman of the Unibel Supervisory Board, Marion Sauvin (cousin), member of the Unibel Supervisory Board, Thomas Sauvin (cousin), member of the Unibel Supervisory Board, Laurent Fiévet (brother), member of the Unibel Supervisory Board, and Florian Sauvin (cousin), member of the Unibel Management Board and permanent representative of Unibel, Director of Fromageries Bel.

Terms of office and current positions within the Group held in France

- Chairman of the Unibel Management Board (listed company)
- Chairman and Chief Executive Officer and member of the Fromageries Bel Appointments and Compensation Committee
- Chairman of SICOPA SAS
- Chairman of the Bel CORPORATE FOUNDATION
- Director and permanent representative of SICOPA on the Board of Directors of ATAD

Terms of office and current positions outside the Group held in France

- Managing Director of SCI MORI
- Member of the Board of Directors and Compensation Committee of Bonduelle (listed company)
- Managing Director of RFE
- Director of CGFF

Terms of office and current positions within the Group held abroad

- Chairman of the Board of Directors of Bel Belgium
- Chairman of the Board of Directors of SIEPF
- Chairman and Chief Executive Officer of Fromageries Bel Maroc
- Chairman of the Board of Directors of Safilait
- Chairman of the Board of Directors of Fromagerie Bel Algérie
- Chairman of the Management Board and representative of Fromageries Bel on the Management Board of Bel Vietnam Co. Ltd
- Chairman and Chief Executive Officer and permanent representative of FromagerieS Bel MAROC on the Board of Directors of Bel AFRICA

Terms of office held within the Group having expired in the last five years

- Chairman of the Supervisory Board of Bel Sýry Cesko
- Member of Fromageries Bel's Audit Committee
- Chairman of the Board of Directors of Bel Italia SpA
- Chairman of the Board of Directors of Bel Karper
- Representative of SICOPA on the Board of Directors of Fromageries Bel Maroc SA
- Director of SOFICO
- Chairman of the Supervisory Board of Syraren Bel Slovensko
- Chairman of the Supervisory Board of Bel Shostka Ukraine
- Chairman and Chief Executive Officer of Fromageries Picon
- Chairman and CEO then Chairman of SICOPA SA

Restrictions preventing the sale of a stake in the share capital

Antoine Fiévet declares himself party to the Unibel family shareholders pact signed on September 19, 2013 and published by the AMF on September 26, 2013.

Thierry Billot

born in 1955. Nationality: French

Business address: 6 avenue de Camoëns – 75016 Paris (France)

Lead Independent Director

Term of office

Thierry Billot was appointed to the Board of Directors by the Annual General Meeting of May 14, 2014 for a period of four years, i.e. until the end of the Annual General Meeting to be held in 2018. He was appointed as Lead Independent Director, effective July 29, 2015, for a maximum period equal to that of his term of office as Director.

Biography, management expertise and experience

Thierry Billot, a graduate of the École Supérieure de Commerce de Paris (ESCP), began his career as an auditor at Peat Marwick Mitchell from 1980 to 1982. He joined Pernod Ricard in 1982 as an Internal Auditor. He then held the position of Financial and Administrative Manager of Pernod in 1985 before being appointed Chief Financial Officer of Pernod Ricard in 1986. Chairman and Chief Executive Officer of Austin Nichols in the United States from 1992, he was appointed Chairman and Chief Executive Officer of Pernod in October 1996. In 2002, he became Chairman and Chief Executive Officer of Pernod Ricard Europe/Africa/Middle-East. In 2008, he was appointed to the position of Deputy Chief Executive Officer in charge of brands until February 27, 2015 when he left the Pernod-Ricard group.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and current positions within the Group held in France

- Lead Independent Director of Fromageries Bel SA
- Chairman of the Audit Committee
- Chairman of the Appointments and Compensation Committee

Terms of office and current positions outside the Group held in France

- Chairman of THB Conseil

Terms of office and current positions outside the Group held outside France

- None

Terms of office held within the Group having expired in the last five years

- Director of Ricard SA (until February 27, 2015)
- Member of the Supervisory Board of Pernod Ricard Europe, Middle East and Africa (until February 27, 2015)

Restrictions preventing the sale of a stake in the share capital

None

Nathalie Roos

born in 1965. Nationality: French

Business address: L'Oréal – 14 rue Royale – 75008 Paris (France)

Director

Term of office

Nathalie Roos was appointed to the Board of Directors by the Annual General Meeting of May 14, 2014 for a period of four years, i.e. until the end of the Annual General Meeting to be held in 2018.

Biography, management expertise and experience

Nathalie Roos joined the L'Oréal group in October 2012 where has since August 2013 been General Manager for Germany, the Group's fourth-largest global market with sales in excess of €1 billion. She was appointed President of the "Professional Products" Division in which capacity she joined L'Oréal's Executive Committee. She officially took up her post in April 2016. Previously, after her first professional stint as Head of Sales at Kraft Jacobs Suchard (1987-1989), she spent a large portion of her professional career at the Mars Group. Between 1989 and 2000, she held various positions at Mars France. From head of sales promotion, she worked her way up the Marketing and Sales Departments and was then made national key account manager. She then became head of the retail network of Brasseries Kronenbourg (2000-2004). Nathalie Roos became Chairwoman and Chief Executive Officer of Mars Chocolat France in 2004, then Chairwoman of Mars Inc. Group's European markets from 2009 to 2012. In 2012, she was awarded the grade of "Chevalier de la Légion d'Honneur" by the French National Order of Merit.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and current positions within the Group held in France

Director of Fromageries Bel

Terms of office and current positions outside the Group held in France and abroad

- Member of "Les Cigognes" (a French association supporting single mothers)
- Member of the Board of Directors of Clinique Adassa in Strasbourg

Terms of office held within the Group having expired in the last five years

- General Manager of L'Oréal Germany
- Chairwoman and Chief Executive Officer of Mars Chocolat France
- Regional Councilor of the Alsace region
- Vice-Chair of a regional employment competitiveness cluster

Restrictions preventing the sale of a stake in the share capital

None

Fatine Layt

born in 1967. Nationality: French

Business address: LionTree Advisors - 7 rue Rouget de l'Isle - 75001

Director

Term of office

Fatine Layt was appointed to the Board of Directors by the Annual General Meeting of May 10, 2012 for a period of four years and reappointed at the Annual General Meeting of May 12, 2016, until the Annual General Meeting to be held in 2020.

Biography, management expertise and experience

Fatine Layt began her career at the Euris Group when it was formed in 1989 in private equity and then management as Chairwoman and CEO or Director of various subsidiaries of the group (EPA, Glénat, Editeuris, Sygma presse). In 1996 she became Chairwoman and CEO of specialist press group CEPP, controlled by APAX Partners. She was also a Director of the trade press federation. In 2000 she set up her own business called Intermezzo, a financial engineering consulting firm, which she still manages. In 2003 she started working with Jean-Marie Messier at Messier Partners, a merchant bank specializing in mergers and acquisitions. In March 2007 she set up Partanéa and sold it in October 2008 to Oddo & Cie, an investment bank and fund manager, where she was a member of the Executive Board and served as Chair of Oddo Corporate Finance until October 22, 2015. She held the post of Chief Executive Officer of ACG until January 29, 2016. Since January 2017, Fatine Layt has been Managing Partner and Head of France for the merchant banking firm LionTree. She is a graduate of IEP Paris (finance major) and the French Society of Financial Analysts (SFAF) and is a former senior lecturer at IEP Paris in finance and financial management.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and current positions within the Group held in France

Director and member of Fromageries Bel's Audit Committee

Terms of office and current positions outside the Bel Group held in France

- Director of the Renault Foundation
- Director of Mobiliz SA
- Managing Director of Intermezzo SARL
- Member of the Supervisory Board of Grand Emprunt
- Managing Partner of LionTree Advisors

Terms of office and current positions held abroad

- Managing Director of Intermezzo International Co. Ltd

Terms of office held having expired in the last five years

- Chair and Managing Partner of Oddo Corporate Finance (until October 22, 2015)
- Member of the Executive Committee of Oddo et Cie SCA (until October 22, 2015)
- Chief Executive Officer of ACG (until January 29, 2016)
- Director of Imerys (listed company)

Restrictions preventing the sale of a stake in the share capital

None

James Lightburn

born in 1943. Nationality: American

Business address: 2 allée de Longchamp – 92150 Suresnes (France)

Director

Term of office

James Lightburn was coopted to the Board of Directors at its meeting of March 15, 2007. His term of office was renewed at the Annual General Meeting of May 12, 2016, for a term of four years, until the Annual General Meeting to be held in 2020.

Biography, management expertise and experience

James Lightburn has significant experience as an attorney in the following fields: mergers and acquisitions in the USA and Europe, joint ventures, finance and investment operations, consulting, equity and quasi-equity (LBOs and MBOs). He regularly publishes articles (one example is “The new draft law on audiovisual media”).

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and current positions within the Group held in France

- Director of Fromageries Bel
- Member of Fromageries Bel’s Audit Committee
- Member of Fromageries Bel’s Appointments and Compensation Committee

Terms of office and current positions outside the Group held in France

None

Terms of office and current positions outside the Group held abroad

None

Terms of office held having expired in the last five years

- Director and member of the Audit Committee of The China Fund Inc.
- Director of Epicture SA
- Member of the Supervisory Board of Sofisport SA

Restrictions preventing the sale of a stake in the share capital

None

Florian Sauvin

born in 1979. Nationality: French

Business address: 2 allée de Longchamp – 92150 Suresnes (France)

Permanent representative of Unibel, Director

Term of office

Florian Sauvin was coopted to the Board of Directors at its meeting of August 26, 2009, a decision ratified by the Annual General Meeting of May 12, 2010. His term of office was renewed by the Annual General Meeting of May 14, 2014 for one year and expired at the end of the Annual General Meeting of May 12, 2015. Florian Sauvin was appointed as permanent representative of Unibel on the Board of Directors of Fromageries Bel, replacing Pascal Viénot with effect from May 12, 2015.

Biography, management expertise and experience

Florian Sauvin, an EPFL engineer, joined the Group seven years ago and held the post of management controller for two years. He was responsible for the Bel Access Department, a business model incubator for the Company aiming to develop a sustainable approach to low-revenue consumption markets that takes social impact and economic viability factors into account. He has also been a member of Unibel's Management Board since August 2009 and General Manager. He completed the PLD program at Harvard Business School in 2015. Since April 2015 he has held the post of Chief Digital Officer at the Group.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

Antoine Fiévet (cousin), Laurent Fiévet (cousin), Valentine Fiévet (cousin), Marion Sauvin (sister) and Thomas Sauvin (brother).

Terms of office and current positions within the Group held in France

- General Manager of Unibel
- Member of Unibel's Management Board
- Permanent representative of Unibel, Director of Fromageries Bel
- Permanent representative of SOPAIC on the Board of Directors of ATAD
- Joint Managing Director of SOPAIC
- Treasurer of Bel corporate foundation

Terms of office and current positions outside the Group held in France

- Director and CEO of CGFF
- Director of CIANAS
- Chairman of the SAS Lobster Investment Company
- Managing Director of SCI Belfran
- Joint Managing Director of SAUFI1 SARL

Terms of office and current positions outside the Group held abroad

- Director of Biomass Holding SAL

Terms of office held having expired in the last five years

- Director of SICOPA SA

Restrictions preventing the sale of a stake in the share capital

Florian Sauvin declares himself party to the Unibel family shareholder pact signed on September 19, 2013 and published by the AMF on September 26, 2013.

Antonio Maria

born in 1954. Nationality: French

Business address: 2 allée de Longchamp – 92150 Suresnes (France)

Director (representing employees)

Term of office

Antonio Maria was appointed as Director representing the Group's employees by a decision of the Central Works Council on June 17, 2014, effective July 1, 2014, for a period of four years, i.e. until the end of the Annual General Meeting to be held in 2018.

Biography, management expertise and experience

Antonio Maria joined Bel in 1978 on the Laumes site (Côte d'Or) and held various positions within different Group subsidiaries. In 2009, he changed direction and turned to representing and defending employees' interests, joining various staff representative bodies at the Group's head office and on a national level. Since 1999, he has been head of logistics for the Group.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and current positions within the Group held in France

Director representing employees

Terms of office and current positions outside the Group held in France

None

Terms of office and current positions within and outside the Group held abroad

None

Terms of office held having expired in the last five years

None

Restrictions preventing the sale of a stake in the share capital

None

Bruno Schoch

born in 1965. Nationality: French

Business address: 2 allée de Longchamp – 92150 Suresnes (France)

Deputy General Manager, not a Director

Term of office

Bruno Schoch was appointed as Deputy General Manager by the Board of Directors on December 17, 2008 and reappointed on May 14, 2009 and again on May 14, 2014 for the duration of the Chief Executive Officer's term of office, i.e. until the 2018 Annual General Meeting called to approve the financial statements for the 2017 financial year.

Biography, management expertise and experience

Bruno Schoch is responsible for financial and legal affairs and Group information systems. Part of the Group since 2003, he has held the posts of Financial Director and then Director of Strategy and Development at Unibel SA. From 1993 to 2003, he held several posts in auditing at Deloitte & Touche (Paris) and mergers and acquisitions at Chase Manhattan Bank (London) and Schweizerischer Bankverein (Frankfurt). He holds a DESS (master's degree) in Finance and Management from the Paris Dauphine University and is a qualified Chartered Accountant/Auditor. Since November 2013, Bruno Schoch has been a member of the extended bureau and the "made in France" Committee of METI (an association of medium enterprises).

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and current positions within the Group held in France

- Member of Unibel's Management Board
- Deputy General Manager, not a Director of Fromageries Bel
- Permanent representative of Fromageries Bel on the Board of Directors of ATAD

Terms of office and current positions outside the Group held in France and abroad

- Member of the Supervisory Board of Société des Domaines SAS
- Member of the Supervisory Board of Geratherm AG (listed company)
- Permanent representative of Unibel on the Board of Directors of Biomass Holding SAL
- Member of the Supervisory Board of Limes Schlosskliniken AG

Terms of office and current positions within the Group held abroad

- Director of Bel Brands USA
- Director of Bel BELGIUM
- Permanent representative of FromagerieS Bel on Fromageries Bel ALGERIE's Board of Directors
- Director of BEI LE
- Director of Bel CHEESE KOREA
- Member of SYRAREN Bel SLOVENSKO's Supervisory Board
- Permanent representative of SICOPA on FromagerieS Bel MAROC's Board of Directors
- Representative of SICOPA on Bel AFRICA's Board of Directors
- Permanent representative of SICOPA on the Board of Directors of SIEPF
- Director of Bel Karper
- Member of Bel SHOTSKA UKRAINE's Supervisory Board

Terms of office held within the Group having expired in the last five years

- Director of Bel Polska
- Director of Bel Rouzaneh Dairy Products Company
- Co-manager of Bel DEUTSCHLAND
- Permanent representative of Fromageries Bel on FromagerieS PICON's Board of Directors
- Permanent representative of FromagerieS Bel on the Board of Directors of SAFR
- Permanent representative of SICOPA on the Board of Directors of SOFICO
- Director of Bel UK
- Member of Bel LEERDAMMER BV's Supervisory Board
- Director of SICOPA
- Permanent representative of SICOPA on GRUPO Fromageries Bel ESPANA's Board of Directors
- Director of SYRAREN Bel SLOVENSKO
- Member of Bel SYRY CESKO's Supervisory Board

Restrictions preventing the sale of a stake in the share capital

None

Directors whose terms of office ended in 2016

Philippe Deloffre

born in 1920. Nationality: French

Business address: Unibel – 2 allée de Longchamp – 92150 Suresnes (France)

Non-Voting Director

Term of office

Philippe Deloffre was the permanent representative of Unibel, a Director, from June 27, 2001 to May 10, 2012. He was appointed as non-voting Director by the Board of Directors on May 10, 2012. His term of office expired at the meeting of the Board of Directors of May 12, 2016 and at his request was not renewed.

Biography, management expertise and experience

Philippe Deloffre held the post of Commercial Director for more than 13 years and then CEO of Fromageries Bel for almost 23 years.

Nature of any family ties existing between the corporate officers of the Unibel-Fromageries Bel Group

None

Terms of office and positions within the Group held in France

- Non-Voting Director of Fromageries Bel (until May 12, 2016)

Terms of office and current outside the Group held in France

- Chairman of the Board of Directors of CGFF
- Director of GIAC
- Honorary Chairman of Eco-Emballage
- Managing Director of Fiévet Frères SARL

Terms of office and current positions within and outside the Group held abroad

None

Terms of office held having expired in the last five years

- Permanent representative of Unibel on Fromageries Bel's Board of Directors
- Chairman of Fromageries Bel's Audit Committee
- Director of Ecopar
- Permanent representative of Fromageries Bel on the Board of Directors of SOFICO
- Managing Director of SCIF SARL
- Chairman of Fromageries Bel Maroc SA's Board of Directors
- Director of Bel Brands US Inc.
- Permanent representative of Fromageries Bel on the Board of Directors of ATAD

Restrictions preventing the sale of a stake in the share capital

None

4.1.3 Disclosures relating to members of the Board of Directors and Senior Management

No convictions for fraud, bankruptcy or public sanctions over the last five years

To the knowledge of the Company, over the last five years no member of the Board of Directors or Senior Management has been convicted of fraud, or been associated with any bankruptcy, receivership or liquidation, or been the subject of any official public incrimination or sanction by a statutory or regulatory authority, or been disqualified by a court of law from acting as a member of the management, executive or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer.

Service contracts

To the knowledge of the Company, at the date of this Registration Document and subject to the following section, no corporate officer was related to the Company or any of its subsidiaries by a service contract allowing for the granting of any benefits whatsoever upon its expiry.

The Company is related to the parent company Unibel by a cash agreement, authorized by the Board of Directors on October 11, 2007, and a service agreement dated December 14, 2001, authorized by the Board of Directors on December 12, 2001, the terms and conditions of which are detailed in paragraph 4.5.1 “Statutory Auditors’ Special Report on regulated agreements and commitments” of this Registration Document. These agreements were subjected to the control procedures for regulatory agreements set out by articles L. 225-38 et seq. of the French Commercial Code.

Conflicts of interest and agreements to which the corporate officers are party

To the knowledge of the Company, at the date of this Registration Document there were no potential conflicts of interests between the duties of Fatine Layt, Nathalie Roos, Thierry Billot and James Lightburn, Directors who are not members of the Fiévet-Bel family group, in relation to the Company and their private interests and other duties. Antoine Fiévet, Director and Chairman and Chief Executive Officer, and Florian Sauvin, Director and permanent representative of Unibel, are also members of Unibel’s Management Board, holding more than two thirds of the capital and voting rights of the Company, and parties to the Unibel shareholders’ pact between members of the Fiévet-Bel family group. Information about the Company’s share capital is presented in chapter 6 of this document. Antonio Maria is the Director representing employees and thus has an employment contract as required by law.

Information on conflicts of interest and agreements involving corporate officers can be found in paragraph 4.5.1 of this chapter.

Arrangement or agreement on the appointment of members of the Board of Directors and Senior Management

The Articles of Association do not set out any specific rules for the appointment and replacement of members of the Board of Directors. Legal provisions apply.

To the Company’s knowledge, at the date of this Registration Document there was no arrangement or agreement between the main shareholders, customers, suppliers or others by which the Chairman and Chief Executive Officer or any member of the Board of Directors were appointed to their positions.

Restrictions relating to the transfer of shares

Under the French General Tax Code, notably articles 787 B, 885 I b and 885 I d, collective or individual lock-up agreements relating to Fromageries Bel shares may exist. Those known to the Company – mainly concerning Antoine Fiévet and Florian Sauvin and Unibel – are described in chapter 6.1 “Shareholding and share capital”.

To the knowledge of the Company, at the date of this Registration Document there were no other commitments involving members of the Board of Directors or Senior Management relating to the transfer over a certain period of time of their holdings in the Company’s capital.

However, under the bonus share award plans introduced by the Board of Directors in 2008, bonus shares awarded to corporate officers and employees are subject to a two-year holding period following the end of the vesting period (equal to two or three years) and, for corporate officers, an obligation to hold a minimum of 20% for the full duration of their term of office.

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4.1.4 Organization and work performed by the governance bodies

Structure and work of the Board of Directors

Company management structure

The Company is run by a Board of Directors whose Chairman, Antoine Fiévet, is also Chief Executive Officer. At its meeting of May 14, 2009, the Board decided to combine the roles of Chairman of the Board and Chief Executive Officer of the Company as it seemed suited to the management structure and running of the Company and apt to render making decisions and taking responsibility more efficient. At its meeting of March 9, 2016, as part of the assessment of its work, the Board re-examined the question of the balance of power within its governance bodies and confirmed that combining these roles was suited to Fromageries Bel's position.

Antoine Fiévet has been Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009 and was reappointed as such on May 14, 2014. Since December 17, 2008, he has been assisted by Bruno Schoch, Deputy General Manager responsible for financial and legal affairs and information systems.

In his capacity as Chairman of the Board, Antoine Fiévet organizes and directs its work on which he reports to the Annual General Meeting. He ensures that the Company bodies function properly and makes sure, in particular, that the Directors are able to carry out their duties. In his capacity as Chief Executive Officer, Antoine Fiévet has the widest powers to act on behalf of the Company in any circumstances. He exercises his powers within the scope of the Company's objectives and is subject to those powers the law expressly allocates to shareholders' meetings and the Board of Directors.

Lead Independent Director

Since 2015, the Board has decided, following a proposal from the Chairman and Chief Executive Officer, to appoint one of the Independent Directors as Lead Independent Director. Thierry Billot has assumed this position since July 29, 2015 and will remain in office for a maximum period equal to his term of office as Director. He is responsible for ensuring the proper running of the Company's governance bodies within both the Board and the specialist Committees. He also acts as a liaison between the governance bodies, the Senior Management of the Company and the Executive Committee. He is also the specific point of contact for Directors on the issue of conflicts of interest.

Duties of the Board of Directors

As part of the strategy adopted by Unibel, the holding company, the Board gives its opinion on all decisions relating to the implementation the Company's main strategic, economic, societal, environmental, financial and industrial orientations and ensures their adoption by Senior management. It is regularly informed, either directly or through its Committees, of any significant event affecting the conduct of the Company's business.

At each Board meeting, the Chairman informs the Directors of the main facts and significant events relating to the Group that occurred since the last Board meeting. Each Board meeting is also an opportunity to take stock of the Company's business.

In accordance with legal and statutory provisions, the Board meets at least four times a year, convened by its Chairman at least one week before the meeting, unless there is an emergency, to examine and approve the annual and consolidated financial statements, review the draft management documents, and approve the consolidated half-yearly financial statements. A document covering all the key points to be discussed and examined at the meeting must be sent to the Directors several days in advance unless prevented by an emergency or urgent requirement.

However, a Board meeting may be convened on any other important subject. The Board is then regularly informed of the progress of these cases. The work and decisions of the Board are formalized in the minutes of the meeting.

Internal Regulations of the Board of Directors

The Company's Board of Directors has Internal Regulations which specify the conditions for preparing its meetings and the rules governing its work. It determines the limits the Board places on the powers of the Chairman and Chief Executive Officer and the Deputy General Manager. In accordance with the law, these limits are established internally and are not opposable to third parties.

The Internal Regulations also state the rights and duties of Directors during their terms of office. In 2013, the Audit Committee and the Appointments and Compensation Committee both drew up a Charter defining each of their workings, roles and responsibilities. The Board's Internal Regulations, which had until then defined these rules, was consequently amended.

The Board's Internal Regulations were further amended on July 29, 2015 to lay down the terms and conditions for occupying the position of Lead Independent Director and assuming the duties thereof.

The Board's Internal Regulations, along with the Charters of the Audit Committee and the Appointments and Compensation Committee, can be viewed at the Company's head office.

Limits placed on the powers of the Chairman and Chief Executive Officer and the Deputy General Manager by the Board of Directors

In his capacity as Chief Executive Officer, Antoine Fiévet has the widest powers to act on behalf of the Company in any circumstances. The Chief Executive Officer represents the Company in its relationships with third parties. He has the ability to partially delegate his powers. He exercises his powers within the scope of the Company's objectives and is subject to those powers the law expressly allocates to shareholders' meetings and the Board of Directors.

Furthermore, as an internal matter, and not opposable to third parties, the prior authorization of the Board is required for any transaction or potential transaction that is major and/or significant by virtue of its total or nature.

The following are particularly concerned:

- decisions or measures affecting or likely to amend the legal or financial structure of the Company or Group or the scope of its activity;
- any transaction or potential investment over ten (10) million euros;
- borrowings and financing totaling over twenty-five (25) million euros and the granting of guarantees attached to said financing;
- restructuring operations exceeding the threshold of ten (10) million euros;
- acquisitions or disposals affecting the brands with a value of over five (5) million euros, as well as agreements with third parties relating to the use of the Group's core brands;
- real estate transactions exceeding the threshold of five (5) million euros.

Work of the Board of Directors during 2016 and since the start of 2017

During 2016 and since the start of 2017, the Board met ten times with an attendance rate of 94% on the part of its members.

In 2016, as part of its duties the Board reviewed the quarterly, half-yearly and yearly financial information, the annual financial statements and the consolidated financial statements for 2015, revenue for the fourth quarter of 2015 and the first and third quarters of 2016, the half-yearly consolidated financial statements, and the preparation of this information. Each Board meeting called to approve the financial statements was preceded by a meeting of the Audit Committee. The Directors systematically reviewed the press releases relating to this information before their circulation.

During each meeting, the state of business was assessed. Regular attention was given to the economic and geopolitical situation of the markets and its impact on the Group's business.

The Board examined and approved the planned acquisition of the MOM Group.

The Directors regularly discussed the Group's industrial investments.

The Board of Directors met once since the beginning of 2017. It mainly dealt with the annual financial statements and consolidated financial statements for 2016, the advisability of renewing the Unibel term of office about to expire, and the convening of the Annual General Meeting and approval of its agenda.

Composition, workings and activities of the Board of Directors' Committees

In June 2001, the Board of Directors set up two specialist Committees, an Audit Committee and an Appointments and Compensation Committee.

These Committees issue proposals, recommendations and opinions on matters within their remit, depending on the case in question. They have an advisory capacity and act under the authority of the Board. They report on their work to the Board whenever necessary.

Audit Committee

In 2013, the Audit Committee drew up a Charter governing its workings, role and responsibilities. This Charter was approved by the Board on August 29, 2013.

The Audit Committee meets two to four times a year and as many times as necessary at the request of its chair or the Chairman of the Board to ensure matters relating to the drafting and checking of periodic and annual accounting and financial information are monitored. In 2016, the Committee met four times with a 100% attendance rate.

The Audit Committee consists of at least three members appointed by the Board from among the Directors, with the exception of those performing management roles, with at least one member being independent and possessing specialist financial or accounting skills. The Board appoints the Committee chair who directs the Committee's work.

At the date of this Registration Document, the Audit Committee had three members: Thierry Billot (chair), James Lightburn and Fatine Layt, all three being independent according to the criteria defined by the MiddleNext Governance Code which the Company uses as a reference. Thierry Billot and Fatine Layt have special expertise in finance (for more information, see paragraph 4.1.2 "Composition and expertise of the Board of Directors and Senior Management").

The Audit Committee consults the Deputy General Manager (responsible for financial and legal affairs and information systems) the Consolidation, Financial Control and Internal Control Director, the Treasury Director, the Legal Director, the Information Systems Director and the Internal Audit and Risks Director. The members of the Committee communicate with the Statutory Auditors without the presence of the Group's management.

The Audit Committee reports to the Board on its work and informs it without delay of any difficulties encountered.

Duties

In accordance with article L. 823-19 of the French Commercial Code, the duty of the Audit Committee is to assist the Board and in general (i) monitor the drafting of periodic and projected financial and accounting information, and, to this end, review the Company's annual and consolidated financial statements, (ii) monitor the effectiveness of the internal control and risk management systems, and (iii) monitor the statutory audit of the Company's annual and consolidated financial statements by the Statutory Auditors. The Committee supervises the selection of the Statutory Auditors and issues a recommendation to the Board on the proposed auditors for appointment by the Annual General Meeting. The Committee and the Statutory Auditors examine the risks that threaten the latter's independence.

As such, the Audit Committee:

- ensures the relevance and permanence of the accounting rules and methods used to establish the consolidated and parent company financial statements as well as the appropriate accounting treatment of significant transactions by the Group;
- examines the Group's annual internal audit plan and the Statutory Auditors' work plan and examines the Group's internal audit reports on a quarterly basis;
- ensures the relevance of the internal control procedures;
- ensures there is a process for identifying and analyzing financial and nonfinancial risks likely to have a material impact on the Company's accounting and financial information and particularly on the Company's assets, regardless of the time period. It also examines the financial situation of the Group and its debt and financing structure;
- ensures that any weaknesses identified in the internal control and risk management systems result in corrective actions;
- examines the Chairman's Report and, where necessary, comments on subjects within its field of competence;
- provides the Board with an opinion on the appointment or reappointment of the Statutory Auditors.

To perform its duties, it has access to all the documents and information it wishes to verify. To this end, it has the right to any information it deems necessary to complete its assignment from any manager in the Company. The Audit Committee may also consult third parties that may be useful in its work and use external experts.

Work of the Committee since January 2016

The work of the Audit Committee since January 2016 has mainly borne on the following points:

- examining the Group's half-yearly and annual consolidated financial statements with the Group's Financial Department and the Statutory Auditors in order to analyze the accounting and financial statements for the entire Group. Each time the consolidated financial statements are presented (half-yearly and annual), the Statutory Auditors present a summary of their work and their conclusions. At the meeting of March 9, 2016, Committee members met with the Statutory Auditors without the Group's management being present;
- reviewing half-yearly and annual draft press releases on the Group's financial results;
- monitoring cash positions, the foreign exchange and interest rate hedging policy and Group financing;
- examining extrafinancial reports and reviewing the certification work and progress plans;
- examining the internal audit reports: the Committee examined the conclusions and specific check points from the internal check as part of various audit assignments. It examined the monitoring of the implementation of the audit recommendations issued in prior reports. The Group's internal audit plan for 2017 was presented during the Committee's end-of-year meeting at the same time as the assessment of the 2016 audit plan;
- monitoring risk management: as part of the Audit Committee's duties regarding risk management, the results of the updated Group risk mapping and measures planned for 2017 were presented during the end of year Committee meeting;
- monitoring crisis management procedures established by the Group: the Committee was updated on the progress of the introduction and permanent application of the crisis management system set up in 2013 and the results of its implementation in 2016;
- working on internal control procedures: the Committee reviewed certain procedures both as part of the Statutory Auditors' annual work and when receiving feedback from internal audit assignments.

Appointments and Compensation Committee

On the recommendation of the Committee, the Board at its meeting of March 21, 2013 adopted a Charter defining its composition, areas of competence and workings. Before then, the Appointments and Compensation Committee had been governed by the Board's Internal Regulations.

The Appointments and Compensation Committee meets at least four times a year and whenever necessary at the call of its chair or the request of the Chairman of the Board. In 2016, the Appointments and Compensation Committee met four times with an attendance rate of 100%.

The Appointments and Compensation Committee consists of at least three members of whom the majority are independent. To conduct its work, the Appointments and Compensation Committee may seek the advice of external experts and consult the Group's internal specialists – especially the Human Resources Director – for any matters it deals with.

At the date of this Registration Document, the Appointments and Compensation Committee had five members: Thierry Billot (chair) and James Lightburn, both deemed independent within the meaning of the Middlenext Code, Antoine Fiévet, Luc Luyten (non-executive member) and Antonio Maria (Director representing employees).

On March 9, 2016, the Board appointed Antonio Maria as a member of the Committee effective only when it meets to consider compensation.

The Appointments and Compensation Committee has made use of an expert specializing in compensation systems since June 2009. The technical expertise thus brought contributes to the quality of the Committee's work and a proper representation of competing interests.

Duties

When acting as the Appointments Committee, the Committee's chief duties are to make proposals and recommendations on the selection and reappointment of Directors, the manner in which Senior Management operates, the appointment or dismissal of the Chairman of the Board, Chief Executive Officer and/or Deputy General Managers, the implementation of succession plans, and the workings and regular assessment of the Board. It also expresses an opinion on the appointment of members of the Executive Committee.

When acting as the Compensation Committee, the Committee makes recommendations on setting and paying Directors' fees and on all aspects of executive compensation including retirement arrangements, variable compensation factors and compensation factors linked to the share capital, setting performance targets being part of setting variable compensation. It makes decisions on the Company's policy on stock option plans and the general policy on employee shareholding plans. Lastly, it advises Senior Management on the overall consistency of the compensation policy for key senior managers and members of the Executive Committee. It is kept informed of the Company's compensation policy for all employees.

Work of the Appointments and Compensation Committee since January 2016

The Appointments and Compensation Committee mainly examined the following points:

- the terms of office of Directors coming to an end. It was recommended that the term of office of Unibel be renewed at the Annual General Meeting to be held on May 11, 2017;
- the performance targets for the compensation of the members of the Management Committee, and executives, and the conditions for meeting those targets;
- the consistency of the compensation policy for the Group's senior executives;
- the policy for awarding performance shares to Company and subsidiary employees and/or corporate officers and, as such, the recommendation for implementing a plan to allocate performance shares to employees;
- the assessment of the performance of the Board in terms of its organization and workings.

4.2 Compensation and benefits

4.2.1 Principles and rules adopted by the Board of Directors to determine the compensation and benefits in kind awarded to executive corporate officers(1)

Principles and rules of compensation of executive corporate officers

The executive corporate officers are Antoine Fiévet, Chairman and Chief Executive Officer, and Bruno Schoch, Deputy General Manager, who are also respectively the Chairman and a member of the Unibel Management Board. Antoine Fiévet and Bruno Schoch receive no compensation for their respective posts of Chairman and Chief Executive Officer and Deputy General Manager of Fromageries Bel as they are remunerated exclusively by Unibel, the Group's holding company.

The principles and rules adopted by Unibel's Supervisory Board to determine, distribute and allocate the fixed, variable and exceptional elements of the compensation and benefits in kind granted to executive corporate officers are the following:

- fixed monthly compensation over 13 months;
- annual variable compensation set as a percentage of fixed annual compensation and weighted by the achievement of Group performance targets based on indicators such as revenue, brand volumes, operating income and free cash flow. Results are assessed over the last two financial years for Antoine Fiévet, chairman of the Managing Board and for the last financial year for Bruno Schoch. For Mr Schoch, a percentage of the variable annual compensation is based on personal targets associated with its duties as the Deputy General Manager of Fromageries Bel. Bonuses may vary from 0% to 150% depending on the performance effectively achieved;
- multiyear variable compensation based on performance conditions achieved in terms of criteria such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Return On Capital Employed (ROCE) criteria over two financial years. For the Chairman of the Managing Board, the level of achievement, limited to 100%, is applied to a fraction of the fixed compensation. This variable compensation will be paid after two years. For the Deputy General Manager, the level of achievement adjusts the allocation of performance units and a fixed portion payable after three years. A portion of the performance units will be valued upon allocation. The second portion of the performance shares will represent a benefit equivalent to the transfer of an identical number of shares;
- for Antoine Fiévet, an exceptional compensation linked to the governance of Fromageries Bel.
- company cars and, for the Deputy General Manager, executive unemployment insurance underwritten by GSC.

These compensation conditions are regularly compared by the Unibel Supervisory Board to market conditions with the assistance of expert consultants.

Quantified performance targets are not published for reasons of confidentiality.

The corporate officers were not awarded bonus shares.

Antoine Fiévet receives no attendance fees from the Company.

Principles of compensation of members of the Board of Directors

The Annual General Meeting of May 14, 2009 set the maximum total amount of Directors' fees payable at €300,000. This amount remains unchanged.

Attendance fees include a fixed portion and a variable portion allocated according to actual presence. These amounts are increased for the Lead Independent Director.

Compensation for Board committee members is as follows: committee members receive a directors' fee every time they attend meetings, the Committee Chairman's fee is increased.

The amount of Directors' fees paid in 2016 is detailed in paragraph 4.2.2 "Compensation and benefits paid to corporate officers".

Antoine Fiévet and Florian Sauvin, who represents Unibel, receive no Directors' fees from the Company.

No benefits of any kind whatsoever were awarded to Directors in 2016 with the exception of company cars provided to Antoine Fiévet and Florian Sauvin with regard to their duties at Unibel.

No loan or guarantee was granted by the Company to its corporate officers.

Transactions by managers in Company shares under article L. 621-18-2 of the French Monetary and Financial Code are summarized in paragraph 6.2.2 "Summary of transactions of managers and similar persons".

(1) *This section constitutes the report required under Article L.225-37-2 of the French Commercial Code.*

4.2.2 Compensation and benefits paid to corporate officers

The gross overall amount of compensation and benefits in kind awarded to the corporate officers and members of the Board of Directors are as follows:

SUMMARY TABLE OF COMPENSATION

Antoine Fiévet has been a Director of Fromageries Bel since April 2001 and Chairman and Chief Executive Officer since May 14, 2009. He is paid by Unibel, the Group's holding company, where he has been Chairman of the Management Board since August 2005.

Bruno Schoch has been Deputy General Manager since December 17, 2008. He is paid by Unibel, the Group's holding company, where he has been a member of the Management Board since August 2005.

Antoine Fiévet, Chairman and CEO	Financial year 2016		Financial year 2015		Financial year 2014	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€598,968	€598,968	€578,942	€578,942	€571,921	€571,921
Variable compensation[(a)]	€515,826	€482,994	€475,819	€541,646	€539,874	€467,414
Multi-annual variable compensation[(b)]	€206,330	€406,917	€203,923	None	€204,757	None
Exceptional compensation[(c)]	€100,800	€151,200	€100,800	€50,400	€100,800	€156,200
Benefit in kind[(d)]	€4,667	€4,667	€4,413	€4,413	€4,321	€4,321
TOTAL	**€1,414,591**	**€1,632,746**	**€1,363,897**	**€1,175,401**	**€1,421,673**	**€1,199,856**

(a) Criteria used for the award of variable and/or exceptional compensation: performance targets based in equal parts on sales, operating income over sales and free cash-flow over sales for the last two financial years.

(b) Linked to the achievement of performance targets based in equal parts on ROCE and EBITDA for two financial years and paid at the end of two financial years.

(c) Linked to leadership of Fromageries Bel's governing bodies.

(d) Details of benefits in kind: company car.

Bruno Schoch, Deputy General Manager	Financial year 2016		Financial year 2015		Financial year 2014	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€351,734	€351,734	€346,929	€346,929	€341,966	€341,966
Variable compensation[(a)]	€158,280	€158,525	€156,118	€170,252	€175,066	€206,294
Multi-annual variable compensation[(b)]	€273,427	€327,472	€247,339	€257,439	€197,957	€187,565
Benefits in kind[(c)]	€14,687	€14,687	€14,752	€14,752	€14,657	€14,657
TOTAL	**€798,128**	**€852,419**	**€765,138**	**€789,372**	**€729,646**	**€750,482**

(a) Criteria used for the award of variable and/or exceptional compensation: performance targets based in equal parts on sales, operating income over sales and free cash-flow over sales for the last financial year.

(b) Performance units linked to the achievement of performance targets based in equal parts on ROCE and EBITDA for two financial years, payable after two and four years, as well as a bonus of €65,000 subject to performance conditions.

(c) Details of benefits in kind: company car, executive unemployment insurance.

SUMMARY TABLE OF COMPENSATION AND BENEGFITS GIVEN TO EXECUTIVE CORPORATE OFFICERS

	Employment contract		Additional retirement scheme		Compensation or benefits that may be owed due to termination or change of position		Compensation relating to noncompetition clauses	
Executive corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Antoine Fiévet, Chairman and Chief Executive Officer		x		x		x		x
Bruno Schoch, Deputy General Manager	x see below			x		x see below	x see below	

Following his appointment to Unibel's Management Board, Bruno Schoch's employment contract as Unibel's salaried Financial Director was suspended (see Unibel. 2016 Registration Document).

TABLE OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Non-executive corporate officers	Amounts paid during the 2016 financial year	Amounts paid during the 2015 financial year	Amounts paid during the 2014 financial year
Michel Arnaud (+2015)			
attendance fees	- €	€15,000	€26,000
other compensation (services provided to Unibel)	- €	- €	€18,000
Thierry Billot			
attendance fees	€96,000	€55,000	€16,000
other compensation (services provided to Unibel)	€27,000	€18,000	€12,000
Fatine Layt			
attendance fees	€32,100	€28,800	€30,800
other compensation (services provided to Unibel)	€9,000	€18,000	€15,000
James Lightburn			
attendance fees	€49,600	€39,600	€41,600
other compensation (services provided to Unibel)	€27,000	€18,000	€15,000
Luc Luyten (end of term of office in May 2015)			
attendance fees (excluding those paid by Unibel)	- €	€14,700	€40,000
other compensation (services provided to Unibel via Human Invest)	- €	€9,000	€15,000
Antonio Maria			
attendance fees	€38,800	€18,000	€9,000
Nathalie Roos			
attendance fees	€22,000	€18,000	€14,000
other compensation (services provided to Unibel)	€3,000	€15,000	€6,000
Florian Sauvin, permanent representative of Unibel			
attendance fees	- €	- €	- €
other compensation (member of Unibel Management Board)	€159,425	€107,013	€121,484
Unibel[(a)]			
attendance fees	- €	- €	€20,000
Philippe Deloffre (end of term of office in May 2016)			
non-voting Director attendance fees	€11,000	€18,000	€20,000
other compensation (Unibel)	€70,140	€70,910	€71,097

(a) Unibel, director did not receive any attendance fees in 2016 or in 2015.

Since the 2012 financial year, the annual fixed portion of Directors' fees has stood at €10,000 and the variable portion at €2,000 per Board meeting, subject to actual attendance. The fees allocated to the Lead Independent Director are set at €20,000 for the fixed portion and at €4,000 per meeting for the variable portion. Compensation for Board Committee members is as follows: the Committee chair receives €5,000 per meeting and members receive €2,700 per meeting.

4.2.3 Provisions booked for paying pensions, retirement or other benefits to members of the Executive Committee

Executive corporate officers and members of the Executive Committee have access to the same retirement and health schemes as the Group's senior managers. Apart from what is stated in the previous section, there are no Company or Group obligations on their behalf with regard to paying pensions, retirements or other benefits. Members of the Executive Committee may receive the end-of-career allocation set out by labor law, collective agreements and company agreements. These end-of-career payments are set aside under the conditions detailed in Note 4.11 "Employee benefits" to the consolidated financial statements which can be found in paragraph 5.5.1. "Consolidated financial statements".

4.3 Chairman's Report on risk management procedures and internal control[(1)]

4.3.1 Definitions and objectives

Internal control is a set of resources, behaviors, procedures and actions adapted to the Company's specific characteristics which:

- must enable it to counteract the major risks that it may encounter, whether these are operational, financial or compliance-based;
- thereby contribute to the effective use of its resources and the efficiency of its operations.

In accordance with the definition of the reference framework published by the AMF, the current internal control in the Group aims specifically to ensure:

- the effective achievement of the targets set by the Board of Directors;
- that management and production actions in industrial and commercial operations comply with laws and regulations and with the internal rules applicable to the Group;
- that the Group's material and intellectual property are protected;
- that fraud and errors are prevented and detected;
- that the financial and accounting information detailing the Group's activity and prospects is of the requisite quality and is produced in due time.

The internal control process currently operates within the entire Group comprising Fromageries Bel and its French and foreign subsidiaries.

As is the case with any control system, the internal control process cannot offer an absolute guarantee that all risks of error or fraud are completely eliminated or fully controlled.

4.3.2 Internal control environment of the Company

The Board of Directors

The Board of Directors takes all decisions relating to the Company's major strategic, economic, employee-related, corporate, environmental, financial and industrial objectives and ensures they are implemented by Senior Management. It is regularly informed, either directly, or through its Committees, of any significant event effecting the conduct of the Company's business. At each Board meeting, the Chairman informs the Directors of the main facts and significant events relating to the Group that occurred since the last Board meeting. Each Board meeting is also an opportunity to take stock of the Company's business and prospects.

Senior Management

The internal control process is implemented within the Group by the Chairman and Chief Executive Officer and the Deputy General Manager responsible for financial and legal affairs and information systems. They rely on an Executive Committee which is in charge of the operational coordination required for the correct running of the Group's strategy and policies.

The Region and Business Departments

Everyone at the Group is involved in the internal control process. All managers and all employees, each at their respective level within the organization, play a role in controlling activities. The line and staff managers ensure efficient management of the risks associated with the areas they manage.

Within the various business structures, a cross-departmental structure supports local industrial, purchasing, supply chain, research and innovation, product regulation, marketing, commercial strategy and cross-departmental network activities. Departments such as Finance (Group and regional), IT, Human Resources and Organization (Group and regional), Communications, Legal and CSR (corporate social responsibility) provide functional support and reinforce this structure at Group level.

Risk Management Department

The Risk Management Department reports to the Deputy General Manager responsible for financial and legal affairs and information systems. It is in charge of developing a strategy and applying overall risk management by identifying and assessing

(1) This paragraph is part of the Chairman's Report on the conditions for preparing and organizing the Board's work and the internal control and risk management procedures.

risks with Group and regional departments and following up on the action plans put in place to address them.

It provides a process and tools to develop and regularly update the mapping of risk at Group, business and regional level. It coordinates action plans for the mitigation of Group risks with a network of risk owners and provides an overview of risk management to the Executive Committee and Audit Committee.

Moreover, it leads and coordinates the crisis management system for the Group, the aim of which is to prevent, as far as possible, crises and to reduce their impact on people, reputation, the environment and assets. It ensures that operating entities are properly prepared for crisis management.

Internal Control Department

A coordination unit for updating Group procedures, attached to the Group's Financial Control Department, ensures these procedures are appropriate for the internal control rules as and when changes occur in the corporate structures. All the Group's procedures, as well as a description of the main processes and user guides for information systems, are available in French and English on its intranet site.

Adherence to the segregation of duties and access to transactions in systems was the subject of a specific monitoring process. SAP's Governance, Risk and Compliance (GRC) tool is used to ensure that any change in access privileges does not create new and uncontrolled risks in terms of the segregation of duties.

Moreover, each Group subsidiary carries out an annual diagnosis of its maturity in terms of internal control under the responsibility of its head of operations. This self-assessment is carried out based on an internally defined control protocol called Belkey. All the work of the subsidiaries is formalized in a tool (Belact) that centralizes and monitors the work carried out, in particular by internal auditors.

Internal Audit Department

The objective of the Internal Audit Department is to contribute to providing reasonable assurance on the level of risk control linked to:

- the effectiveness and efficiency of operations;
- the safeguarding of assets;
- the reliability and integrity of financial and operational information;
- compliance with laws, regulations and contracts.

Internal audit is an independent and objective activity which provides advice to Senior Management and the Audit Committee to improve and reinforce security and the effectiveness and efficiency of operations. It helps the organization meet its targets by assessing, with a systematic and methodical approach, its risk, control and corporate governance processes.

The Internal Audit Department reports to the chair of the Audit Committee and the Chairman and Chief Executive Officer. It works closely with Senior Management.

The Internal Audit Director regularly reports to the Audit Committee and Senior Management on the overall level of operational control and significant anomalies affecting the risk management, control and corporate governance of the organization and its subsidiaries and recommends improvements to these processes.

The scope of operation of the Internal Audit Department extends to the entire organization and its subsidiaries. It encompasses all administrative, accounting and financial, functional and operational areas and processes within the Group.

Operational structure of the Company

To provide a relevant response to customer requirements, the Group implemented an operational structure in 2016 encompassing a geographic structure based on three regions: Europe, Middle East/Greater Africa, and Americas, Asia-Pacific, each under the authority of a single Director.

Limits and delegation of power

In its Internal Regulations, the Company's Board of Directors sets internal limits on the powers of the Chief Executive Officer and Deputy General Manager (for further information, see paragraph 4.1.4 "Organization and work of the governance bodies"). Furthermore, the Company has implemented delegations of authority (delegations of responsibility) adapted to its structure and to the level of responsibility of the employees they are intended for. The Legal Department, in coordination with the Human Resources Department, monitors this.

4.3.3 Managing major risks

The Group regularly assesses the external and internal risks to which it is exposed, particularly those incurred by the production and marketing of food products.

The Company's control bodies, through general risk management systems and specific accompanying procedures, ensure that risks are correctly dealt with and do not compromise the achievement of the Company's targets.

Risks inherent to the Group's businesses are taken into account when drawing up the budgets and setting targets for the Group and its subsidiaries.

4.3.4 Specific internal control procedures implemented by the Company

Some internal control procedures implemented by the Company are based on the balance between the level of control and the Group's specific challenges and targets. For further information, see section 3.1 "General risk management policy".

Quality, food safety and product regulations

The Group's Quality, Regulations and Technical Coordination Department (DQRCTG), a body attached to the Group's Industrial and Technical Department, is responsible for leading, coordinating and ensuring the effectiveness of all the processes and systems dealing with:

- food safety and product regulations;
- quality;
- certifications, management systems and health crisis management;
- technical coordination.

It recommends policies to be implemented, guarantees the coherence of systems and reporting at various levels, assists the Group's bodies, and audits the structures to assess the effectiveness of the systems.

Its role is to warn the Chairman and Chief Executive Officer and the Executive Committee of any major situation relating to its three fields of activity.

Food safety and product regulations

In terms of food safety and product regulations, the Quality, Regulations and Technical Coordination Department is responsible, through the regulation network at the corporate/regional and country levels, for:

- the Group's policies and preventive strategy in terms of food safety and coordinating the resulting actions;
- the processes for anticipating safety risks and preventing crises as well as managing alerts and crises;
- the creation of a monitoring system mainly based on subsidiary reporting;
- involvement in professional or official networks dedicated to food safety.

It also ensures that regulations applying to products, particularly in relation to composition, labeling, packaging, advertising, consumer information including nutrition information, and customs procedures are adhered to.

It also defines:

- the monitoring plans implemented by the industrial entities;
- the quality of the upstream and downstream traceability system and components/constituents.

It is also responsible for:

- implementing set policies, in particular in terms of the process for analyzing food safety risks during the production stages (e.g. HACCP and hygiene standards) at Group sites and those of suppliers and subcontractors;
- implementing Food Defense policies integrating processes for:
  - preventing the risks of intrusion,
  - the risk of malicious acts;
- implementing Food Fraud policies integrating processes for:
  - preventing risks related to commodity markets,
  - monitoring plans implemented by production sites;
- creating and leading a reporting system that continually assesses control of the processes that ensure food safety.

Quality

The DQRCTG is also responsible for defining the Group's quality policy and checking its implementation at all stages from product design through to final consumption.

Its main roles through the quality network at the corporate/regional and production site level are:

- defining the Group's quality policy and ensuring its implementation after validation;
- defining the rules and best practices as well as the quality regulations to be applied, and guaranteeing their implementation;

- auditing the quality of organizations, whether internal (production sites) or external (subcontractors, suppliers and service providers);
- managing complaints and customer quality perception assessment tools (retailers or consumers);
- ensuring quality reporting and implementing continuous improvement processes, through the SAP Quality Management module (Quartz project), to guarantee the coherence of information, consolidated control and optimal integration of information required for product traceability;
- training and assisting Group teams and production sites. Having suitable training aids, including statistical and problem-solving tools.

Regulatory framework

The Group's health, safety and traceability approach is governed by a very strict regulatory framework.

In all the countries where the Group makes or imports products, a "Bel reference guide" is drawn up following a detailed analysis of all the food quality/safety and hygiene regulations.

In the European Union, the so-called hygiene package of regulations issued by the European Commission became effective on January 1, 2006. The "package" contains several legislative texts. It implements a single and transparent policy for food hygiene and safety in all European Union countries that concerns all operators throughout the food chain "from farm to work".

To the extent of its ability the Group applies the strictest rules – mostly European Regulations – to all its stakeholders from the production of raw ingredients to the consumer. In certain cases, Bel adheres to even stricter standards: for example, it monitors over 23 allergens instead of the 14 required by European Regulations.

In its quest for harmonization and food safety and excellence, Bel shares its reference guides with all its production sites worldwide as well as with its suppliers and retailers.

Milk: a very fragile raw ingredient

Milk is a living, fragile raw ingredient which deteriorates when exposed to air, light and room temperature. To preserve its qualities, Bel collects milk within a maximum period of 72 hours after milking. For some producers, Bel supplies refrigerated tanks. Milk quality is subject to stringent inspections. The milk must meet highly precise composition criteria (fats and proteins) and strict hygiene criteria and must not contain traces of antibiotics. Samples are taken during milk collection and upon arrival at the plant, enabling the implementation of a quality control plan that includes laboratory analyses. In very rare cases, the milk is not used if the quality is considered inadequate.

Other ingredients

All raw ingredients used in the Group's products comply with very strict specifications. The compliance of raw ingredients with these specifications is systematically checked as soon as they arrive at the plant. They are checked again before inclusion in production at the microbiological, physical-chemical and organoleptic levels. All packaging, especially that in direct contact with the products, undergoes a similar inspection upon arrival at the Group's plants.

Support for the Group's milk producers

Milk quality begins with livestock farming practices. Farmers are responsible for the sanitary quality and conformity of the milk they produce. They must implement the appropriate measures to guarantee quality. To prevent any risks upstream, such as bacteriological risk, Bel's dairy production technicians continuously teach producers about good practices for producing quality milk. Where the quality of the milk falls below the Group's standards, the production technicians propose and implement targeted actions with the producers in question, including:

- an audit of operations (sometimes in the presence of a veterinarian);
- proposed action plans to improve the quality of the milk in question;
- monitoring of these plans over a period from a few months to a year to assist the producer in bringing about improvements.

Strategic partners

Quality audits are carried out on the major suppliers of the most sensitive raw ingredients and on subcontractors whose products carry Bel brands. These audits are performed by buyers in coordination with the DQRCTG Department and the operational teams of the regions. When minor nonconformities observed pose no risk to the food safety of products supplied, the audited suppliers and subcontractors in question guarantee the Group that corrective actions within a specific time frame will be implemented.

Products that are subcontracted and/or associated with partner products

The Group's requirements in terms of product quality, safety and traceability are applied without exception to subcontracted and cobranded products. Particular attention is paid to the latter to ensure that the association of a Bel brand product with another brand product always meets the expectations of the Group's consumers.

Inspections at every stage

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

On production lines

Quality control plans concern partially finished products (work in progress), finished products and the production environment (e.g. air, water, machines, manufacturing premises, staff). On the production lines, Bel's partially finished and finished products must meet requirements that go beyond the regulatory minimum, particularly with respect to pathogens. Special attention is given, as a precaution, to the safety of products, by strengthening controls, especially for foreign bodies, and preventing risks of malicious acts. Since 2013, Bel has applied a global policy of malicious risk management through detailed and comprehensive analysis of all aspects at the plant level that may be at risk. Action plans are gradually put in place.

Downstream of production sites

Bel carries out audits on its product distribution chain in order to ensure compliance with the recommended cold chain, transport and conservation conditions for its products. For more than five years, Bel has rolled out its Good Storage and Distribution Practices Charter to its retailers (importing customers) in different regions. This Charter is tailored to each retailer following individual inspections or audits.

Dual product traceability

- Bel implements dual traceability all along the value chain and can therefore identify all raw ingredient suppliers involved in the making of a given product as well as all product batches in which a given ingredient is used. The Group can pinpoint the storage location of any product at any time, right up to the end customer, across all of its distribution and sales networks.
- Monitoring provides knowledge about logistical flows and allows the Group to store data about food safety, promptly send data in response to requests from authorities, identify risks, and isolate individual production runs if necessary. It guarantees the efficiency of any withdrawals and recalls.
- Traceability tests start from the identification of the raw ingredients through to downstream of production sites. All Group suppliers of (raw) dairy ingredients are assigned codes and traced. Bel performs regular tests with its suppliers to ensure that they are able to provide additional traceability data within 24 hours of its request.
- Ensuring the full traceability of products right up to consumption entails the use of mandatory labeling on consumer sale units (e.g. batch codes, best-before date, use-by date). Moreover, all logistic units are identified by means of labels that link each unit to the corresponding product batch code.

Quality certification and management systems

The Group is committed to a certification procedure (ISO 9001, BRC, IFS, FSCC 22000) for its production sites and facilities.

4.3.5 Procedures for preparing and processing the Company's accounting and financial information

Organization of accounting, finance, legal, information systems and risk management departments

The Group's Finance Department, Legal Department, Information Systems Department and Risk Management Department are under the authority of the Deputy General Manager responsible for financial, legal and information systems.

It is organized in the following way:

- Financial Control Department;
- Treasury and Insurance Department;
- Tax Department;
- Regional finance departments;
- Information Systems Department;
- Legal and Real Estate Department;
- Risk Department.

Financial Control Department

The Financial Control Department is responsible for the monthly production of all the Group's consolidated financial information, both in terms of statutory and management data consolidation.

The Financial Control Department prepares and reports monthly to the Executive Committee on the Group's management performance indicators in an in-house format specifically designed for the Group's business.

It is also responsible for steering the Group budget process and the various estimates performed over the year.

It coordinates and leads the updating of financial procedures put on the intranet and ensures that these procedures are consistent with the internal control rules. It is responsible for the various charts of accounts deployed in the Group's financial reporting tools (statutory and management).

It presents the main issues to be addressed in the consolidated financial information to the Audit Committee at least twice a year and coordinates operations with the external auditor's subsidiaries. It participates in organizing the reporting and consolidation process of nonfinancial performance indicators.

Treasury and Insurance Department

This department is responsible for managing all liquidity and insurance operations carried out within the Group.

It is specifically responsible for:

- implementing the Group's financing with banks and investors such as treasury bills, bank financing and bond financing;
- implementing exchange rate hedging required to cover the exposure of Group entities. This activity is centralized within the Treasury Department;
- overseeing the Group's cash management. Cash management covers cash pooling, netting (payment of intercompany invoices) and the payment factory (centralized payment solution for all entities whose local currency is transferable enabling supplier invoices, salaries, duties and taxes to be paid through secure payment systems);
- managing relationships with banks;
- taking out Group insurance.

The Treasury Department has the teams and tools necessary to manage its operations. It reports on its activities to the Financial Department on a monthly basis. It regularly reports on the status of exchange rate and interest rate hedging as well as the Group's liquidity status to the Audit Committee.

Tax Department

This department is responsible for defining and applying the procedures linked to the regulations and fiscal strategies of the Group.

Its scope of operation has as much to do with Group issues as successfully controlling fiscal procedures and potential risks in the various countries in which the Group operates. Its activities are coordinated with those of Financial Directors in the various regions and subsidiaries.

Regional finance departments

When the geographical regions were formulated, a decision was made to allocate financial resources to each one. They are responsible for coordinating and controlling all financial resources of Group subsidiaries placed under their supervision.

Meetings are held every two months with the Deputy General Manager, regional Financial Directors and managers of departments within the Finance Department to monitor progress. The regional Financial Directors are responsible for implementing the financial strategy decided by the Group and for the internal and financial control of subsidiaries attached to their region.

Information Systems Department

Information systems are centralized and managed for the Group by the Information Systems Department which reports to the Deputy General Manager responsible for financial and legal affairs and information systems.

The Group has implemented an integrated information system based for the most part on SAP tools. The Information Systems Department ensures maintenance of the systems, their update and security.

Legal and Real Estate Department

This department is responsible for the legal certainty of the transactions carried out by the Group. It is responsible for monitoring the legal certainty of all of the Group's obligations in France and abroad. It relies, where necessary, on the expertise of external consultants for specific legal issues or issues linked to local regulations. As part of its responsibilities, it acts upstream in an advisory capacity to Senior Management and the various regional departments and Group subsidiaries. It is also responsible for managing any potential disputes. It also monitors the legal protection of the Group's brands and compliance with economic and financial regulations.

Risk Department

This department ensures, through its overall risk management system, that risks are correctly identified and dealt with and do not compromise the Company's objectives. It helps to control and reduce the exposure of tangible and intangible assets to guarantee a secure future for the Company.

Yearly and half-yearly Group consolidated financial statements

The Group approves half-yearly and annual consolidated financial statements on June 30 and December 31 respectively of every year.

The subsidiaries issue restated financial statements for consolidation purposes in accordance with the Group's accounting rules and as part of the instructions issued by the Financial Control Department.

The main options and significant accounting estimates are anticipated and presented to the Audit Committee. Detailed documentation of the chosen options is kept by the Financial Control Department.

4.4 Statutory Auditors' report on the Report of the Chairman of Fromageries Bel, prepared in accordance with Article L. 225-235 of the French Commercial Code

For the year ended December 31, 2016

To the shareholders,

In our capacity as Statutory Auditors of Fromageries BEL, and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the Report prepared by the Chairman of your company, pursuant to the provisions of Article L. 225-37 of the French Commercial Code, for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report summarizing the internal control and risk management procedures implemented within the Company and providing the other information required under Article L. 225-37 of the French Commercial Code, pertaining in particular to corporate governance.

It is our responsibility:

- to report to you our observations on the information contained in the Chairman's Report regarding internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that the Report contains the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to verify the fairness of this information.

We have carried out our work in accordance with professional practice standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional practice standards require that we implement procedures intended to assess the fairness of information concerning the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman's Report. These procedures mainly consisted of:

obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information inherent in the information presented in the Chairman's Report as well as of existing documentation;

obtaining an understanding of the work carried out to support this information and of existing documentation;

- determining if any major weaknesses in internal control relating to the preparation and processing of the accounting and financial information that we may have identified during our assignment are properly described in the Chairman's Report.

Based on our work, we have no matters to report on the information concerning the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman of the Board's report, prepared in accordance with the provisions of article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman of the Board's Report contains the additional information required under Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine, March 9, 2017

The Statutory Auditors

Deloitte & Associés	Grant Thornton
Pierre-Marie Martin	French member of Grant Thornton International
	Virginie Palethorpe

4.5 Related party transactions

4.5.1 Statutory Auditors' Special Report on regulated agreements and commitments

Annual General Meeting held to approve the financial statements for the year ended December 31, 2016

To the shareholders,

In our capacity as Statutory Auditors of your company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on the information given to us, the principal terms and conditions of and the reasons for the Company's interest in those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Annual General Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted of verifying whether the information given to us was in agreement with the relevant source documents.

Agreements and commitments submitted to the approval of the Annual General Meeting

Pursuant to Article L. 225-38 of the French Commercial Code, we have not been asked to comment on any agreement or commitment authorized during the financial year and submitted to the approval of the Annual General Meeting.

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments authorized during previous years and remaining in force during the year

Pursuant to paragraph 6 of Article R. 225-30-6 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by Annual General Meetings in previous years, have remained in force during the year.

Cash management agreement with UNIBEL

At its meeting on October 11, 2007, the Board of Directors authorized an agreement between Fromageries Bel and Unibel. According to this agreement, Unibel granted cash facilities to the Company up to a ceiling of €15,000,000.

By an amendment authorized by the Board of Directors on May 13, 2008 and signed on the same day, this amount was increased to €25,000,000.

In a second rider authorized by your Board of Directors on December 17, 2008, and signed by your Board on December 18, 2008, the parties agreed to eliminate the ceiling on the cash facility granted by Unibel to Fromageries Bel.

In a third rider authorized by your Board of Directors on August 26, 2009, and signed by your Board on August 28, 2009, the rate of interest, based on the EONIA daily rate, was changed. With retroactive effect from July 1, 2009, the rate was set at the EONIA rate plus 80 basis points, up from 20 basis points previously.

A fourth rider authorized by your Board of Directors on March 22, 2012, changed the rate of interest. With retroactive effect from January 1, 2012, the rate was set at the EONIA rate plus 120 basis points, up from 80 basis points previously.

On November 12, 2014 the Board of Directors decided to increase the interest rate applied to the cash facility granted, based on the EONIA daily rate, to 100 basis points, effective as of January 1, 2015, due to the liquidity stability that this represents for the Company. The other clauses of the original agreement between the parties remain unchanged.

At December 31, 2016, the amount of interest expense recognized for the period totaled €442,755.72, while the cash facility granted by Unibel totaled €64,199,423.83.

The persons concerned are Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel, Florian Sauvin, permanent representative of Unibel, Director of Fromageries Bel, and Bruno Schoch, Deputy General Manager of Fromageries Bel.

Service agreement with UNIBEL

At its meeting of December 12, 2001, your Board of Directors authorized a service provision agreement between your Company and Unibel.

In a rider authorized by your Board of Directors on November 12, 2012, the automatic renewal clause was changed to cover an indefinite period, while the notes related to the nature of the services rendered and the nature of the costs incurred by Unibel were updated.

For the 2016 financial year, the amount invoiced by Unibel to your Company totaled €7,487,308, net of tax.

The persons concerned are Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel, Florian Sauvin, permanent representative of Unibel, Director of Fromageries Bel, and Bruno Schoch, Deputy General Manager of Fromageries Bel.

Neuilly-sur-Seine, March 9, 2017

The Statutory Auditors

Deloitte & Associés	**Grant Thornton**
Pierre-Marie Martin	French member of Grant Thornton International
	Viriginie Palethorpe

4.5.2 Related parties

Information relating to related parties is presented in Note 8 to the consolidated financial statements presented in paragraph 5.5.1 "Consolidated financial statements at December 31, 2016" of this Registration Document.

Unibel, the Fiévet-Bel family company, owns more than two thirds of the share capital and voting rights of Fromageries Bel. Unibel is the Group's coordinating holding company; it discusses and defines strategic guidelines for the Group as a whole; its management team draws up and develops economic, political and financial strategic scenarios; it oversees their implementation. Unibel also renders specific services. Expenses incurred to carry out these services, which are mainly personnel expenses, are billed back to Fromageries Bel, plus a fixed margin of 10%, in line with the December 14, 2001 agreement and its November 13, 2012 rider. The compensation of Unibel's corporate officers, who are also managers of Fromageries Bel, is undertaken by Unibel alone.

At December 31, 2016, the amount of related-party transactions included €7.7 million paid to Unibel (holding company), of which €7.3 million in personnel expenses billed back to Fromageries Bel under a service agreement dated December 14, 2001, and €17.3 million in operating expenses billed back to Fromageries Bel paid to Bel Proche et Moyen-Orient Beyrouth, Bel Middle East, Bel China and other unconsolidated Group entities.

Related parties' associated payables and current accounts mainly concerned Unibel (holding company) with a €64.2 million current account versus €53.2 million at December 31, 2015.

Unibel shares held by SOFICO were valued at €184.6 million based on the closing share price at December 31, 2016.

The Group has no significant off-balance sheet commitments with related parties.

5

Financial and accounting information

5.1 Historical financial information

Pursuant to Regulation (EC) No. 297/2008 of the European Parliament and of the Council of March 11, 2008 amending Regulation (EC) No. 1606/2002, this Registration Document incorporates by reference the following information:

- the consolidated financial statements for the financial year ended December 31, 2015 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Statutory Auditors' report on the consolidated financial statements for the financial year ended December 31, 2015, on pages 97 and subsequent of the Registration Document filed with the AMF (French financial markets regulator) on April 1, 2016, under number D.16-0259;
- the consolidated financial statements for the financial year ended December 31, 2014 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Statutory Auditors' report on the consolidated financial statements for the financial year ended December 31, 2014, on pages 117 and subsequent of the Registration Document filed with the AMF on April 2, 2015, under number D.15-0283;
- the annual financial statements for the financial year ended December 31, 2015, and the Statutory Auditors' report on the annual financial statements for the financial year ended December 31, 2015, on pages 142 and subsequent of the Registration Document filed with the AMF on April 1, 2016, under number D.16-0259;
- the annual financial statements for the financial year ended December 31, 2014, and the Statutory Auditors' report on the annual financial statements for the financial year ended December 31, 2014, on pages 163 and subsequent of the Registration Document filed with the AMF on April 2, 2016, under number D.15-0283.

These two Registration Documents are available on the websites of the AMF (www.amf-france.org) and the Company (www.groupe-bel.com).

5.2 Pro forma financial information

This paragraph is not applicable.

5.3 Review of financial position and results

5.3.1 Financial position

In 2016, the Group strengthened its liquidity by extending the maturity of its €520 million credit line from 2020 to 2021. It remained untapped at December 31, 2016. The Group negotiated an additional credit line of €300 million maturing in 2021, extendable twice for an additional year, as part of the acquisition of the MOM Group. This line was also untapped at December 31, 2016.

The Group still possesses centralized cash surpluses with Fromageries Bel for an equivalent of €204 million, with the first significant Euro PP and Schuldschein repayments not due before June 2018.

The change in the Group's financial position at December 31, 2016 can be summarized as follows:

(in millions of euros)	2016	2015	2014
Total equity	1,667	1,502	1,299
Net financial debt	688	(21)	67
Net financial debt/total equity	0.41	(0.01)	0.05

The Group's financial structure remains solid: at December 31, 2016, total equity stood at €1,667 million compared with €1,502 million at December 31, 2015, and net debt amounted to €688 million following the acquisition of the MOM Group on December 15, 2016. The Group had two untapped credit lines totalling €820 million at December 31, 2016.

Further information about the financial position of the Company and the Group is disclosed in paragraph 5.4.2 and paragraph 5.5 “Financial statements” of this Registration Document.

5.3.2 Sales and operating income

No sales from the MOM Group, whose acquisition was completed on December 15, 2016, were recognized in the 2016 consolidated financial statements as the remaining two-weeks period in December 2016 was considered not material at Group level.

The Group's total sales for 2016 amounted to €2,936 million compared with €2,949 million in 2015.

Excluding the negative 1.4% impact from foreign exchange fluctuations and the 2.0% positive impact from changes in the scope of consolidation following the Safilait acquisition, consolidated sales decreased 1.0% organically for the full year in 2016.

The Group is nevertheless confirming its ability to support and develop its strong brands to increase market share and conquer new regions while consolidating its operating margin. Operating income increased by 9.5% in 2016 favored by globally positive currency effects and by cyclical low raw ingredient prices over much of the year.

5.4 Cash and cash equivalents and capital sources

5.4.1 Information about the Issuer's equity

Information pertaining to the Group's equity is disclosed in paragraph 5.5.1 of the present Registration Document.

5.4.2 Sources and amounts of the Group's consolidated cash flow

Information relating to cash flow is disclosed in paragraph 5.5.1 of this Registration Document. It can be summarized as follows:

(in thousands of euros)	2016	2015	2014
Cash flow	394,370	358,832	298,599
Income taxes paid	(79,874)	(68,782)	(84,610)
Change in operating WCR	(25,258)	36,215	(33,913)
TOTAL CASH FLOW FROM (USED IN) OPERATIONS	**289,238**	**326,265**	**180,076**
Cash flow from (used in) operating activities	289,238	326,265	180,076
Cash flow from (used in) investing activities	(906,096)	(142,452)	(117,048)
Cash flow from (used in) financing activities	256,658	(4,930)	(45,231)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(360,200)**	**178,883**	**17,797**
Effect of foreign exchange rate fluctuations	(8,543)	(8,342)	(220)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(368,743)**	**170,541**	**17,577**
Net cash and cash equivalents at the beginning of the period/year	673,604	503,063	485,486
Net cash and cash equivalents at the end of the period/year	304,861	673,604	503,063
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(368,743)**	**170,541**	**17,577**
Gross financial debt	992,962	653,468	570,530
Current used banking facilities	9,519	8,616	8,380
Cash and cash equivalents	(314,380)	(682,220)	(511,443)
Other financial assets	(125)	(930)	(8)
TOTAL NET FINANCIAL DEBT	**687,976**	**(21,066)**	**67,459**

5.4.3 Borrowing terms and conditions and funding structure

Detailed information relating to the Group's financing activities is disclosed in Notes 4.14 and 4.15 to the consolidated financial statements.

5.4.4 Restrictions on the use of capital sources

At December 31, 2016, the Group possessed the financing capacity to meet its funding needs for internal or external growth. Fromageries Bel has committed to keeping its financial leverage ratio below 3.5x for the entire duration of its loans. The ratio is tested twice a year. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt.

At December 31, 2016, Bel's financial leverage ratio was a positive 1.53 compared with a negative 0.05 a year earlier (see Note 4.15 to the consolidated financial statements, as presented in paragraph 5.5.1 of this document).

5.4.5 Expected sources of financing

Investments are financed either by the Group's operating cash flow, or via bank credit, or through commercial paper, or via private placements (EURPP or Schuldschein).

5.5 Financial statements

5.5.1 Consolidated financial statements at December 31, 2016

INCOME STATEMENT

(in thousands of euros)	Notes	2016	2015
SALES	**3.1**	**2,935,648**	**2,948,774**
Cost of goods and services sold	3.2	(1,882,251)	(1,956,609)
GROSS MARGIN		**1,053,397**	**992,165**
Sales and marketing expense	3.2	(513,748)	(487,838)
Research and development expense	3.2	(18,380)	(16,730)
Administrative and general overhead expense	3.2	(195,598)	(195,097)
Other operating income and expense	3.2	1,388	739
RECURRING OPERATING INCOME		**327,059**	**293,239**
Other non-recurring income and expense	3.3	(28,903)	(20,844)
OPERATING INCOME		**298,156**	**272,395**
Income from cash and cash equivalents	3.4	3,706	3,137
Cost of gross financial debt	3.4	(18,419)	(14,537)
COST OF NET FINANCIAL DEBT		**(14,713)**	**(11,400)**
Other financial income and expense	3.4	17,058	3,434
PRE-TAX PROFIT		**300,501**	**264,429**
Income tax expense	3.5	(83,057)	(76,350)
NET PROFIT OF THE CONSOLIDATED GROUP		**217,444**	**188,079**
Non-controlling interests		(4,306)	(3,626)
CONSOLIDATED NET PROFIT – GROUP SHARE		**213,138**	**184,453**
Earnings per share	3.6	31.41	27.20
Diluted earnings per share	3.6	31.41	27.20

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

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2016	2015
NET PROFIT FOR THE PERIOD		**217,444**	**188,079**
Other items of comprehensive income			
Non-reclassifiable items			
Actuarial gains and losses arising on retirement obligations	4.11	(5,319)	9,328
Income tax impact		1,525	(2,952)
Reclassifiable items			
Financial assets available for sale			
Unrealized gains (losses)	4.5	(11,631)	66,702
Income tax impact		4,008	(22,953)
Limitation of tax effect		10,054	
Translation difference		(48,069)	14,220
Cash flow hedging			
Amounts recognized in equity	4.15	(760)	8,316
Income tax impact		58	(3,176)
BALANCE AT DECEMBER 31		**(50,134)**	**69,485**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**167,310**	**257,564**
Group share		*162,627*	*253,696*
Non-controlling interests		*4,683*	*3,868*

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

CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euros)	Note	December 31, 2016	December 31, 2015
NON-CURRENT ASSETS			
Goodwill	4.1	1,072,717	422,022
Other intangible assets	4.2	296,393	299,560
Property, plant and equipment	4.3	915,874	705,640
Assets available for sale	4.4	191,240	202,196
Other financial assets	4.4	4,105	1,736
Loans and advances	4.4	12,891	10,757
Trade and other receivables	4.4	2,826	8
Deferred tax assets	4.8	34,560	12,646
TOTAL		**2,530,606**	**1,654,565**
CURRENT ASSETS			
Inventories and work-in-progress	4.6	342,124	271,721
Trade and other receivables	4.7	559,026	497,593
Other financial assets	4.4	3,556	4,884
Loans and advances	4.4	1,662	1,289
Current tax assets		22,232	22,732
Cash and cash equivalents	4.14	314,380	682,220
TOTAL		**1,242,980**	**1,480,439**
TOTAL ASSETS		**3,773,586**	**3,135,004**

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

EQUITY AND LIABILITIES

(in thousands of euros)	Note	December 31, 2016	December 31, 2015
Share capital		10,308	10,308
Additional paid-in capital		21,967	21,967
Reserves		1,565,879	1,464,270
Treasury shares		(21,111)	(21,152)
EQUITY -GROUP SHARE		**1,577,043**	**1,475,393**
NON-CONTROLLING INTERESTS		**90,306**	**26,563**
EQUITY		**1,667,349**	**1,501,956**
NON-CURRENT LIABILITIES			
Provisions	4.10	18,460	8,255
Employee benefits	4.11	87,746	77,382
Deferred tax liabilities	4.8	210,030	215,611
Liabilities related to assets held under finance lease – over one year	4.14	1,186	1,004
Long-term borrowings and financial liabilities	4.14	646,813	456,574
Other liabilities		51,929	52,104
TOTAL		**1,016,164**	**810,930**
CURRENT LIABILITIES			
Provisions	4.10	8,202	18,026
Employee benefits	4.11	4,002	4,035
Liabilities related to assets held under finance lease – less than one year	4.14	501	329
Short-term borrowings and financial liabilities	4.14	344,462	195,561
Other financial liabilities	4.15	5,958	2,799
Trade and other payables	4.13	683,836	555,003
Due tax liabilities		33,593	37,749
Current bank facilities and other borrowings	4.14	9,519	8,616
TOTAL		**1,090,073**	**822,118**
TOTAL EQUITY AND LIABILITIES		**3,773,586**	**3,135,004**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Note	Number of shares out-standing	Share capital	Addi-tional paid-in capital	Translation diffe-rences	Treasury shares	Conso-lidated income	Reserves and accumulated consolidated profit (loss)	Equity – Group share	Non-con-trolling interests	Total conso-lidated equity
BALANCE AT DECEMBER 31, 2014		**6,781,389**	**10,308**	**21,967**	**(28,295)**	**(21,785)**	**122,895**	**1,179,617**	**1,284,707**	**14,045**	**1,298,752**
Appropriation of earnings for prior year							(122,895)	122,895			
Dividends paid								(42,383)	(42,383)	(2,656)	(45,039)
Profit (loss) for the period							184,453		184,453	3,626	188,079
Changes in the scope of consolidation										11,500	11,500
Other items of comprehensive income	4.9				13,986			55,257	69,243	242	69,485
Other changes in value directly recognized in equity								(21,260)	(21,260)	(194)	(21,454)
Purchase of treasury shares		(788)				(261)			(261)		(261)
Treasury shares distributed		4,822				894			894		894
BALANCE AT DECEMBER 31, 2015		**6,785,423**	**10,308**	**21,967**	**(14,309)**	**(21,152)**	**184,453**	**1,294,126**	**1,475,393**	**26,563**	**1,501,956**
Appropriation of earnings for prior year							(184,453)	184,453			
Dividends paid								(61,069)	(61,069)	(4,108)	(65,177)
Profit (loss) for the period							213,138		213,138	4,306	217,444
Changes in the scope of consolidation										64,115	64,115
Other items of comprehensive income	4.9				(48,446)			(2,065)	(50,511)	377	(50,134)
Other changes in value directly recognized in equity								51	51	(947)	(896)
Purchase of treasury shares		(1,785)				(888)			(888)		(888)
Treasury shares distributed		5,049				929			929		929
BALANCE AT DECEMBER 31, 2016		**6,788,687**	**10,308**	**21,967**	**(62,755)**	**(21,111)**	**213,138**	**1,415,496**	**1,577,043**	**90,306**	**1,667,349**

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

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	Note	2016	2015
Cash flow from (used in) operating activities			
Pre-tax profit		300,501	264,429
Adjustments for:			
Depreciation, amortization and write-downs		88,521	83,839
Capital gains (losses) on disposal		1,773	1,649
Reclassification of dividends and borrowing costs		12,252	10,304
Other non-cash items on the income statement		(8,676)	(1,389)
Cash flow		**394,371**	**358,832**
(Increase) decrease in inventories, receivables and payables	5.1	(25,849)	34,356
(Increase) decrease in non-current receivables and payables		591	1,859
Income taxes paid		(79,875)	(68,782)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	**(1)**	**289,238**	**326,265**
Cash flow from (used in) investing activities			
Acquisitions of activities		(780,419)	(54,519)
Acquisitions of tangibles and intangible assets		(134,087)	(98,069)
Disposals of tangible and intangible assets		829	1,066
Investment grants received		1,208	7,299
Acquisitions of financial assets		(4,558)	(5,775)
Disposals of financial assets		8,470	5,153
Dividends received		2,461	2,393
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(2)**	**(906,096)**	**(142,452)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES			
Dividends paid		(65,176)	(45,038)
Interest paid)		(14,713)	(12,697)
Change in debt resulting from finance lease contracts		345	761
Increase (decrease) in current accounts with entities outside the scope of consolidation	5.3	11,075	4,588
(Purchase)/sale of treasury shares		(888)	(261)
Borrowings and financial liabilities issued		365,914	69,519
Repayments of borrowings and financial liabilities		(39,899)	(21,802)
NET CASH FLOW FROM (USED IN) FINANCING OPERATIONS	**(3)**	**256,658**	**(4,930)**
NET INCREASE (DECREASE) IN CASH FLOW AND CASH EQUIVALENTS	**(1)+(2)+(3)**	**(360,200)**	**178,883**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**673,604**	**503,063**
Effect of foreign exchange rate fluctuations		(8,543)	(8,342)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5.4**	**304,861**	**673,604**
At the closing date net cash and cash equivalents comprised the following:			
Marketable securities and money market instruments	4.14	124,074	420,382
Cash on hand and balance with banks	4.14	190,306	261,838
Current used bank facilities including overdrafts and accrued interest	4.14	(9,519)	(8,616)
TOTAL		**304,861**	**673,604**

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

5

Summary of the notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Accounting principles, rules and methods

1.1 Presentation of the annual consolidated financial statements

Pursuant to Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No 1606/2002 of July 19,2002, Fromageries Bel's consolidated financial statements for the 2016 financial year were prepared in accordance with IFRS as adopted by the European Union and published by the International Accounting Standards Board (IASB) at the date these financial statements were prepared. Closed on December 31, 2016, the financial statements were approved on March 8, 2017 by the Board of Directors.

International accounting standards comprise the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as well as the interpretations of those standards by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

Standards, amendments and interpretations effective and mandatory from January 1, 2016

Standards, amendments and interpretations issued and applicable from January 1, 2016 had no impact on the Group's consolidated financial statements.

Standards, amendments and interpretations effective but not mandatory from January 1, 2016

The Group did elect to adopt any standard, amendment or interpretation early and believes that such adoptions would have no significant impact on the consolidated financial statements.

The effects of applying IFRS 15 "Revenue recognition" and IFRS 9 "Financial instruments" from January 1, 2018 are being assessed.

The Group also initiated the process of applying IFRS 16 "Leases" applicable from January 1, 2019 (subject to adoption by the European Union). The approximative impact on the balance sheet for the first application of IFRS 16 can be assessed through the leasing commitments at December 31, 2016 (see Note 6).

1.2 Valuation basis used in the preparation of the consolidated financial statements

The consolidated financial statements were prepared according to historical cost with the exception of certain categories of assets and liabilities in accordance with IFRS rules. These categories are disclosed in the following notes.

1.3 Estimates

In preparing the consolidated financial statements, Group and subsidiary management may use estimates and underlying assumptions to determine the value of assets and liabilities, expenses and income, as well as the information disclosed in the notes to the Group's financial statements.

These estimates and underlying assumptions are made based on information and positions known at the balance sheet date and may vary significantly from actual values.

The assumptions notably concerned the impairment testing of assets, obligations to employees, deferred taxes, and provisions.

1.4 Consolidation methods

Subsidiaries controlled exclusively by the Group, whether directly or indirectly, are fully consolidated. These are subsidiaries whose financial and operating strategies are guided by the Group so that it may obtain the resulting benefits.

Participating interests in entities other than subsidiaries and associates are not consolidated. They are recorded at fair value under "Financial assets available for sale".

Newly acquired entities are consolidated at the date when control was effectively transferred to the Group in accordance with the acquisition method described in IFRS 3. Income and expenses from subsidiaries acquired or sold during the year are posted to the consolidated income statement from the date of acquisition and ending at the date of disposal.

The Group's consolidated financial statements are prepared on the basis of the financial statements of its consolidated entities prepared in accordance with the accounting rules in force in their respective countries and restated beforehand to bring them into compliance with international accounting standards.

All significant transactions between fully consolidated entities as well as consolidated intragroup results are eliminated.

All Group entities close their financial statements on December 31. A list of consolidated entities at December 31, 2016, is presented in Note 10.

1.5 Other significant accounting policies and rules

Translation of financial statements of foreign entities

Subsidiaries outside the euro zone use the local currency as their functional currency and translate their financial statements into euros based on:

- the average rate for the year for income statement and cash flow items, unless there is a strong fluctuation in the local currency. In this case the average rate for the financial year is replaced by distinct average rates for each uniform currency period;
- the year-end exchange rate for balance sheet items.

The share of the resulting foreign exchange differences attributable to the Group is recorded in equity under "Translation differences" until the investments from which they arise are sold or disposed of. The translation gains or losses are then recognized in the income statement.

The share attributable to non-controlling interests is recorded under "Non-controlling interests".

Foreign currency transactions

Transactions denominated in foreign currency are converted into the subsidiary's functional currency at the exchange rate applicable at the transaction date.

At year end, receivables, cash and debts denominated in foreign currency are translated at the closing exchange rate or hedging rate, as the case may be, and the resulting translation differences are recorded under one of the following items on the income statement:

- "Gross margin" for sales transactions;
- "Other financial income and expenses" for cash flow operations.

Assets and liabilities held for sale

Assets and liabilities immediately available for sale, and for which the sale is highly probable within a period of 12 months, are classified as assets and liabilities held for sale. When several assets are held for sale in a single transaction, the assets and all related liabilities are recognized as a disposal group.

A sale is considered highly probable when the appropriate level of management has committed to a plan to sell the asset or disposal group and an active program to find a buyer has been launched.

Assets and liabilities held for sale are classified respectively as "Assets held for sale" or "Liabilities held for sale" in the consolidated balance sheet. They are measured at the lower of carrying amount or fair value after costs of disposal are deducted and are no longer depreciated or amortized once classified as assets or liabilities held for sale.

Goodwill

Goodwill is the excess of the acquisition cost of shares over the Group's share of identifiable acquired assets and assumed liabilities measured at fair value after taking into account any deferred taxes at the acquisition date. If the acquisition costs exceed the fair value of the identifiable acquired assets and assumed liabilities, the excess is recognized in profit and loss for the year when the acquisition is made.

In accordance with IFRS 3 and IAS 36, goodwill is not amortized but is instead subject to impairment testing at least once a year or on an ad hoc basis if events or changes in circumstances indicate that it might be impaired (See Note "Impairment of assets").

Goodwill relating to entities over which the Group exercises control is recorded as an asset under "Goodwill".

Other intangible assets

Other intangible assets include:

- acquired patents;
- acquired, well-known and readily identifiable brands whose value growth can be verified;
- computer software.

Acquired patents and computer software are recognized on the balance sheet at acquisition cost and are amortized over their useful lives. Computer software is amortized over a period of one to eight years.

Brands are not amortized but are subject to annual impairment testing (see Note "Impairment of assets").

All Research and Development costs are expensed in the year in which they are incurred. Development costs are not capitalized since the recognition criteria set by IAS 38 "Intangible Assets" are generally not fulfilled before the products are launched on the market.

Property, plant and equipment

Property, plant and equipment is measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition) or production cost (excluding financial charges) except for fixed assets legally revalued before January 1, 2000, in accordance with the exception under IFRS 1, or reassessed at fair value at the date of control for business combinations.

The Group applies the component parts approach when certain parts of an acquired fixed asset have different useful lives, and the component parts are depreciated and recorded separately.

Replacement or renewal expenses of the component part of an asset are recognized as a distinct asset and the replaced asset is written off.

Interest on borrowings used to acquire fixed assets is treated as a financial expense and is not capitalized in the cost of the asset.

The Group decided against taking the residual values of property, plant and equipment into account because such assets are expected to be used throughout their useful lives and, as a general rule, are not held for sale.

Depreciation is calculated on a straight-line basis over the economic useful life of the property, plant or equipment:

- Constructions:
  - industrial 30/40 years
  - administrative and commercial 40 years
  - property fittings and fixtures 10 years
- Machinery and equipment 5 to 10 years – 15/20 years
- Vehicles 4/10/15 years
- Office furniture and equipment 4 to 15 years

Investment grants

Investment grants received by the Group are recorded on the balance sheet under "Other liabilities" (current/non-current) and apportioned to the income statement in keeping with the depreciation schedule of the assets they financed.

Finance leases and operating leases

Assets held under a finance lease are capitalized when the leases transfer to the Group substantially all of the risk and rewards inherent to the ownership of the assets.

When a finance lease is entered into, the assets are recorded on the balance sheet in an amount equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

The assets are straight-line depreciated on the basis of their estimated useful life, in accordance with the same criteria used for fully Group-owned depreciable assets of a similar nature, or on the basis of the life of the lease, if shorter.

The corresponding liability, net of interest expense, is recorded on the balance sheet.

Leasing contracts not meeting finance lease definition criteria are classified as operating lease and the related payments were recognised as expensed in the period in which they were made.

Impairment of assets

In accordance with IAS 36 "Impairment of Assets", goodwill and intangible assets with an indefinite useful life are subject to impairment testing at least once a year, or more frequently if events or circumstances indicate a loss of value. Annual impairment testing is carried out in the fourth quarter of the year.

Cash-generating units (CGUs) are identified to realize the tests. CGUs correspond to subsidiaries or groups of subsidiaries that generate cash flows largely independent of the cash flows from other CGUs.

Other capitalized assets are also subject to impairment testing whenever events or changed circumstances indicate that carrying amounts might not be recoverable.

Impairment testing consists of comparing the net carrying amount of the asset to its recoverable amount, which is the higher of the asset's fair value or its value in use.

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset or asset group, and from the ultimate disposal of the asset.

The after-tax cash flows over 5 years used to determine value in use are derived from CGU business plans. Sales and terminal cash flow projections are based on reasonable and supportable assumptions in line with market data available for each CGU.

Fair value is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable, willing parties.

Impairment losses are recognized when testing shows a loss of value to ensure that the net carrying amount of the assets does not exceed their recoverable value.

Property, plant and equipment is subject to impairment testing as soon as indications of impairment arise.

When the recoverable amount of an asset or group of assets is less than its carrying amount, the impairment loss is recorded in profit or loss and first posted against goodwill.

Impairment losses relating to goodwill may not be reversed.

Inventories and work-in-progress

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the "weighted average unit cost" method or the "first-in, first-out" (FIFO) formula.

The cost of materials and supplies is stated at purchase price plus incidental expenses such as transport, commissions and transit.

Manufactured goods are valued at production cost including the cost of materials consumed, the depreciation of production assets, and direct or indirect production costs, excluding financial expense.

The cost of inventories is written down when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

Financial assets and liabilities

Financial assets

In accordance with IAS 39, the Group classifies its financial assets into three categories, according to its intention at the time of purchase, which determine the accounting treatment for each instrument.

Financial assets at fair value through income statement

These assets, held for trading purposes, are expected to be sold in the near term. This category includes marketable securities and derivative instruments other than hedging instruments.

These assets are measured at fair value. Changes in fair value are recognized through the income statement.

Loans and receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market. This category includes commercial loans, trade and other receivables and current bank accounts.

Receivables and payables are recognized at nominal value and discounted, if necessary, in accordance with IAS 39. They are carried at amortized cost. An allowance for doubtful receivables is recorded when it becomes probable that the receivable will not be recovered.

Bills for collection are recorded in “Trade and other receivable accounts”.

Assets available for sale

These are financial assets that do not belong to the other two categories above and primarily include non consolidated participating interests, certain marketable securities and derivative financial instruments used as hedging instruments.

Participating interests available for sale are recognized at fair value at the closing date. For listed shares, fair value is deemed to be the market price of the shares at the designated closing date. Except for impairment losses, which are recorded in profit or loss when recognized, changes in the fair value of financial assets available for sale are recognized in equity until the assets are sold. Non listed shares, for which fair value cannot be reliably assessed, are carried at historical cost.

Derivative instruments are recognized on the balance sheet at market value at the closing date. Changes in the value of derivative instruments are recognized according to the following principles:

- for the effective portion of designated cah flow hedging instruments, change in fair value are recognized in equity, with the ineffective portion recognized in the income statement;
- for designated fair-value hedges, changes in fair value are recognized in the income statement.

Financial liabilities

In accordance with IAS 39, the Group distinguishes three categories of financial liabilities, each of which has a specific accounting treatment:

- financial liabilities held for trading purposes and expected to be sold in the near term. These include derivative instruments other than hedging instruments. They are measured at fair value through the income statement;
- financial liabilities carried at amortized cost. These are mainly borrowings, debt and trade payables;
- financial liabilities measured at fair value. These include derivative instruments for hedging.

Net cash and cash equivalents

Cash and cash equivalents include current bank account cash balances, term deposits that may be sold or used at very short notice (under three months) with no significant risk of losing value should interest rates change, and certain securities, in particular money market fund units that are highly liquid and carry a very low risk of change in value.

The Group’s net cash including marketable securities and moeny market instruments, cash and cash equivalents, net of current bank facilities, including overdrafts, and of any corresponding interest recorded in current financial liabilities. Changes in the Group's net cash are presented in the cash flow statement.

Treasury shares

Fromageries Bel shares repurchased by the consolidating company in accordance with law 98-546 of July 2, 1998 are posted directly against consolidated shareholders’ equity in an amount corresponding to their acquisition costs, including direct costs linked to the acquisition, net of corresponding tax savings.

Employee benefits

Independent actuaries assess the main employee benefit obligations.

For defined benefit plans, obligations are measured on a discounted basis by using the “projected unit credit” method and taking into account assumptions about salary growth, turnover rates, retirement age and mortality rates. The economic conditions specific to each monetary zone are factored into the assumptions used.

The fair value of plan assets, if applicable, is deducted from the calculated obligations and provisions are recognized on the balance sheet.

Actuarial gains and losses arise from changes in actuarial assumptions in the valuation of obligations and funds from year to year and what actually occurs in terms of market conditions and real data.

For post employment benefits, actuarial gains and loses are recognized in equity under “Items of Other Comprehensive Income” in accordance with IAS 19. Actuarial gains and losses on other long-term benefits are expensed for the year.

Expected proceeds from plan assets that give rise to an expense are calculated using the discount rate.

For basic and other defined contribution plans, the obligation is charged to income as determined by he amounts to be contributed for the period.

Share-based payments

Stock option plans are equity-settled share-based payment systems under IFRS 2. The grant component is measured based on the Fromageries Bel share price at the grant date and, taking into account the non-payment of dividends during the vesting period, the stock options are recorded as personnel expenses with a corresponding increase in equity. The expense is recognized over the length of the vesting period.

Provisions

A provision is booked when the Group has a legal or implicit obligation to a third party that can be reliably estimated and is likely to result in the outflow of resources. If the amount or settlement date cannot be reliably estimated, the obligation is deemed to be contingent liability and recognized as an off-balance sheet item.

Restructuring provisions are booked only after the announcement and establishment of a detailed restructuring plan or if the start of a restructuring undertaking gave rise to a constructive obligation.

Purchase commitments with minority shareholders

The Group has obligations to purchase interests held by the minority shareholders of some consolidated subsidiaries. For the Group, these purchase obligations are optional, relating to put options.

In accordance with IAS 32 ("Financial Instruments: Presentation"), firm or conditional obligations to buy non-controlling interests are recognized as liabilities in amounts equal to their purchase price.

Any differences in the purchase price of a non-controlling interest and the share of the net equity acquired are recognized in equity without reassessing the value of the acquired assets and liabilities. Subsequent variations in the value of the liability are offset in equity.

Income taxes

Income tax expenses correspond to the income tax due by each tax-consolidated entity, adjusted for deferred income taxes.

In France, Fromageries Bel heads a tax consolidation group that includes the following entities: SASFR, Fromageries Picon, Fromageries Bel Production France, Fromageries Boursin, Société des Produits Latiers, SOFICO, SICOPA, SOPAIC, and ATAD.

France's 2010 budget law, approved in December 2009, introduced the CET (Contribution Economique Territoriale) local tax, which supplanted the Taxe Professionnelle business tax. The Group qualifies the CET tax as an operating expense rather than an income tax. Accordingly, CET payable from 2010 falls under operating income.

Taxes payable for the period but not yet paid are recognized on the balance sheet under current payables. Overpaid income tax vs. income tax owed is recorded on the balance sheet under current receivables.

In accordance with IAS 12, deferred taxes and liabilities are recorded on the temporary differences between the tax and carrying amounts of the assets and liabilities. Based on the balance sheet liability method, they are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities settled and are classified as non-current assets and liabilities. Changes in the tax rate from year to year are recorded in profit or loss for the year in which the change was recognized.

Deferred tax assets resulting from deductible temporary differences, unused tax losses and unused tax credits are limited to the estimated amount of recoverable tax. Deferred tax assets are assessed at the balance sheet date based on the earnings forecasts of the related tax entities. Deferred tax assets and liabilities are not discounted.

Deferred taxes are recognized as income or expenses in the income statement except when they are associated with items directly credited or charged to equity, in which case deferred taxes are also recognized in equity.

Sales

Revenue from sales of goods, merchandise and other goods and services rendered in the course of the ordinary activities of consolidated Group entities is recorded net of discounts or commercial rewards and sales tax once the significant risks and rewards of ownership are transferred to the customer or the service is rendered.

Other non-recurring income and expenses

Other non-recurring income and expenses primarily include:

- allowances and reversals of provisions for contingencies and losses, including restructuring costs incurred when assets are sold or operations discontinued, and costs arising from commitments made to employees affected by layoff plans;
- capital gains and losses;
- impairment of non-current assets;
- any unusual, material gains or losses not linked to recurring operating performance.

Earnings per share

Basic earnings per share before dilution is calculated by dividing net profit (Group share) by the weighted average number of ordinary shares outstanding during the year minus the weighted average number of Treasury shares held by Group entities.

Diluted earnings per share is calculated by taking into account the effects of all outstanding potential dilutive instruments minus the weighted average number of Treasury shares. Net profit is adjusted to factor in the after-tax impact of dilutive instruments.

NOTE 2 Changes in the scope of consolidation and changes in the ownership interest of consolidated entities

2.1. Acquisition of the MOM Group (Mont Blanc Materne)

On December 15, 2016, Bel finalized the acquisition of the MOM Group through its subsidiary Newton Holding which was created for this purpose. At December 31, 2016, the Group held 65.6% of Newton Holding's ordinary shares and, after taking preferred shares into account, 74.8% of its share capital representing 68.06% of voting rights. The rest is held by the management which developed the MOM Group.

The MOM Group, which has been majority-held by LBO France since 2010, has seen unparalleled business growth in France and the United States. While relying on its historic brands, Materne® and Mont Blanc®, which are marketed in France, it created the compote pouch and built strong leadership positions with its Pom'Potes® and GoGosqueeZ® brands. The MOM Group has 1,300 employees and runs four plants, two in France and two in the United States.

This acquisition will enable Bel to create a major world player in healthy snacking. The purchase of MOM is a unique opportunity to accelerate its growth by building on Bel's international presence Bel and MOM share an identity based on strong, innovative brands and intend to build on the complementary nature of their ranges, regional presences and industrial know-how to confirm their international leadership.

There are eight entities in the MOM Group, one in the United States, another in Canada and the others in France. Pro forma financial statements were not prepared because the impact of the acquisition on the Group's financial statements is lower than the AMF's threshold.

MOM's unaudited revenue for the 2016 financial year is estimated at €373 million with recurring operating income of €19 million.

Only the MOM's Group's balance sheet was incorporated into the consolidated financial statements at December 31, 2016 because the income statement for the last 15 days of the 2016 financial year was considered njot material.

The assets and liabilities acquired and consolidated at their historic value can be summarized as follows :

(in millions of euros)

Fixed assets	236
Financial Net debt	(233)
Provisions	(18)
Other net assets	5
Acquired equity	(10)

The impact of the quality incidents which affected the MOM Group in 2015 and 2016 were recognized in equity at December 31, 2016.

Provisional goodwill calculated according to the so-called full goodwill method amounted €648 million. This goodwill will be allocated in 2017 to assess the fair value of the assets and liabilities acquired. The historic value of the MOM Group's intangible assets, net of deferred tax, were incorporated into provisional goodwill.

At December 31, 2016, this goodwill broke down as follows :

(in millions of euros)

Bel consideration	550
MOM management consideration	61
Acquired capital	10
Historic value of acquired intangible assets	27
TOTAL GOODWILL	**648**

Net cash flow from the acquisition break down as follows:

(in millions of euros)	
Bel consideration	(550)
Repayment of the debt at *closing*	(243)
Acquired cash	14
NET CASH FLOW*	**(779)**

* *Included under "Business acquisitions" in the table of Cash flow statement, excluding acquisition and financing costs.*

As part of the acquisition, the Group received a call option from the MOM Group management for all MOM shares it held which must be exercised by April 30, 2022 at the latest.

2.2. Other changes to the scope

Fromageries Bel purchased 1,785 of its own shares for €0.9 million in 2016.

NOTE 3 Income statement

3.1 Business segment information and significant events of the year

Sales and operating income by geographical region are the two key performance indicators used by Group General Management, the main operating decision-maker. Results are prepared by target market on a monthly basis to help monitor and offset the effects of raw material price and foreign exchange volatility on margins as soon as they occur across all production entities.

Conversely, cash flow and balance sheet items are not tracked by market. They are instead prepared and tracked on a Group-wide basis.

No profit was recognized in the Group's consolidated financial statements for the past year concerning the acquisition of the MOM Group which was finalized on December 15, 2016.

The Group's total sales in 2016 amounted to €2,936 million compared with €2,949 million in 2015.

Excluding the negative 1.4% impact from foreign exchange fluctuation and the 2.0% positive impact from changes in the scope of consolidation following the Safilat acquisition, consolidated sales decreased 1.0% organically for the full year in 2016.

It broke down by region as follows:

(in thousands of euros)	2016	2015	Overall change	Of which organic growth
Europe	1,560,243	1,612,827	-3.3%	-2.1%
Americas, Asia-Pacific	566,684	538,863	5.2%	4.5%
Middle East, Greater Africa	808,721	797,084	1.5%	-2.3%
TOTAL	**2,935,648**	**2,948,774**	**-0.4%**	**-1.0%**

Business volumes in Europe stabilized in 2016 which is a satisfactory result given the still gloomy economic climate in the majority of markets. Sales in the region were affected by a negative currency effect mainly on the pound sterling and by the price war between European retailers which directly impacted net sale prices.

Business in the Middle East, Greater Africa region continued to be disrupted in countries affected by conflict (Iraq, Libya, Syria, Yemen). At constant scope and exchange rates, its sales were down 2.3% over the year.

The Americas, Asia Pacific region continued its organic growth trend with revenue up 4.5% over 2016.

Operating income by region was as follows:

(in thousands of euros)	2016	2015	Change
Europe	151,947	147,086	3.3%
Americas, Asia-Pacific	18,879	19,847	-4.9%
Middle East, Greater Africa	127,330	105,462	20.7%
TOTAL	**298,156**	**272,395**	**9.5%**

Operating income increased by 9.5% in 2016 favored by globally positive currency effects and by cyclical low raw ingredient prices over much of the year.

3.2 Operating expenses by nature

Operating expense by nature broke down as follows:

(in thousands of euros)	2016	2015
Personnel expenses	526,914	507,681
Depreciation and amortization	93,372	90,379
Other operating expenses	1,988,303	2,057,475
TOTAL OPERATING EXPENSES	**2,608,589**	**2,655,535**

Other operating expenses included manufacturing raw materials and consumables used to make products sold as well as other costs of goods and services sold.

3.3 Other non-recurring income and expenses

Other non-recurring income and expenses broke down as follows:

(in thousands of euros)	2016	2015
Depreciation and gains (losses) on disposals of fixed assets	(10,287)	(1,366)
Restructuring costs	(5,436)	(7,874)
Other non-recurring income and expenses	(13,180)	(11,604)
TOTAL OTHER NON-RECURRING INCOME AND EXPENSES	**(28,903)**	**(20,844)**

Impairment tests of the CGU Boursin-Asie in 2016 resulted in a €3.6 million impairment included in “Other non-recurring income and expenses” (see Note 4.1). The acquisition costs of the MOM Group of €8.8 million were also recorded under this item. Moreover, “Depreciation and results of fixed assets” includes the depreciation of fixed assets following the cancellation of IT and industrial projects mainly in France and the Netherlands.

In 2015, other non-recurring income and expenses mostly comprised the remaining costs associated with moving the Group’s head office, costs related to acquiring the interest in Safilait, and write-downs of fixed assets, chiefly in France and Portugal.

Restructuring costs stemmed mainly from the departure of personnel who were not replaced, mostly in Portugal, Morocco and Egypt in 2016.

3.4 Financial income and expenses

Financial income and expenses broke down as follows:

(in thousands of euros)	2016	2015
Income from cash and cash equivalents	3,706	3,137
Cost of gross financial debt	(18,419)	(14,537)
Net cost of financial debt	**(14,713)**	**(11,400)**
Net cost of discounting	(4,277)	(1,531)
Foreign currency gains (losses)	15,213	2,288
Others	6,122	2,677
Other financial income and expenses	**17,058**	**3,434**
TOTAL NET FINANCIAL EXPENSES	**2,345**	**(7,966)**

In 2016 the gross cost of debt increased by €3.9 million mainly due to the financing of the majority interest in the MOM Group.

Foreign currency gains mainly stemmed from the revaluation of assets held in Syria (€0.8 million) and Egypt (€16.3 million) following currency devaluations in both countries.

"Net cost of discounting" includes the present value of VAT payable in Turkey for €-2.7 million, whereas "Others" includes proceeds from sale of securities for €3 million.

In 2015, the net cost of financial debt fell significantly, largely as a result of favorable interest rates. Other financial results were down mainly due to the positive impact of the revaluation of assets held in Syrian pounds and Egyptian pounds following currency devaluations in both countries.

3.5. Income tax expense

Income tax expenses broke down as follows:

(in thousands of euros)	2016	2015
Current tax (including withholding tax)	(76,330)	(72,880)
Deferred tax	(6,727)	(3,470)
TOTAL INCOME TAX	**(83,057)**	**(76,350)**

In 2016 the applicable corporate tax rate in France was 33.33% to which was added a social security tax of 3.3% for a total rate of 34.43%. The surtax of 10.7% applicable in France since 2012 was suppressed in 2016.

In 2015, the applicable corporate tax rate in France was 33.33% to which was added a 3.3% social security tax as well as a 10.7% surtax for French firms with revenue in excess of €250 million for a total rate of 38%.

In 2016, the Group's effective tax rate was 27.6%. The difference between the applicable and effective income tax rates is summarized below:

(as a %)	2016	2015
Applicable tax rate *(including additional taxes)*	**34.4%**	**38.0%**
Impact of the difference in the current tax rates of foreign subsidiaries	-7.4%	-8.2%
Impact of changes in tax rates	-1.4%	-1.7%
Tax credits	-0.8%	-0.7%
Prior-period carryforwards used during the year	-0.2%	-0.7%
Unused tax loss carryforwards from the period		0.2%
Alternative minimum tax and non-creditable withholding tax	2.0%	1.4%
Permanent differences	0.6%	0.6%
Limitation on deferred taxes	1.1%	
Impact of changes in tax rates in France	-2.2%	
Other items	1.5%	
EFFECTIVE INCOME TAX RATE	**27.6%**	**28.9%**

The share of earnings in countries with tax rates below French levels, i.e. Morocco, Egypt, Algeria and the Netherlands, accounted for most of the "Impact of the difference in the current tax rates of foreign subsidiaries". The improvement in the "Impact of changes in tax rates" stemmed primarily form the favorable tax rate change in Egypt.

In 2016, the "Impact of changes in tax rates in France" was due to the lower tax rate voted in France in the 2017 budget law which will gradually bring the rate down to 28.92% from 2020. Consequently, long-term deferred taxes, which mainly cover acquired brands, were revalued in accordance with the rates applying from 2020.

3.6 Earnings per share

Basic earnings per share was calculated by dividing net profit Group share by the number of ordinary shares (6,872,335 at December 31, 2016) less the weighted average number of Treasury shares (86,169 at December 31, 2016).

Diluted earnings per share was identical to basic earnings per share as the bonus shares awarded during the period were not dilutive.

NOTE 4 Balance sheet

4.1 Goodwill

Changes in goodwill for 2016 are presented in the following table:

(in thousands of euros)	2016	2015
GROSS VALUE AT PERIOD OPENING	**469,558**	**440,099**
Revision of Safilait's goodwill	1,999	-
Impact of changes in consolidation scope	648,493	22,822
Translation differences	3,049	6,637
GROSS VALUE AT PERIOD CLOSE	**1,123,099**	**469,558**
Accumulated write-downs at period opening	**(47,536)**	**(49,247)**
Write-downs	(3,600)	-
Translation differences	754	1,711
Accumulated write-downs at period close	**(50,382)**	**(47,536)**
NET CARRYING AMOUNT OF GOODWILL FROM CONTINUING OPERATIONS	**1,072,717**	**422,022**

Gross goodwill of €648.5 million was recorded without allocation of the purchase price after the purchase of a controlling interest in the MOM Group on December 15, 2016 (see Note 2). The intangible assets recorded in the MOM Group's balance sheet were incorporated into goodwill. The fair value of the assets acquired and liabilities assumed, including brands, will be assessed in 2017.

The review of the fair value of the assets of Safilait, in which a controlling interest was acquired in 2015, resulted in a €2 million revision of goodwill in 2016.

Impairment tests on cash-generating units in 2016 resulted in an impairment of €3.6 million on the goodwill of Boursin-Asia (See Note 3.3).

The following assumptions and parameters were used in the impairment testing of CGUs to determine their value in use:

- explicit forecasts for five years apart from recently acquired Safilait for which a seven-year horizon was used;
- weighted Average Cost of Capital: country risk rates established by Coface were used to revise the discount rates determined for each country to factor in the notions of risk and time according to each CGU's profile and country risk. The following economic assumptions were therefore adopted after this review:

	Goodwill *(in thousands of euros)*		Long-term growth rate		Discount rate	
	2016	2015	2016	2015	2016	2015
Europe	298,976	315,944	0.5-2%	0.5-2%	7%	7,5%-16%
Americas, Asia-Pacific	99,805	82,936	2%	2%	7.5%	8%
Middle East, Greater Africa	25,443	23,142	2%	2%	11%	11%
MOM Group	648,493	-				
GROUP TOTAL	**1,072,717**	**422,022**				

The Group tested the sensitivity of its CGUs to the following three factors:

- a 1% increase in the discount rate;
- a 0.5% decline in the long-term growth rate;
- a 1% decline in operating margin.

A 1% increase in the discount rate would result in the Group recognizing an impairment of around €20 million.

4.2 Other intangible assets

Changes in other intangible assets during the year were as follows:

(in thousands of euros)	2016	2015
Net carrying amount at January 1	**299,560**	**288,362**
Impact of changes in consolidation scope	5,490	15,477
Acquisitions	11,144	12,437
Disposals, abandoned assets	(2,882)	(30)
Translation differences	(133)	707
Amortization and write-downs	(16,008)	(17,935)
Reclassifications	(778)	542
NET CARRYING AMOUNT AT DECEMBER 31	**296,393**	**299,560**

A breakdown of intangible assets by nature is presented in the following table:

	December 31, 2016			December 31, 2015
(in thousands of euros)	Gross value	Accumulated depreciation and write-downs	Net carrying amount	Net carrying amount
Concessions and patents	34,635	(16,730)	17,905	15,460
Brands	250,317	(14,911)	235,406	235,089
Software	179,442	(136,574)	42,868	48,874
Others	1,445	(1,231)	214	137
TOTAL	**465,839**	**(169,446)**	**296,393**	**299,560**

As in 2015, acquisitions of other intangible assets in 2016 were primarily related to the Group's IT projects.

In 2015, the "Impact of changes in consolidation scope" corresponded mainly to the valuation of the Jibal® brand following the Group's acquisition of interest in Safilait. In 2016, this corresponded to the entry of the MOM Group's software, licenses and patents in the consolidation scope (see Note 2) as the brands were not yet valued.

The value in use of brands of the relevant CGUs was tested according to the method described in Note 4.1.

4.3 Property, plant and equipment

Changes in property, plant and equipment during the year were as follows:

(in thousands of euros)	2016	2015
Net carrying amount at January 1	**705,640**	**637,423**
Impact of changes in consolidation scope	190,909	36,203
Acquisitions	116,913	93,674
Disposals, abandoned assets	(1,721)	(2,355)
Translation differences	(9,785)	15,640
Depreciation and write-downs	(82,999)	(74,408)
Reclassifications	(3,083)	(537)
NET CARRYING AMOUNT AT DECEMBER 31	**915,874**	**705,640**

A breakdown of property, plant and equipment by nature is presented in the following table:

	December 31, 2016			December 31, 2015
(in thousands of euros)	Gross value	Accumulated depreciations and write-downs	Net carrying amount	Net carrying amount
Land	31,351	(5,314)	26,037	23,525
Buildings	450,212	(220,379)	229,833	188,188
Technical installations, fixtures, machinery and equipment	1,313,542	(774,262)	539,280	418,024
Other tangible assets	63,210	(42,514)	20,696	19,939
Assets under construction	104,024	(3,996)	100,028	55,964
TOTAL	**1,962,339**	**(1,046,465)**	**915,874**	**705,640**

The main acquisitions during the year concerned the increase in production capacities in France, the Netherlands, Algeria, and Vietnam.

In 2015, this item also included the fitting out of the Group's new head office in France.

"Depreciation and write-downs" included the depreciation of property, plant and equipment mainly in France and the Netherlands in 2016 and in Portugal in 2015 (see Note 3.3).

4.4 Financial assets and liabilities

Financial assets broke down as follows:

(in thousands of euros)	December 31, 2016 Amortized cost	December 31, 2016 Fair value	December 31, 2016 Balance sheet amount	December 31, 2015 Balance sheet amount
Assets				
Financial assets available for sale	6,233	185,007	191,240	202,196
Other non-current financial assets	4,105		4,105	1,736
Non-current loans and advances	12,891		12,891	10,757
Non-current trade and other receivables	2,826		2,826	8
Current trade and other receivables	559,026		559,026	497,593
Other current financial assets		3,556	3,556	4,884
Current loans and advances	1,662		1,662	1,289
Current tax assets	22,232		22,232	22,732
Cash and cash equivalents	124,074	190,306	314,380	682,220

Financial liabilities recognizable under IFRS 7 were recorded in full at amortized cost with the exception of financial instruments liabilities, which were measured at fair value. They are detailed in Note 4.15.

4.5 Other non-current assets (excluding deferred taxes)

Changes in other non-current assets (excluding deferred taxes) were as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015
Assets available for sale at period opening	202,196	130,760
Change in fair value recognized in other comprehensive income	(11,629)	66,702
Other changes	673	4,734
ASSETS AVAILABLE FOR SALE AT END OF PERIOD	**191,240**	**202,196**

Financial assets held for sale included 196,350 Unibel shares held by SOFICO and acquired at an average price of €14.25 per share. At 31 December 2016, these shares were valued at €184.6 million based on the December 31, 2016 closing price.

At 31 December 2015, these shares were valued at €196.3 million based on the December 31, 2015 closing price.

This change in valuation for 2016 net of deferred tax was recognized in the statement of comprehensive income as a net loss of €7.6 million.

4.6 Inventories and work-in-progress

Inventories and work-in progress broke down as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015
Raw materials and other supplies	149,755	112,537
Work-in-progress (goods and services)	1,515	24,978
Intermediate and finished goods and merchandise	209,557	138,427
GROSS VALUE	**360,827**	**275,942**
Inventory write-downs	(18,703)	(4,221)
NET CARRYING AMOUNT	**342,124**	**271,721**

The change in net inventories for the years presented breaks down as follows:

(in thousands of euros)	2016			2015
	Gross amounts	Write-downs	Net amounts	Net amounts
At January 1	**275,942**	**(4,221)**	**271,721**	**276,795**
Change in gross inventory	13,811	-	13,811	(18,345)
Impact of changes in consolidation scope	86,490	(15,631)	70,859	12,320
Change in write-downs	-	1,086	1,086	(704)
Translation differences	(15,416)	63	(15,353)	1,655
AT DECEMBER 31	**360,827**	**(18,703)**	**342,124**	**271,721**

4.7 Trade and other receivables

Trade and other receivables broke down as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015
Trade and other receivables	564,711	503,187
Write-downs	(5,685)	(5,594)
NET CARRYING AMOUNT	**559,026**	**497,593**

The change in trade and other receivables for the years presented breaks down as follows:

(in thousands of euros)	2016			2015
	Gross value	Write-downs	Net amounts	Net amounts
At January 1	**503,187**	**(5,594)**	**497,593**	**477,546**
Change in WCR	62,779	-	62,779	12,560
Impact of changes in consolidation scope	36,180	(508)	35,672	4,999
Change in write-downs	-	(107)	(107)	(7)
Reclassifications	(5,685)	-	(5,685)	53
Translation differences	(31,750)	524	(31,226)	2,442
AT DECEMBER 31	**564,711**	**(5,685)**	**559,026**	**497,593**

At December 31, 2016, net current trade receivables represented 89.6% of total trade and other receivables, with trade receivables under 60 days due accounting for 2.8% and trade receivables over 60 days due accounting for 0.3%. Receivables older than 120 days not covered by credit insurance were fully provisioned.

4.8 Net deferred taxes

Net deferred tax liabilities and changes in the net deferred tax position for the last two financial years were recorded as follows:

(in thousands of euros)	2016	2015
At January 1	**(202,965)**	**(160,387)**
Impact of changes in consolidation scope	15,467	(4,174)
Changes recognized in equity	18,755	(34,934)
Changes recognized in the income statement	(6,727)	(3,470)
AT DECEMBER 31	**(175,470)**	**(202,965)**

The controlling interest taken in the MOM Group in 2016 (see Note 2) led to a net deferred tax asset of €15.5 million including €35.2 million of tax loss carryforwards, mainly for the North American entity Materne, partially offset by deferred tax liabilities mainly on depreciation differences of €17.2 million in the same entity and for €7.9 million in the MOM Group's French entities. Current assumptions of future taxable profits suggest that these tax losses will be carried over in their recovery period.

Basis for deferred tax assets and liabilities

(in thousands of euros)	December 31,2016	December 31,2015
Goodwill	(34,023)	(30,385)
Fixed assets	(104,406)	(79,199)
Brands and concessions	(71,081)	(71,759)
Derivative financial instruments	5,895	2,126
Valuation of Unibel shares	(52,556)	(66,606)
Pensions and similar employee benefits	22,721	21,709
Tax loss carry forwards	38,897	7,507
Others	19,084	13,642
NET DEFERRED TAXES	**(175,470)**	**(202,965)**
Of which:		
deferred tax assets	*34,560*	*12,646*
deferred tax liabilities	*(210,030)*	*(215,611)*

"Other" mainly concerned temporary items that are not tax-deductible.

Tax loss carryforwards

The Group has tax loss carryforwards that offer potential tax savings.

A deferred tax asset is recognized when the recovery of tax loss carryforwards is more likely than not to arise for either of the following reasons:

- either the deferred tax assets can be offset against tax liabilities set to mature during the period in which they are "deductible"; or
- taxable profits are expected during the recovery period, resulting in deferred tax assets.

In accordance with the above accounting principle, the amount of deferred tax assets relating to tax loss carryforwards concern the MOM Group (see above) and the Grupo Fromagerie Bel España subsidiary for €2.7 million at December 31, 2016.

Deferred tax assets that were unrecognized owing to uncertainties about the probability of recovering the corresponding tax loss carryforwards were as follows:

	December 31, 2016		December 31, 2015	
(in thousands of euros)	Tax loss basis	Unrecognized deferred tax assets	Tax loss basis	Unrecognized deferred tax assets
Expires in				
Less than one year	975	175	2,001	391
One to five years	2,173	408	2,428	461
Over five years	-	-	476	86
May be carried forward indefinitely	30,422	7,564	17,767	4,439
TOTAL	**33,570**	**8,147**	**22,672**	**5,377**

Of the total unrecognized deferred tax assets at December 31, 2016, €6.1 million concerned the Group Fromageries Bel España subsidiary.

Changes in Spain's tax policy in 2014 and 2016 capped the deductibility of tax losses from previous years, although this is offset by the possibility of carrying forward tax losses indefinitely.

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4.9 Share capital information

Fromageries Bel's share capital is made up of 6,872,335 shares.

In 2016, changes to the Group's equity mainly arose from the profit/loss for the year and the dividend paid in May for the previous year, the impact of items recorded in the statement of comprehensive income, and the consolidation of the MOM Group's non-controlling interest for €64.1 million.

Items recognized in the statement of comprehensive income are presented in the following table:

(in thousands of euros)		At December 31, 2016 Group share	At December 31, 2016 Non-controlling interests share	At December 31, 2016 Total	At December 31, 2015 Total
Cash flow and raw material price hedging	*Gross amounts*	(760)		(760)	8,316
	Income tax impact	58		58	(3,176)
Mark-to-market of assets available	*Gross amounts*	(11,631)		(11,631)	66,702
	Income tax impact	4,008		4,008	(22,953)
Limitation on deferred taxes on Unibel securities	*Income tax impact*	10,054		10,054	
Actuarial gains and losses arising from retirement obligations	*Gross amounts*	(5,319)		(5,319)	9,328
	Income tax impact	1,525		1,525	(2,952)
Translation differences		(48,446)	377	(48,069)	14,220
TOTAL		**(50,511)**	**377**	**(50,134)**	**69,485**

The mark-to-market of the main hedge contracted by the Group subsidiaries is described in Note 4.15.3.

The mark -to-market of assets available for sale pertains to Unibel shares owned by SOFICO (see Note 4.5).

Actuarial gains and losses recognized during the year are described in Note 4.11.2.

Depending on its financial postions and changing needs the Group may adjust its share capital by issuing new shares, for example, or purchasing and cancelling existing shares.

The Group is not subject to equity covenants imposed by third parties.

Treasury shares

In 2016, the Group issued 5,049 and purchased 1,785 Treasury shares. It held 83,648 Treasury shares at December 31, 2016.

Bonus shares

The 2014-2016 bonus share plan was completed in August 2016, with 5,049 bonus shares awarded to beneficiaries.

The 2015-2018 plan is under way and a new 2016-2019 stock option plan was approved by the Board of Directors on July 29, 2016.

In accordance with IFRS 2, personnel expenses arising from bonus share awards were recognized incrementally over the vesting period with counterpart entries in equity.

A breakdown of bonus share plans is presented in the following table:

(in thousands of euros)	2014/2016 plan	2015/2018 plan	2016/2019 plan	Total
Number of shares granted at the award date	5,447	5,442	6,717	
Number of shares awarded at December 31, 2016	5,049	5,264	6,686	
Fair value of share award (in €)	268	305	489	
Award criteria: percentage provisioned	100%	100%	100%	
Vesting period	2 years	2 years	3 years	
Holding period	2 years	2 years	0	
Amount expensed at December 31, 2016	**374**	**759**	**456**	**1,589**

4.10 Provisions

Changes in provisions for the years presented break down as follows:

(in thousands of euros)	2016	2015
Provisions at January 1	**26,281**	**32,609**
Impact of changes in consolidation scope	12,681	90
Increase (charges)	4,616	4,855
Reversals used	(5,863)	(9,830)
Reversals not used	(8,788)	(1,482)
Reclassifications	(1,848)	-
Translation differences	(417)	39
PROVISIONS AT DECEMBER 31	**26,662**	**26,281**
Of which less than a year	*8,202*	*18,026*

In 2016, reversals used mainly concerned a restructuring provision in Morocco. Reversals not used mainly concerned the favorable outcome of a trade dispute for the Group. The MOM Group's balance sheet included long term provisions of €12.7 million at December 31, 2016.

In 2015, reversals offset against expenses for the year stemmed primarily from non-recurring provisions relating to the Group's head office move (see Note 3.3) provisioned as other expenses in 2014, in the following table:

(in thousands of euros)	December 31, 2016	December 31, 2015
Provisions for disputes and litigation	4,171	11,458
Restructuring provisions	460	1,466
Provisions for other expenses	1,578	770
Provisions for other risks	20,453	12,587
PROVISIONS	**26,662**	**26,281**

4.11 Employee benefits

The Group contributes to various pension plans, post-employment benefits and other long-term benefits in accordance with the laws and practices of the countries where it is present.

These plans are either defined contribution plans or defined benefit plans. For defined contribution plans, the expense is recorded in the year the contributions are due and, the Group's obligation being limited to said contributions, no additional retirement provisions are accounted for. For defined benefit plans, the obligations are measured using the projected unit credit method.

4.11.1. Summary of various employee benefits (defined contribution plans)

Employees benefit from defined contribution plans in some of the Group's entities. These schemes mainly grant employees additional benefits to State pension plans. For these plans, the expense is recorded in the year the contributions are due and, the Group's obligation being limited to said contributions, no additional retirement provisions are accounted for.

Nevertheless, an exception exists in the United States. Bel Brands USA contributes to a multi-employer fund that is by its nature a defined benefit plan. The fund manager, however, is unable to determine with any precision the share of each participating entity's obligation for the benefits earned by current employees, with the earned benefits of former employees deferred and retired employees benefiting from life annuities paid by the fund. Under IAS 19 and although the plan is by nature a defined benefit plan, the entity recognizes the contributions paid to the fund in the same way it does for a defined contribution plan. Bel Brands USA carries the risk of having to cover a share of the obligation in the event that the fund is underfunded. The amount of the risk is not known at this time.

4.11.2. Summary of different types of employee benefits (defined benefit plans)

These plans mainly consist of additional retirement benefits, postemployment benefits and long-service awards.

Employee benefits concern primarily European countries with France, Germany and the Netherlands together accounting for €130.7 million, or 95% of a total €137 million in employee benefits.

The following table provides a summary of the financial position of defined benefit plans:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	2016 Total	2015 Total
Gross defined benefit obligation	59,458	50,963	20,285	6,200	136,906	120,908
Fair value of plan assets	(45,158)				(45,158)	(39,491)
NET EMPLOYEE BENEFIT OBLIGATION RECORDED ON THE BALANCE SHEET	**14,300**	**50,963**	**20,285**	**6,200**	**91,748**	**81,417**

Changes in gross employee benefit obligations for defined benefit plans are presented in the following table:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	2016 Total	2015 Total
Gross defined benefit obligation at January 1	**53,367**	**43,142**	**18,667**	**5,732**	**120,908**	**131,732**
Change in gross defined benefit obligation recorded in profit or loss	1,252	3,379	809	677	6,117	5,635
Changes in the scope of consolidation		5,005			5,005	
Actuarial gains and loses recorded in other comprehensive income	5,292	1,916	1,696	271	9,175	(13,033)
Translation differences				(41)	(41)	4
Benefits paid during the year	(453)	(2,479)	(887)	(439)	(4,258)	(3,430)
GROSS DEFINED BENEFIT OBLIGATION AT DECEMBER 31	**59,458**	**50,963**	**20,285**	**6,200**	**136,906**	**120,908**

Changes in the fair value of plan assets is presented in the table below:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	2016 Total	2015 Total
Fair value of plan assets at January 1	**(39,491)**				**(39,491)**	**(41,563)**
Interest income (expense) on plan assets	(939)				(939)	(771)
Return on plan assets above the discount rate	(3,856)				(3,856)	3,700
Costs borne by bodies responsible for managing plan assets	52				52	58
Benefits paid by funds to recipients during the year	453				453	52
Contributions paid to funds	(1,377)				(1,377)	(967)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**(45,158)**				**(45,158)**	**(39,491)**

In 2016, the net amount expensed to the income statement totalled €5.2 million and broke down as follows:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	2016 Total	2015 Total
Service cost for the year	57	2,571	368	643	3,639	3,591
Interest income from the present value of the obligations	1,250	1,049	436	132	2,867	2,498
Past service cost following a plan change				(103)	(103)	23
Costs borne by bodies responsible for managing plan assets	52				52	58
Actuarial gains and losses on other long-term employment benefits	(55)	(240)	5	5	(285)	(477)
Change in gross defined benefit obligations recorded in profit or loss	**1,304**	**3,379**	**809**	**677**	**6,169**	**5,693**
Interest income (expense) on plan assets	(939)				(939)	(771)
TOTAL NET EXPENSES RECOGNIZED ON THE INCOME STATEMENT	**365**	**3,379**	**809**	**677**	**5,230**	**4,922**

In the Netherlands, collective bargaining with dairy industry trade unions over retirement benefits resulted in the signature of an agreement in 2014 that replaced defined benefit plans with a defined contribution plan on January 1, 2015. The rights acquired by employees at December 31, 2014 were frozen and defined benefit plans are now closed to new employees.

Actuarial gains and losses recorded in the statement of comprehensive income can be broken down as follows:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	2016 Total	2015 Total
Actuarial gains and losses on the present value of obligations recognized during the year and arising from experience adjustments	(5,204)	(2,037)	(350)	3	(7,588)	(1,790)
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to demographic assumptions		87			87	2,068
Actuarial gains and losses on the present value of obligations recongnized during the year and arising from changes to financial assumptions	10,495	3,866	2,046	268	16,675	(13,311)
Actuarial gains and loses recorded in other comprehensive income	**5,292**	**1,916**	**1,696**	**271**	**9,175**	**(13,033)**
Return on plan assets above the discount rate	(3,856)				(3,856)	3,700
TOTAL NET GAINS RECORDED IN THE STATEMENT OF COMPREHENSIVE INCOME	**1,436**	**1,916**	**1,696**	**271**	**5,319**	**(9,333)**

For defined benefit plans, obligations were measured according to actuarial techniques taking long-term assumptions into account. The main assumptions used by independent actuaries included the discount rate, the rate of salary increases, the turnover rate, and mortality rates.

In the euro zone, probable future benefits were written down to their present value using discount rates appropriate to each country. The discount rates were determined by using as a benchmark the yield on AA-rated corporate bonds with the same maturities as the obligations.

Assumptions weighted by obligation	December 31, 2016	December 31, 2015
Discount rate (weighted)	1.64%	2.35%
Rate of salary increases (weighted)	2.52%	3.00%
Duration (weighted)	18.3	19.5

The main financial assumption used to measure the obligation of defined benefit plans is the discount rate, which can have a significant impact on the outcome. A 100 basis point variation in the discount rate versus the main assumption used at December 31, 2016 would have the following effects:

	Decrease of 100 basis points	Increase of 100 basis points
Impact on obligation at December 31, 2016	20%	-16%

4.11.3 Description of main defined benefit plans

France

The Group's French entities are subject to a collective bargaining agreement established with the French dairy industry, apart from MBMA and Materne's employees who are subject to the National Collective Bargaining agreement of the Processed Food Products Industry. Both collective bargaining agreements provide for the payment of pensions to employees still present in the firm at the time of their retirement, with the retirement age being the same as that at which citizens are eligible for their State pension. This allocation is calculated as a percentage of the last salary earned, with the percentage determined according to the number of years of service at the time of retirement. These benefits are also subject to payroll on-costs which vary according to occupational category.

This plan is not externally managed.

Germany

Germany had an additional defined benefit plan that has been closed to new entrants since March 2003, with new entrants shepherded into a defined contribution plan. The defined benefit plan pays a life annuity (with a 60% reversion to the retiree's spouse on death and disability coverage) based on a percentage of the employee's last earned salary (based on the number of years in service capped at 35 years). The annuities are by law revised for inflation every three years.

Netherlands

The Netherlands has two additional defined benefit retirement plans, one of which was established by a collective bargaining agreement with the dairy industry. The plans pay a life annuity at the date of retirement with the retirement age set at 67. The annuity corresponds to the benefits acquired over the employee's length of service and is annually revised up to the beneficiary's date of retirement. The plans also pay an annuity to the employee's spouse or children in the event of death and provide disability coverage as well. The plans do not guarantee that the annuities for current retirees will be revalued in the future. They also do not guarantee the future evaluation of all the rights acquired by former employees who have acquired deferred benefits. Indexations are conditional on the financial health of the funds.

Both plans are financed via a shared multi-employer fund managed by Interpolis, and insurance firm. Interpolis determines the share of the fund owned by the two plans based on the value of the obligations calculated in accordance with statutory assumptions, which generally differ from standard assumptions. At end 2016, the fair value of plan assets in the Netherlands totalled €45.2 million, versus €39.5 million at end 2015.

4.12 Other non-current liabilities

Other non-current liabilities broke down as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015
Investment grants	23,420	22,398
Amounts payable to personnel	25,670	25,766
Others	2,839	3,940
TOTAL	**51,929**	**52,104**

Amounts payable to personnel were primarily made up of CETs (*Compte Epargne Temps)* Time Savings Accounts of french companies (allowances for paid leave in France) and provisioned debt relating to employee profit-sharing plans at french entities.

4.13 Trade payable and other liabilities

Changes in trade payables and other liabilities are presented in the following table:

(in thousands of euros)	2016	2015
At January 1	**555,003**	**501,814**
Impact of changes in consolidation scope	102,390	14,296
Changes in WCR	47,645	37,167
Reclassifications	201	3
Translation differences	(21,403)	1,723
AT DECEMBER 31	**683,836**	**555,003**

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4.14 Net financial debt

Net financial debt is presented in the following table:

(in thousands of euros)	December 31, 2016	December 31, 2015
Bonds	159,671	159,554
Bank borrowings	452,923	263,987
Employee profit-sharing	12,731	11,777
Minority shareholders' put options	21,488	21,233
Deposits and guarantee deposits	0	23
Borrowings and financial liabilities	**646,813**	**456,574**
Amounts related to assets held under finance leases	1,186	1,004
TOTAL LONG-TERM LIABILITIES	647,999	457,578
Bank borrowings	10,230	28,576
Employee profit-sharing	1,827	3,635
Commercial paper	245,943	104,975
Sundry loans and financial liabilities	20,493	3,565
Current account liabilities	65,969	54,810
Borrowings and financial liabilities	**344,462**	**195,561**
Amounts related to assets held under finance leases	501	329
TOTAL SHORT-TERM LIABILITIES	344,963	195,890
GROSS DEBT	**992,962**	**653,468**
Current used bank facilities including overdrafts and accrued interest	9,519	8,616
Cash and cash equivalents	(314,380)	(682,220)
NET CASH AND CASH EQUIVALENTS	**(304,861)**	**(673,604)**
Current account assets	(125)	(930)
TOTAL NET FINANCIAL DEBT	**687,976**	**(21,066)**

The main financing transactions for 2016 are explained in Note 4.15.2.

The put options of Safilait's minority shareholders, included in long-term debts, were offset against equity.

Current account liabilities mainly concerned the parent company Unibel for €64.2 million at December 31, 2016 compared with €53.2 million at December 31, 2015 (see Note 8.2).

REPAYMENT SCHEDULE FOR LONG-TERM DEBT AT DECEMBER 31, 2016

(in thousands of euros)	2018	2019	2020	2021	2022 and more	Total
Bonds	19,967	139,704				159,671
Bank borrowings	177,409	17,519	64,246	35,360	158,389	452,923
Amounts related to assets held under finance leases	634	399	153			1,186
Employee profit-sharing	3,634	2,906	3,009	3,182		12,731
Minority shareholders' put options	100			21,388		21,488
TOTAL LONG-TERM LIABILITIES	**201,744**	**160,528**	**67,408**	**59,930**	**158,389**	**647,999**

4.15 Financial instruments

4.15.1 Market risk management

The Treasury Department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

4.15.2 Financial and liquidity risk management

The Group's net debt at December 31, 2016 was €688 million.

The Group implemented policies aimed at limiting liquidity risk. In line with those policies, a significant share of the Group's financial resources is medium-term. The Group has confirmed credit lines and medium-term financing from its banks and from investors.

At December 31, 2016, the Group had significant liquidity, including:

- two confirmed syndicated credit lines maturing in 2021 of €520 million and €300 million, respectively. These lines have not been drawn;
- a €500 million commercial paper program, of which €246 million has been used;
- a €160 million bond subscribed by private investors, with €20 million maturing in December 2018 and €140 million maturing in December 2019;
- A financial transaction on the Schuldschein market in euro and in US dollar and two *Term Loans* in euro and in US dollar :
  - €224 million with maturity at between two and seven years,
  - €207.5 million with maturity at between two and seven years.

At December 31, 2016, the Group, via Fromageries Bel, had substantial cash and cash equivalents totalling €204 million.

Fromageries Bel committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt. At December 31, 2016, the ratio stood at 1.53 versus -0.05 at December 31, 2015.

The Group implemented a policy of pooling liquidity at the Fromageries Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or financing local needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

In countries where surpluses and financing pooling was not allowed, subsidiaries invest their surpluses in money market funds denominated in their local currency and, if needed, finance themselves primarily in local currency. The policy of systematically paying dividends also aims to limit recurring surpluses at subsidiaries.

For information, available cash in North Africa and the Middle East countries amounted to the equivalent of €75.5 million at December 31, 2016 and represented the majority of the available noncentralisable cash.

Some subsidiaries may have no alternatives to local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

4.15.3 Foreign exchange risk management

The Group is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Group entities are exposed to foreign exchange risk on sales and financial transactions recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, e.g., imports, exports and financial transactions.

The Group does not hedge its exposure to translation differences arising from consolidating its foreign subsidiaries. Conversely, it hedges exposure to translation differences arising from the payment of intragroup dividends denominated in foreign currency.

Hedging policy for foreign exchange exposure

Management policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments. While the Treasury Department is not a profit center. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all the French, European and North American entities. The Group Treasury Department provides these entities with the necessary currency hedges.

For subsidiaries in countries where there are no financial hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies. However, local currency devaluations can have a significant impact on the profitability of the concerned entity.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 months. At December 31, 2016, the maturity of the derivatives portfolio did not extend beyond January 31, 2018. The cash flow from the budgeted 2016 and 2017 hedges is expected in 2017 and 2018 and will thus impact income in 2017.

The exposure to risk of the MOM Group acquisition had not been incorporated in the Group's centralized management at December 31, 2016. This exposure remains immaterial and will be gradually incorporated into the Group's exposure.

Hedging of foreign exchange rate fluctuations on imports, exports and financial transactions

Group entities recalculate their net foreign exchange exposure periodically during each budgetary review. To manage its exposure, the Group mainly uses futures contracts, currency options and cross-currency swaps.

Hedging positions for foreign exchange, interest rate and raw materials risk versus the previous year:

VALUE OF HEDGES SECURED BY THE GROUP

	At December 31, 2016				At December 31, 2015			
(in thousands of euros)	Equity	Operating income	Financial income	Market value	Equity	Operating income	Financial income	Market value
Foreign exchange	**(4,948)**	**(1,320)**	**(695)**	**(6,963)**	**1,363**	**(520)**	**(60)**	**783**
Operational	(3,878)	(1,320)	(806)	(6,004)	1,559	(520)	(23)	1,016
Futures	(2,892)	(1,016)		(3,908)	836	(476)		360
Options	(986)	(304)	(806)	(2,096)	723	(44)	(23)	656
Dividends	(1,070)	-	-	(1,070)	(196)	-	-	(196)
Futures	(1,070)			(1,070)	(196)			(196)
Options				-				-
Capex				-				-
Financing			174	174			102	102
Other transactions			(63)	(63)			(139)	(139)
Interest rate	**1,006**	**-**	**-**	**1,006**	**(21)**	**-**	**1,107**	**1,086**
EURO interest-rate swaps	(542)			(542)				-
USD interest-rate swaps	1,548			1,548	(21)			(21)
Cross currency EUR/TRY interest-rate swaps				-			1,107	1,107
FOREIGN EXCHANGE AND INTEREST RATE TOTAL	**(3,942)**	**(1,320)**	**(695)**	**(5,957)**	**1,342**	**(520)**	**1,047**	**1,869**
RAW MATERIALS	**1,964**		**1,333**	**3,297**	**(2,698)**	**-**	**(100)**	**(2,798)**
BEL GROUP TOTAL				**(2,660)**				**(929)**

At December 31, 2016, the Group had secured the following hedges:

PORTFOLIO OF CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS

Type of transaction		At December 31, 2016					At December 31, 2015			
(in thousands of euros)	Direction	Cross	Commitment	Equity	Operating income	Market value	Commitment	Equity	Operating income	Market value
Futures	Buy	EURGBP	16,500	175	(159)	16	20,150	278	69	347
Futures	Buy	EURJPY	18,100	683	174	857	10,500	(106)	(138)	(244)
Futures	Sell	EURPLN	22,000	(130)	(49)	(179)	24,500	(232)	(33)	(265)
Futures	Buy	EURUSD	105,834	(3,519)	(894)	(4,413)	81,250	309	(481)	(172)
Futures	Buy	OTHERS	12,323	(79)	(58)	(137)	25,073	546	91	637
Futures	Sell	OTHERS	13,948	(22)	(30)	(52)	6,819	41	16	57
TOTAL				**(2,892)**	**(1,016)**	**(3,908)**		**836**	**(476)**	**360**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Sell EURPLN signifies that the Group is selling EUR and buying PLN).

PORTFOLIO OF CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS

Type of transaction *(in thousands of euros)*	Cross	At December 31, 2016 Commitment	Equity	Operating income	Financial income	Market value	At December 31, 2015 Commitment	Equity	Operating income	Financial income	Market value
Call purchase	EURGBP	70,000	31		1,388	1,419	51,500	67	-	689	756
Put sale	EURGBP	45,100	(9)		(572)	(581)	32,500	-	-	(225)	(225)
Call purchase	EURJPY	15,250	171		229	400	14,700	-	-	111	111
Put sale	EURJPY	9,200	(7)		(122)	(129)	8,575	(56)	(34)	(112)	(202)
Put purchase	EURPLN	32,000			203	203	26,250	-	-	148	148
Call sale	EURPLN	18,700	(61)		(253)	(314)	17,500	(87)	-	(223)	(310)
Call purchase	EURUSD	152,072			407	407	176,857	-	-	1,246	1,246
Put sale	EURUSD	114,585	(1,061)	(288)	(2,122)	(3,471)	123,442	(104)	(10)	(1,833)	(1,947)
Call purchase	OTHERS	30,262	42		224	266	39,497	928	-	294	1,222
Put sale	OTHERS	11,819	(92)	(16)	(188)	(296)	21,370	(25)	-	(118)	(143)
TOTAL			**(986)**	**(304)**	**(806)**	**(2,096)**		**723**	**(44)**	**(23)**	**656**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Call purchase EURGBP signifies that the Group is buying a EUR call/GBP put option).

PORTFOLIO OF CURRENCY FORWARD AND OPTION CONTRACTS TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS

Type of transaction *(in thousands of euros)*	Direction	Cross	At December 31, 2016 Commitment	Equity	Market value	At December 31, 2015 Commitment	Equity	Market value
Futures	Buy	EURUSD	14,278	(1,050)	(1,050)	9,320	(184)	(184)
Futures	Buy	OTHERS	1,000	(20)	(20)	600	(12)	(12)
TOTAL				**(1,070)**	**(1,070)**		**(196)**	**(196)**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Buy EURUSD signifies that the Group is buying EUR and selling USD).

PORTFOLIO OF SWAPS TO HEDGE FINANCING FLOWS DENOMINATED IN LOCAL CURRENCY

Type of transaction *(in thousands of euros)*	Direction	Cross	At December 31, 2016 Commitment	Financial income	Market value	At December 31, 2015 Commitment	Financial income	Market value
Swap	Sell	EURGBP				13,003	74	74
Swap	Buy	EURJPY	5,626	67	67	6,873	(65)	(65)
Swap	Buy	EURPLN	1,631	(1)	(1)	97	1	1
Swap	Sell	EURUSD	59,141	116	116	28,218	65	65
Swap	Sell	OTHERS	7,549	(10)	(10)	18,961	29	29
Swap	Buy	OTHERS	273	2	2	726	(2)	(2)
TOTAL				**174**	**174**		**102**	**102**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Sell EURGBP signifies that the Group is selling EUR futures and buying GBP futures).

OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY

		At December 31, 2016			At December 31, 2015		
Type of transaction *(in thousands of euros)*	Cross	Commitment	Financial income	Market value	Commitment	Financial income	Market value
Call sale	EURGBP	8,000	(53)	(53)			
Call sale	OTHERS	2,571	(10)	(10)	2,163	(139)	(139)
TOTAL			**(63)**	**(63)**		**(139)**	**(139)**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Call sale EURGBP signifies that the Group is selling a EUR call/GBP put option).

At December 31, 2015, all hedges whose market value had been accounted for in equity (positive €1.4 million market value) were recognized in the income statement in 2016.

At December 31, 2016, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totalled a negative €4.9 million.

The Group's main currency exposure was with the US dollar, the pound sterling and the Polish zloty. The valuations shown exclude the impact of deferred taxes.

A 1% decline in the EUR/USD currency risk before hedging would positively impact operating income by €2.4 million.

A 1% decline in the EUR/GBP currency risk before hedging would positively impact operating income by €0.8 million.

A 1% increase in the EUR/PLN currency risk before hedging would positively impact operating income by €0.5 million.

At December 31, 2016, 80-100% of the net exposure relative to the main currencies in the 2017 budget was hedged, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements complied with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group used an outside provider to determine the valuations.

4.15.4 Interest rate risk management

Most of the Group's financing is arranged by Fromageries Bel, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

At December 31, 2016, the Group hedged interest rate risk through interest rate swaps:

		At December 31, 2016		At December 31, 2015	
Type of transaction *(in thousands of euros)*	Commitment currency	Nominal	Market value	Nominal	Market value
Fixed-rate borrower swaps	EUR	100,000	(542)		
Fixed-rate borrower swaps	USD	123,328	1,548	45,926	(21)
Cross-currency EURTRY swap	TRY			4,499	1,107
TOTAL			**1,006**		**1,086**

The following hedging balance corresponds to hedges on some of the Group's floating rate loans.

HEDGING SCHEDULE

(in millions)		2017	2018	2019	2020	2021	2022	2023
Interest-rate swaps	EUR	100	100	95	85	70	50	-
Interest-rate swaps	USD	130	100	95	85	70	50	-

As at December 31, 2015, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity was immaterial at December 31, 2016.

An increase of 1% across the yield curve would positively impact Group equity by €9.1 million.

A decrease of 1% across the yield curve would negatively impact Group equity by €7 million.

BREAKDOWN OF GROSS DEBT BY TYPE, MATURITY AND INTEREST RATE TYPE AT DECEMBER 31, 2016

		Gross financial liabilities			Impact of derivative instruments			Financial liabilities after impact of derivative instruments		
MATURITY *(in thousands of euros)*	Nature	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
2017		**(7,738)**	**(337,225)**	**(344,963)**	**-**	**-**	**-**	**(7,738)**	**(337,225)**	**(344,963)**
	Sundry loans and financial liabilities		(88,181)	(88,181)			-	-	(88,181)	(88,181)
	Commercial paper(1)		(245,943)	(245,943)			-	-	(245,943)	(245,943)
	Bank borrowings	(7,738)	(3,101)	(10,839)			-	(7,738)	(3,101)	(10,839)
2018		**(38,625)**	**(163,119)**	**(201,744)**	**(28,460)**	**28,460**	**-**	**(67,085)**	**(134,659)**	**(201,744)**
	Sundry loans and financial liabilities	(137)	(4,268)	(4,405)			-	(137)	(4,268)	(4,405)
	Bank borrowings	(38,388)	(158,851)	(197,239)	(28,460)	28,460	-	(66,848)	(130,391)	(197,239)
	Minority shareholders' put options	(100)		(100)			-	(100)	-	(100)
2019		**(147,480)**	**(13,048)**	**(160,528)**	**(9,743)**	**9,743**	**-**	**(157,223)**	**(3,305)**	**(160,528)**
	Sundry loans and financial liabilities	(137)	(3,305)	(3,442)			-	(137)	(3,305)	(3,442)
	Bank borrowings	(147,343)	(9,743)	(157,086)	(9,743)	9,743	-	(157,086)	-	(157,086)
2020		**(27,797)**	**(39,611)**	**(67,408)**	**(19,487)**	**19,487**	**-**	**(47,284)**	**(20,124)**	**(67,408)**
	Sundry loans and financial liabilities	(137)	(3,162)	(3,299)			-	(137)	(3,162)	(3,298)
	Bank borrowings	(27,660)	(36,449)	(64,109)	(19,487)	19,487	-	(47,147)	(16,962)	(64,109)
2021		**(27,518)**	**(32,412)**	**(59,930)**	**(29,230)**	**29,230**	**-**	**(56,748)**	**(3,182)**	**(59,930)**
	Sundry loans and financial liabilities	(117)	(3,182)	(3,299)			-	(117)	(3,182)	(3,299)
	Bank borrowings	(6,013)	(29,230)	(35,243)	(29,230)	29,230	-	(35,243)	-	(35,243)
	Minority shareholders' put options	(21,388)		(21,388)			-	(21,388)	-	(21,388)
2022		**(658)**	**(38,974)**	**(39,632)**	**(38,974)**	**38,974**	**-**	**(39,632)**	**-**	**(39,632)**
	Sundry loans and financial liabilities	(691)		(691)			-	(691)	-	(691)
	Bank borrowings	33	(38,974)	(38,941)	(38,974)	38,974	-	(38,941)	-	(38,941)
2023		**(20,682)**	**(97,434)**	**(118,116)**	**(97,434)**	**97,434**	**-**	**(118,116)**	**-**	**(118,116)**
	Bank borrowings	(20,682)	(97,434)	(118,116)	(97,434)	97,434	-	(118,116)	-	(118,116)
2024		**(641)**	**-**	**(641)**			**-**	**(641)**	**-**	**(641)**
	Bank borrowings	(641)		(641)			-	(641)	-	(641)
TOTAL		**(271,139)**	**(721,823)**	**(992,962)**	**(223,328)**	**223,328**	**-**	**(494,467)**	**(498,495)**	**(992,962)**

(1) Commercial paper is issued at fixed rates but is treated as a floating rate instrument in the table owing to its short maturities and expected renewals.

After hedging, the Fixed Rate/Variable Rate distribution is balanced after hedging.

4.15.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. “Major counterparties” are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity, term deposits or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group’s foreign exchange and interest rate hedges were immaterial at December 31, 2016.

4.15.6 Raw materials risk management

The Group is exposed to price increases of raw materials, particularly for milk, cheese, milk powder and butter. To date, the Group had not implemented a comprehensive, systematic strategy to hedge raw materials prices; only the US entities had a hedging policy for raw materials through the Chicago futures market.

At December 31, 2016, Bel Brands and Bel USA had the following positions:

CME CLASS III MILK

Type of transaction *(in thousands of euros)*	At December 31, 2016		At December 31, 2015	
	Number of contracts	Market value	Number of contracts	Market value
Future purchase	516	1,230	432	(1,240)
Call purchase	876	1,532	942	280
Put sale	480	(93)	834	(1,523)
TOTAL		**2,669**		**(2,483)**

CME CASH SETTLED CHEESE

Type of transaction *(in thousands of euros)*	At December 31, 2016		At December 31, 2015	
	Number of contracts	Market value	Number of contracts	Market value
Future purchase	252	241	282	(506)
Call purchase	306	464	360	195
Put sale	270	(77)	300	(369)
TOTAL		**628**		**(679)**

CME CASH SETTLED BUTTER

Type of transaction *(in thousands of euros)*	At December 31, 2016		At December 31, 2015	
	Number of contracts	Market value	Number of contracts	Market value
Future purchase	-	-	71	364
TOTAL		**-**		**364**

At December 31, 2016, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totalled a positive €2 million.

At December 31, 2015, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totalled a negative €2.7 million.

The market values of hedges on the contracts for whey, butter and related to Boursin activity were recognized directly in the income statement.

4.15.7 Share price risk management

At December 31, 2016, the Group had no equity-based derivatives. Concerning the valuation of Unibel shares, please refer to section 4.5.

4.15.8 Fair value hierarchy disclosures based on IFRS 7

Description *(in thousands of euros)*	December 31, 2016	Level 1	Level 2	Level 3
Foreign exchange derivatives	(6,963)		(6,963)	
Interest rate derivatives	1,006		1,006	
Raw materials derivatives	3,297	3,297		
TOTAL	**(2,660)**	**3,297**	**(5,957)**	**-**
Mutual funds	124,074	124,074		
Term deposits	-			
TOTAL MUTUAL FUNDS & TERM DEPOSITS	**124,074**	**124,074**	**-**	**-**
TOTAL	**121,414**	**127,371**	**(5,957)**	**-**

Description *(in thousands of euros)*	December 31, 2015	Level 1	Level 2	Level 3
Foreign exchange derivatives	783		783	
Interest rate derivatives	1,086		1,086	
Raw materials derivatives	(2,798)	(2,798)		
TOTAL	**(929)**	**(2,798)**	**1,869**	**-**
Mutual funds	420,382	420,382		
Term deposits	-			
TOTAL MUTUAL FUNDS & TERM DEPOSITS	**420,382**	**420,382**	**-**	**-**
TOTAL	**419,453**	**417,584**	**1,869**	**-**

NOTE 5 Cash flows

5.1 Cash flow from operating activities

(Increase) decrease in inventories, current receivables and payables broke down as follows:

(in thousands of euros)	Note	2016	2015
Change in inventories and write-downs	4.6	(14,897)	19,049
Change in trade and other receivables	4.7	(62,672)	(12,553)
Change in trade and other payables		51,720	27,860
(INCREASE) DECREASE IN CURRENT INVENTORIES, RECEIVABLES AND PAYABLES		**(25,849)**	**34,356**

Reconciliations with the "Change in trade payables and other liabilities" on the balance sheet is as follows:

TRADE AND OTHER PAYABLES

(in thousands of euros)	Note	2016	2015
Change in WCR	4.13	47,645	37,167
Adjustments for fixed asset payables		6,030	(8,042)
Change in fair value of hedging instruments		(1,955)	(1,265)
CHANGE IN TRADE AND OTHER PAYABLES		**51,720**	**27,860**

5.2 Cash flow from investing activities

Business acquisitions in 2016 involved a controlling interest in the MOM Group (see Note 2) for €778 million and an increase in the capital of Bel Korea, an unconsolidated entity, for €2.4 million.

Acquisitions of tangible and intangible assets mainly encompassed production capacity increases in France, the Netherlands, Algeria, and Vietnam (see Notes 4.2 and 4.3).

5.3 Cash flow from financing activities

"Increase (decrease) in current accounts with entities outside the scope of consolidation" broke down as follows:

(in thousands of euros)	2016	2015
Increase (decrease) in current accounts with:		
Unibel	10,961	5,305
Other unconsolidated entities	114	(717)
TOTAL	**11,075**	**4,588**

Issues and repayments of debt are described in Note 4.15.2.

NOTE 6 Financial commitments

6.1 Table of off balance sheet commitments

(in thousands of euros)	2016	2015
COMMITMENTS GIVEN	**185,399**	**182,589**
Off-balance sheet commitments given, related to Company financing	**23,780**	**25,266**
Financial guarantees given	17,644	19,101
Other	6,136	6,165
Commitments received, related to the issuer's operating activities	**161,619**	**157,323**
Asset orders	27,930	26,940
Operating leases:	130,921	128,530
less than a year	26,122	15,938
one to five years	54,934	53,664
more than five years	49,865	58,928
Other	2,768	1,853

(in thousands of euros)	2016	2015
COMMITMENTS RECEIVED	**848,419**	**544,100**
Off-balance sheet commitments given, related to Company financing	**820,000**	**520,000**
Credit lines received and unused	820,000	520,000
Commitments received, related to the issuer's operating activities	**28,419**	**24,100**
Financial guarantees received	26,469	24,031
Others	1,950	69

5

Financial guarantees given corresponded primarily to two guarantees totalling €11.2 million and granted by Fromageries Bel to cover a Credit Facility Agreement for the two consolidated Ukrainian subsidiaries.

The Group made a firm commitment to lease its future head office for 12 years when it signed the lease in the first semester of 2014. This commitment totalled €66.2 million at December 31, 2016.

NOTE 7 Disputes

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were booked for any probable and measurable costs that might arise from these lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at December 31, 2016.

The entities making up the Group are periodically subject to tax audits in the countries where they are based:

- tax arrears and penalties were booked for accepted tax adjustments and provisioned if the amounts in question were not definitively known;
- contested tax adjustments were carefully reviewed and generally provisioned unless it was clear that the entity would be able to assert the validity of its position in the course of the dispute. In December 2015, Fromageries Bel Maroc, which was subject to a tax audit for the financial years 2011 to 2014, was notified of tax adjustment totalling 340 million dirham, or roughly €31 million. After a dispute, the entity paid a tax deficiency notice of 60 million dirham in 2016, or roughly €5.5 million euros.

NOTE 8 Related parties

8.1 Management benefits

(in thousands of euros)	2016	2015
Remuneration and benefits in kind	6,295	7,614
Directors' fees	250	207
TOTAL SHORT-TERM BENEFITS	**6,545**	**7,821**
Bonus shares	1,091	960
TOTAL LONG-TERM BENEFITS	**1,091**	**960**

Management in this note refers to members of the Board of Directors and Management Committee.

8.2 Dealings with related parties

(in thousands of euros)	2016	2015
Amount of transactions	24,950	20,963
of which Unibel	7,699	6,673
of which other unconsolidated entities	17,251	14,290
Associated receivables	3,396	463
Associated payables and current accounts	69,314	57,098
of which Unibel	65,441	54,136
of which other unconsolidated entities	3,873	2,962
Unibel shares	184,608	196,252

At December 31, 2016, the amount of related-party transactions included €7.7 million paid to Unibel (holding company), of which €7.3 million in personnel expenses billed back to Fromageries Bel SA under a service agreement dated December 12, 2001, and €17.3 million in operating expenses billed back to Fromageries Bel SA paid to Bel Proche et Moyen-Orient Beyrouth, Bel Middle East, Bel China and other unconsolidated Group entities.

Related parties' associated payables and current accounts mainly concerned Unibel (holding company) with a €64.2 million current account versus €53.2 million at December 31, 2015 (see Note 4.14).

Related parties' receivables mainly concerned Fromageries Bel's debts towards Bel Korea, an unconsolidated Group entity.

Unibel shares held by SOFICO were valued at €184.6 million based on the closing share price at December 31, 2016 (see Note 4.5).

The Group had no significant off-balance sheet commitments with related parties.

NOTE 9 Subsequent events

No significant events have occurred since the end of the reporting period.

NOTE 10 Consolidation scope

		2016		2015	
Entities	Country	Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
Fully consolidated					
Fromageries Bel	France	Parent company	Parent company	Parent company	Parent company
Fromageries Picon	France	99.99	99.99	99.99	99.99
Fromageries Bel Production France	France	100.00	100.00	100.00	100.00
SASFR	France	100.00	100.00	100.00	100.00
SICOPA	France	100.00	100.00	100.00	100.00
SOFICO	France	100.00	100.00	100.00	100.00
SOPAIC	France	100.00	100.00	100.00	100.00
Fromagerie Boursin SAS	France	100.00	100.00	100.00	100.00
Société des Produits Laitiers	France	100.00	100.00	100.00	100.00
Newton Holding	France	68.06	74.80	-	-
MBMA Holding SAS	France	68.06	74.80	-	-
MBMA SAS	France	68.06	74.80	-	-
MOM SAS	France	68.06	74.80	-	-
MOM P2	France	68.06	74.80	-	-
Mont Blanc SAS	France	68.06	74.80	-	-
Materne SAS	France	68.06	74.80	-	-
Spa Fromagerie Bel Algérie	Algeria	100.00	100.00	100.00	100.00
Bel Deutschland GmbH	Germany	100.00	100.00	100.00	100.00
Bel Belgium	Belgium	100.00	100.00	100.00	100.00
Bel Canada	Canada	100.00	100.00	100.00	100.00
Materne Canada	Canada	68.06	74.80	-	-
Bel Egypt Distribution	Egypt	100.00	100.00	100.00	100.00
Bel Egypt Expansion For Cheese	Egypt	100.00	100.00	100.00	100.00
Grupo Fromageries Bel Espana	Spain	100.00	100.00	100.00	100.00
Bel Americas Inc.	United States	100.00	100.00	100.00	100.00
Bel Brands USA Inc.	United States	100.00	100.00	100.00	100.00
Bel USA Inc.	United States	100.00	100.00	100.00	100.00
Materne North America Corp.	United States	68.06	74.80	-	-
Bel UK Ltd	United Kingdom	100.00	100.00	100.00	100.00
Fromageries Bel Hellas	Greece	100.00	100.00	100.00	100.00
Bel-Rouzaneh Dairy Products Company	Iran	100.00	100.00	100.00	100.00
Bel Italia Spa	Italy	100.00	100.00	100.00	100.00
Bel Japon	Japan	100.00	100.00	100.00	100.00
Fromageries Bel Maroc	Morocco	67.99	67.99	67.99	67.99
S.I.E.P.F.	Morocco	100.00	100.00	100.00	100.00
Bel Africa	Morocco	100.00	100.00	100.00	100.00
Safilait	Morocco	70.48	60.88	70.48	60.88
Bel Nederland B.V.	Netherlands	100.00	100.00	100.00	100.00
Royal Bel Leerdammer B.V.	Netherlands	100.00	100.00	100.00	100.00

		2016		2015	
Entities	Country	Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
Bel Polska	Poland	100.00	100.00	100.00	100.00
Fromageries Bel Portugal	Portugal	100.00	100.00	100.00	100.00
Syraren Bel Slovensko a.s.	Slovakia	99.88	99.88	99.88	99.88
Bel Nordic A.B.	Sweden	100.00	100.00	100.00	100.00
Bel Suisse	Switzerland	100.00	100.00	100.00	100.00
Bel Syrie	Syria	100.00	100.00	100.00	100.00
Bel Syry Cesko a.s.	Czech Republic	100.00	100.00	100.00	100.00
Bel Karper	Turkey	100.00	100.00	100.00	100.00
Bel Shostka Ukraine	Ukraine	96.92	96.92	96.92	96.92
Bel Shostka Service	Ukraine	99.89	96.81	99.89	96.81
Bel Cheese Mexico	Mexico	100.00	100.00	100.00	100.00
Bel Queso de Mexico	Mexico	100.00	100.00	100.00	100.00
Bel Vietnam	Vietnam	100.00	100.00	100.00	100.00
Queijo Bel Brasil	Brazil	95.00	95.00	95.00	95.00

Statutory Auditors' report on the consolidated financial statements

Financial year ended December 31, 2016

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- our audit of Fromagerie BEL's consolidated financial statements for the year ended December 31, 2016 as presented in the present report;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements were approved by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

II. Justification of our assessments

In application of article L. 823-9 of the French Commercial Code regarding evaluation justification, we call your attention to the following items:

- Note 1.5 to the financial statements primarily discloses the accounting polices relating to provisions. Our work consisted of assessing the data and assumptions on which the estimates were based, examining on a test basis the calculations made by the Group, and reviewing management's procedures for approving the estimates. We also evaluated the reasonableness of those estimates;
- Note 1.5 to the financial statements additionally describes the terms and conditions under which postemployment benefits were measured. These obligations were subject to external actuarial assessments. Our work consisted of reviewing the data used, assessing the assumptions made and verifying that the appropriate information was disclosed in Note 4.11;
- the Company on a systematic, annual basis tested goodwill and assets with an indefinite useful life for impairment at each closing date and also assessed whether there were any indications of impairment loss on long-term assets, in accordance with the conditions described in Notes 1.5 and 4.1 to the financial statements. We examined the methods used to test for impairment loss, as well as the cash flow projections and assumptions made, and verified that the appropriate information was disclosed in Note 4.1.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the Group-related information presented in the Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, March 9, 2017

The Statutory Auditors

Deloitte & Associés

Pierre-Marie Martin

Grant Thornton

French member of Grant Thornton International

Virginie Palethorpe

5.5.2 Company financial statements at December 31, 2016

Comparative income statements at December 31, 2016

(In thousands of euros)	Note	2016	2015
OPERATING INCOME			
Sales of merchandise (goods purchased for resale)		119,530	120,693
Production sold:			
• sales - goods		1,224,982	1,271,002
• sales - construction works			
• sales - services			
Revenue from ancillary operations		40,613	42,464
TOTAL PRODUCTION SOLD		1,265,595	1,313,466
REVENUE FROM SALES (INCLUDING EXPORTS OF 754,240)	3	1,385,125	1,434,159
Change in finished goods and in-progress inventories:			
• work-in-progress goods			
• work-in-progress services		(5,393)	(955)
Finished goods		11,903	1,469
TOTAL CHANGE IN FINISHED GOODS AND IN-PROGRESS INVENTORIES		6,510	514
Self-constructed fixed assets		7,218	7,071
Government grants – operations		147	142
Reversals of provisions, write-downs, depreciation and amortization		5,212	3,542
Expense transfers	4	24,471	27,598
Other revenue		86,850	93,623
TOTAL I		**1,515,533**	**1,566,649**
OPERATING EXPENSES			
Cost of merchandise (goods purchased for resale) sold during the year:			
• purchase of merchandise (goods purchased for resale)		69,215	68,305
• change in inventories of merchandise (goods purchased for resale)		11,829	3,432
TOTAL PURCHASE COSTS OF GOODS RESOLD		81,044	71,737
Operating costs incurred through third parties and consumed during the period:			
• purchases of inventoried raw ingredients and supplies			
raw materials		*0*	*0*
other production supplies		*1,608*	*509*
• increase (decrease) in raw material and supply inventories		134	(224)
• purchases from subcontractors		718,021	754,003
• purchases of non-inventoried materials and supplies		2,204	2,348
• outside services			
outside personnel	*5*	*12,412*	*10,964*
lease payments			
• others		512,247	496,434
TOTAL OPERATING COSTS INCURRED THROUGH THIRD PARTIES		1,246,626	1,264,034

(In thousands of euros)	Note	2016	2015
Taxes other than income tax:			
• on compensation		3,159	2,986
• others		11,238	12,757
TOTAL TAXES OTHER THAN INCOME TAX		14,397	15,743
Personnel expenses:			
• wages and salaries		78,795	77,212
• payroll on-costs		34,501	33,096
TOTAL PERSONNEL EXPENSES	5	113,296	110,308
Depreciation, amortization and provisions for the year:			
• depreciation of fixed assets		12,845	12,762
• provision for fixed assets			
• provision for current assets		449	175
• provision for contingencies and losses		1,214	3,225
TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR		14,508	16,162
Sundry expenses		6,184	4,276
TOTAL II		**1,476,055**	**1,482,260**
1 - PROFIT FROM OPERATIONS (I - II)		**39,478**	**84,389**
NET PROFIT/(LOSS) FROM JOINT VENTURES			
PROFIT OR LOSS TRANSFERRED III			
LOSS OR PROFIT TRANSFERRED IV			
FINANCIAL INCOME			
From participating interests		86,780	78,571
From other long-term marketable securities and receivables		1	1
Other interest and similar income		1,416	1,896
Reversal of provisions and transfers of financial expenses		6,530	2,713
Foreign exchange gains		112,649	97,913
Net profits from sales of marketable securities		375	400
TOTAL V		**207,751**	**181,494**
FINANCIAL EXPENSES			
Depreciation, amortization and provisions for the year		11,094	3,526
Interest and similar expenses		17,980	14,220
Foreign exchange losses		113,072	113,719
Net losses from sales of marketable securities		2	
TOTAL VI		**142,148**	**131,465**
2 - NET FINANCIAL RESULT (V - VI)	6	**65,603**	**50,029**
3 - PRETAX PROFIT (LOSS) ON ORDINARY ACTIVITIES (I - II + III - IV + V - VI)		**105,081**	**134,418**

(In thousands of euros)	Note	2016	2015
EXTRAORDINARY INCOME			
From operations		675	15
From capital transactions:			
• proceeds from disposals of fixed assets		3,247	395
• investment grants transferred to income		251	321
• other			
TOTAL FROM CAPITAL TRANSACTIONS		3,498	716
Reversal of provisions and transfers of extraordinary expenses		22,856	26,953
TOTAL VII		**27,029**	**27,684**
EXTRAORDINARY EXPENSE			
From operations		9,582	16,342
From capital transactions:			
• carrying amount of capitalized assets and long-term investments sold		416	3,710
• other		575	569
TOTAL FROM CAPITAL TRANSACTIONS		**991**	**4,279**
Depreciation and provisions for the year:			
• regulated provisions		8,200	10,232
• depreciation and other provisions for the year		1,075	1,778
TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR		9,276	12,010
TOTAL VIII		**19,848**	**32,631**
4 - EXTRAORDINARY PROFIT (LOSS) (VII - VIII)	**7**	**7,181**	**(4,947)**
Employee profit-sharing (IX)		2,886	3,259
Income tax (X)	8	7,655	10,069
TOTAL INCOME (I + III + V + VII) (XI)		**1,750,313**	**1,775,827**
TOTAL EXPENSES (II + IV + VI + VIII + IX + X) (XII)		**1,648,592**	**1,659,684**
5 - NET PROFIT (LOSS)		**101,721**	**116,143**

Comparative balance sheets at December 31, 2016

ASSETS

		2016			2015
(in thousands of euros)	Note	Gross amounts	Depreciation and write downs	Net amounts	Net amounts
CAPITAL ASSETS					
Intangible assets					
Concessions, patents, licences, brands, processes, software, rights and similar assets		81,054	65,566	15,488	15,583
Business goodwill[(a)]		221,533		221,533	221,533
Intangible assets in progress		10,348		10,348	10,735
		312,935	65,566	247,369	247,851
Property, plant and equipment					
Land		799	475	324	335
Suspense account					
Constructions		24,374	8,673	15,701	16,307
Technical installations, fixtures, machinery and equipment		47,101	31,819	15,282	17,015
Other		7,353	3,753	3,600	2,908
Assets in the course of construction		2,487	61	2,426	4,550
Advances and down-payments		36		36	938
		82,150	44,781	37,369	42,053
Long-term investments[(b)]					
Participating interests		1,201,615	17,713	1,183,902	993,602
Loans to and receivables from participating interests		640,637	11,743	628,894	9,014
Other long-term financial assets		5,922		5,922	5,282
Loans		6,758	1	6,757	6,457
Others		22,909	21	22,888	23,398
		1,877,841	29,478	1,848,363	1,037,753
TOTAL I	**9**	**2,272,926**	**139,825**	**2,133,101**	**1,327,657**
CURRENT ASSETS					
Inventories and work-in-progress					
Raw materials and other supplies		1,067	113	954	1,154
Work-in-progress (goods and services)		2,544		2,544	7,937
Finished and intermediate goods		15,143	82	15,061	8,843
Merchandise (goods purchased for resale)		876	11	865	7,008
		19,630	206	19,424	24,942
Advances and down-payments made to suppliers		784		784	1,718
Receivables from operations[(c)]					
Trade and other receivables		238,419	1,090	237,329	245,621
Other	10	26,027		26,027	28,098
		264,446	1,090	263,356	273,719

(in thousands of euros)	Note	2016 Gross amounts	2016 Depreciation and write downs	2016 Net amounts	2015 Net amounts
Sundry receivables[c]	11	30,151		30,151	35,349
Subscribed capital called and unpaid					
Marketable securities	12	98,181		98,181	398,103
Short-term financial instruments	13	7,400		7,400	10,995
Cash on hand and bank balances		110,339		110,339	191,092
Prepaid expenses and suspense account[c]	14	11,501		11,501	3,266
TOTAL II		**542,432**	**1,296**	**541,136**	**939,184**
Expenses amortized over several years III					
Bond discounts to be amortized IV					
Unrealized losses on foreign exchange V	**15**	**1,662**		**1,662**	**2,776**
TOTAL ASSETS (I + II + III + IV + V)		**2,817,021**	**141,121**	**2,675,900**	**2,269,617**
(a) Of which leasehold right					
(b) Of which less than a year (gross)				*642,942*	*12,466*
(c) Of which more than a year (gross)				*906*	*1,230*

LIABILITIES

(in thousands of euros)	Note	2016	2015
EQUITY			
Share capital (of which paid: 10,308)	**17**	10,308	10,308
Paid-in capital		22,106	22,106
Revaluation adjustments		59	60
Reserves:			
• legal reserve		1,099	1,099
• regulated reserves		168	168
• other		487,657	487,657
Retained earnings		340,895	285,820
Profit for the year		101,721	116,143
Investment grants		616	867
Regulated provisions	**18**	37,180	41,802
TOTAL I	**19**	**1,001,809**	**966,030**
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for contingencies		5,557	15,274
Provisions for losses		5,060	6,751
TOTAL II	**20**	**10,617**	**22,025**
DEBT [(a)]			
Debt:			
• convertible bonds			
• other bonds	21	160,156	160,156
• bank borrowings[(b)]	22	425,986	249,188
• sundry borrowings and financial liabilities	23	497,620	337,356
		1,083,762	**746,700**
ADVANCES AND DOWN PAYMENTS RECEIVED		**90**	**101**
Payables from operations:			
• trade and other payables		198,301	209,439
• taxes payable and payroll and on-cost amounts payable		38,846	39,538
• other	24	27,373	27,138
		264,520	276,115
Other liabilities:			
• amounts payable to fixed asset suppliers and related accounts		2,252	9,911
• income tax payable		1,489	0
• other	25	299,042	238,871
		302,783	248,782
SHORT-TERM FINANCIAL INSTRUMENTS	**13**	**10,214**	**4,512**
DEFERRED INCOME AND SUSPENSE ACCOUNT FOR UNREALIZED GAINS ON FINANCIAL INSTRUMENTS	**26**	**0**	**3,897**
TOTAL III		**1,661,369**	**1,280,106**
Unrealized gains on foreign exchange transactions IV	**15**	**2,104**	**1,455**
TOTAL LIABILITIES (I + II + III + IV + V)		**2,675,900**	**2,269,617**
(a) Of which more than a year.		*597,594*	*398,697*
Of which current/less than a year.		*1,053,561*	*873,001*
(b) Of which current used bank facilities and cash in bank.		*4,203*	*7,165*

Summary of the notes to the annual financial statements

NOTE 1 Accounting rules and methods

To give a true and fair view of the operating results of the past year and the financial position, assets and liabilities of the Company at December 31, 2016, the annual financial statements were prepared in accordance with French GAAP (generally accepted accounting principles) and the rules and regulations of France's accounting standards authority, the *Autorité des Normes Comptables (ANC).*

The recommended rules and methods were applied with respect to the general principles listed in the French Commercial Code, in particular those pertaining to a going concern, the independence of financial years, the recognition of items in the financial statements on a historical cost basis, prudence, and the permanence of accounting methods from year to year.

The various items recorded in the financial statements were measured using historical cost, except for property, plant and equipment, and long-term investments adjusted under legal revaluations.

The principal methods used were as follows:

1.1 Intangible assets

These include:

- computer software, amortized over a period of five years, except for the PACE project to implement SAP, amortized over an eight-year period;
- goodwill from businesses acquired or received as consideration by Group entities is not amortized but is subject to annual impairment testing and is recorded under assets at acquisition cost;
- merger deficits.

Impairment testing consists of comparing the net carrying amount of the asset to its recoverable amount, which is the higher of the asset's fair value or its value in use.

Value in use is obtained by adding the pretax present values of the future cash flows expected to be derived from the use of an asset or asset group, and ther terminal cash flow.

The cash flows used to determine value in use were derived over five years from the business plans of entities using the brands. Revenue and future cash flow projections were based on reasonable and supportable assumptions in line with market data available for each user entity.

All Research and Development costs were expensed in the year in which they were incurred.

Start-up costs were also expensed in the year in which they wee incurred.

1.2 Property, plant and equipment

Property, plant and equipment were measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition), or production cost (excluding financial expense).

In accordance with the components approach (Article 214-9 of the French general chart of accounts), each item of property, plant or equipment is accounted for separately and assigned a specific depreciation schedule.

Assets were straight-line depreciated over the period they were actually used, as follows:

- constructions
  - administrative and commercial — 40 years
  - property fittings and fixtures — 10 years
- machinery and equipment — 5 to 20 years
- vehicles — 4 to 15 years
- furniture and office equipment — 4 to 15 years

In accordance with paragraph 111 of Official Tax Bulletin 4 A-13-05, when the first original component's normal useful life exceeds the asset's useful life, the said component may be depreciated over the asset's useful life rather than over its normal useful life.

As such, the difference between tax depreciation (calculated according to terms allowed by French tax authorities, e.g. accelerated depreciation, extraordinary depreciation) and depreciation is posted under "Excess tax depreciation" in regulated provisions.

When subjected to impairment losses, all items, depreciable or not, were marked down to current value.

1.3 Long-term investments

Participating interests and other long-term investments are recognized on the balance sheet at their acquisition cost, less write-downs for impairment losses deemed necessary or prudent.

From January 2007, the Company decided to integrate the transfer duties, fees and commissions arising from such acquisitions into the acquisition cost in accordance with Opinion 2007-C of the CNC (French accounting Board), thereby qualifying them for a tax deduction in the form of excess tax depreciation over five years.

The value of such investments at the closing date reflects their value-in-use based on cash flow projections derived from five-year budgetary data

Value in use was obtained by adding the pretax present values of the future cash flows expected to be derived from the use of an asset or asset group, and the terminal cash flow.

The cash flows used to determine value in use were derived from the subsidiaries' business plans.

Fromageries Bel shares purchased under authorizations granted by the Annual General Meeting are included in "Long-term investments" at their acquisition cost. If necessary, write-downs for impairment losses based on the weighted average listed share price of the last month of the financial year are recorded.

1.4 Inventories and work-in-progress

Inventories are valued at the lower of their cost price and their net realizable value. Cost price is calculated using the "weighted average cost" or the "first-in, first-out" method.

The cost of materials and supplies is stated at purchase price plus incidental expenses such as transport, commissions and transit.

Manufactured goods are valued at production cost including the cost of materials consumed, the depreciation of production assets, and direct or indirect production costs, excluding financial expense.

The cost of inventories is written down when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

The parent company primarily owns finished goods inventories acquired from its French production company, Fromageries Bel Production France, with the aim of selling those inventories, as well as work-in-progress inventories (internally developed IT projects), which will be billed back to its subsidiaries.

1.5 Receivables and payables

Receivables and payables were recognized at nominal value.

Impairment loss write-downs were recognized based on the degree of non-recoverability of the receivables.

Bills for collection are recorded under "Trade and other receivables" once issued or received.

1.6 Marketable securities

Marketable securities were recorded at their purchase price, excluding incidental expenses, and were written down to market value at the closing date when market value was less than their carrying amount.

1.7 Foreign currency transactions

Income and expenses denominated in foreign currency were recorded in euros based on the exchange rate in effect at the transaction date.

Receivables, cash and debts denominated in foreign currency were translated into euros at the closing exchange rate at year-end.

The resulting translation differences were posted to:

- the income statement for cash and cash equivalents;
- the balance sheet under "Exchange differences" for receivables and debts.

Unrealized gains on foreign exchange transactions were not recognized in the income statement.

Conversely, contingency provisions were booked for unrealized losses on foreign exchange transactions that are not offset.

1.8 Provisions for contingencies and losses

Provisions for contingencies and losses were booked when the Company has an obligation to a third party at the balance sheet date in cases where the nature of the obligation was precisely known but there were uncertainties about the amount or timing of related outflows and there were no expectations for at least an equivalent, offsetting obligation from the same third party.

Provisions for contingencies and losses were assessed using the most probable assumptions for future events.

1.9 Obligations arising from pensions, retirement and similar employee benefits

The only retirement obligation concerned the allocation of post-employment benefits established by a collective bargaining agreement with the French dairy industry.

Post-employment benefits allocated to employees were not provisioned for but were recorded under off-balance sheet commitments.

Conversely, obligations arising from long-service awards due to Bel employee have been provisioned in full, based on an actuarial valuation realized under the same conditions as post-employment benefits.

1.10 Financial instruments

Fromageries Bel SA was exposed to foreign exchange risks as a result of its international business and presence.

Since 2002, the Company has implemented a central exchange rate policy that aims to hedge the budgetary risk on currency purchases and sales for all French, European, North American and Japanese entities.

Accordingly, the Company hedged all exposure to exchange risks inherent to transactions denominated in foreign currency by using prime counterpart, market-listed derivative instruments such as purchases and sales of foreign currency futures and options, with limited counterparty risk. The management period for the hedges did not exceed 18 months.

Conversely, the exchange risk on net investment in foreign subsidiaries was not hedged, except for the amount of dividends receivable.

While receivables and debts denominated in foreign currency were recorded on the balance sheet in euros at year-end, unrealized net hedging results on transactions already realized had no impact on earnings unless they were losses (in which case a provision is set aside) or offsetting gains for unrealized losses on hedging instruments marked to market at the balance sheet date (in which case a provision is not set aside).

Unrealized gains and losses arising from hedging transactions yet to be settled were deferred until the day the transactions are actually realized.

The majority of the Group's financing was arranged by Fromageries Bel SA which also handles interest rate risk management centrally.

All Fromageries Bel SA financing was issued at floating rates.

To protect against an unfavorable rise in interest rates, while partially taking advantage of any interest rate declines, Fromageries Bel hedged interest rate risk through interest rate swaps or collars which combine simultaneous cap purchases and floor sales.

1.11 Income tax

In France, Fromageries Bel SA heads a tax consolidation group that includes the following entities: Fromageries Bel Production France, SASFR, Fromageries Picon, Société des Produits Latiers, SOFICO, SICOPA, SOPAIC, ATAD, and Fromagerie Boursin.

As the lead company, Fromageries Bel SA is designated as the sole entity liable for corporate income taxes due by the tax consolidation group comprising it and the entities included in the tax consolidation scope.

Income tax that would be payable in the absence of tax consolidation was recorded in the accounts of the consolidated subsidiaries. Tax savings or expenses related to tax losses or arising from adjustments are now integrated by the parent company and restored to the subsidiaries when they become profitable.

1.12 Investment grants

Investment grants were recorded under equity.

They were released to income, reported as extraordinary income and apportioned over the same schedule as the depreciation schedule of the assets they financed.

1.13 Revenue

Revenues from sales of goods, merchandise, raw materials and other goods and services rendered in the course of ordinary activities were recorded as soon as the transfer of ownership takes place or the service was rendered.

Revenue from sales was presented net of any discounts or allowances.

Charges arising from trade cooperation agreements with distribution channels were disclosed in “Other outside services”.

1.14 Advertising expenses

Also included in “Other outside services” were advertising, promotional and public relations costs which were expensed in the year in which they were incurred.

1.15 Distinction between income from ordinary activities and extraordinary income

Income from ordinary activities was derived from the sum of operating income and net financial income. It included all income and expense directly related to the Company’s ordinary activities.

Extraordinary income and expenses were comprised of material items that could not be considered inherent to the Company’s ordinary activities because of their nature or unusual character.

1.16 Estimates

In preparing its financial statements, the Company sometimes used estimates and assumptions to determine the value of assets and liabilities, notably for provisions, participating interests and intangible assets.

These estimates and assumptions were made based on information and positions known at the balance sheet date and may vary significantly from actual values.

NOTE 2 Significant events of the year

2.1 Acquisition of the MOM Group

On december 15, 2016, Bel finalized the acquistion of the MOM Group through subsidiary Newton Holding which was created for this purpose. At December 31, 2016, the Group held 65,6% of Newton Holding's ordinary shares and, after taking preferred shares into account, 74,8% of its share capital representing 68,06% of voting rights. The rest is held by the management which developed the MOM Group.

NOTE 3 Revenue

Revenue presented takes into account the specific characteristics of Fromageries Bel's sector in accordance with the professional accounting guide for the French dairy industry.

REVENUE BY REGION

(in thousands of euros)	2016	2015
France	630,886	671,104
Other European countries	331,418	325,294
Rest of the world	422,821	437,761
TOTAL	**1,385,125**	**1,434,159**

Revenue was down by 3.42% (up by 0.72% 2015) on the previous year.

At constant exchange rates, using the average exchange rate for the past year, revenue fell by 3.62% in 2016 (it fell by 3.04% in 2015).

NOTE 4 Transfer of expenses

Transfer of expenses included €14,145 thousand in advertising and distribution expenses, €5,396 thousand in personnel and expatriate expenses, and €3,795 thousand in unallocated expenses for a total amount of €24,471 thousand.

NOTE 5 Compensation and headcount

5

MANAGEMENT COMPENSATION

(in thousands of euros)	2016	2015
Directors' fees paid to members of the Board of Directors (included in "Other operating expenses")	249	207

Fromageries Bel executives are paid by Unibel and the expense, which totalled €3,838 thousand in 2016, is billed back to the Company.

AVERAGE HEADCOUNT

	Personnel employed		Personnel supplied to the Company	
	2016	2015	2016	2015
Executives and managers	647	639	0	1
Non executive technicians and supervisors	283	279	7	9
Staff employees	75	75	2	3
Workers	0	1	0	0
TOTAL	**1,005**	**994**	**9**	**13**

CICE (tax credit for competitiveness and employment)

A €687 thousand gain from the CICE in France was recognized for the year as a personnel expense deduction.

NOTE 6 Financial result

Financial result broke down as follows:

(in thousands of euros)	2016	2015
Dividends	86,780	78,571
Other revenue	1	1
Gains from sales of marketable securities	373	400
Write-downs (and reversals) on exchange rate risks	720	502
Write-downs (and reversals) on participating interests[a]	(9,603)	(1,315)
Interest income (expense)	(12,245)	(12,323)
Foreign exchange gains (losses)	(424)	(15,807)
TOTAL	**65,602**	**50,029**

(a) Write-downs of loans and receivables related to the participating interest in Bel Rouzaneh (Iran).

NOTE 7 Extraordinary result

Extraordinary profit (loss) consisted primarily of:

(in thousands of euros)	2016	2015
Regulated provisions	4,622	676
Provisions for disputes and litigation and other extraordinary expenses	4,508	(2,226)
Net profit (loss) from disposals of fixed assets	3	3
Severance costs	(1,773)	(3,166)
Other extraordinary income	145	14
Loss on repurchase of shares awarded to employees	(575)	(569)
Share of investment grants transferred to income	251	321
TOTAL	**7,181**	**(4,947)**

NOTE 8 Income tax

Income tax broke down as follows:

Income tax payable for the year concerning	2016		2015	
(in thousands of euros)	Base	Amount	Base	Amount
Profit (loss) from ordinary activities (including Employee profit-sharing)	102,195	5,117	131,160	14,810
Extraordinary profit (loss)	7,181	2,445	(4,947)	(4,232)
Effect of the tax consolidation regime		93		(508)
TOTAL		**7,655**		**10,069**

EFFECT OF PROSPECTIVE INCREASES AND DECREASES:

Tax base	Balance 12/31/2016	Changes in 2016	Balance at 12/31/15
TAX-BASE INCREASE			
Excess tax depreciation	35,467	(4,619)	40,086
Revaluation	1,783	(3)	1,786
Financial instruments	1,435	1,187	248
Other temporary differences	431	54	377
TOTAL 1	**39,116**	**(3,381)**	**42,497**
TAX-BASE DECREASE			
Employee benefits	19,042	1,328	17,714
Discounting of deposits and guarantee deposits	2,320	(58)	2,378
Inventory valuation difference	1,125	(352)	1,477
Provisions for risks and liabilities	250	(778)	1,028
Expenses not tax-deductible	2,466	63	2,403
Employee profit-sharing	3,015	(389)	3,404
Provision for asset write-downs	1,906	272	1,634
Other temporary differences	7,317	(816)	8,133
TOTAL 2	**37,441**	**(730)**	**38,171**
TOTAL A: NET INCREASE IN BASE	**1,675**	**(2,651)**	**4,326**
PROSPECTIVE INCREASE IN INCOME TAX	**254**	**(914)**	**1,167**

2015 Effective tax rate = 38%

2016 Effective tax rate = 34.43%

In 2016 the applicable corporate tax rate in France was 33.33% to which was added 3.3% for a total rate of 34.43%.

NOTE 9 Fixed assets (fiscal year 2016)

STATEMENT OF FIXED ASSETS

(in thousands of euros)	Gross amount at 01/01/2016	Increases	Decreases	Transfers	Gross amount at 12/31/2016
INTANGIBLE ASSETS					
Concessions, patents, licenses, brands, processes, software, rights and similar assets	73,891	2,182	5	4,986	81,054
Business goodwill	221,533				221,533
Others					
Intangible assets in progress	10,735	6,152	1,553	(4,986)	10,348
PROPERTY, PLANT AND EQUIPMENT					
Real property	23,955	174	2	1046	25,173
Technical installations, fixtures, machinery and equipment	46,141	274	764	1,450	47,101
Other	5,919	98	13	1,349	7,353
Assets in the course of construction	4,577	747		(2,837)	2,487
Advances and down-payments	938	106		(1,008)	36
LONG-TERM INVESTMENTS					
Participating interests	1,011,315	190,300			1,201,615
Other	46,313	649,570	19,658		676,225
TOTAL	**1,445,317**	**849,603**	**21,995**		**2,272,925**

STATEMENT OF DEPRECIATION AND AMORTIZATION

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016
INTANGIBLE ASSETS	**58,308**	**7,263**	**5**	**65,565**
PROPERTY, PLANT AND EQUIPMENT				
Real property	7,313	1,819	2	9,130
Technical installations, fixtures, machinery and equipment	29,126	2,965	493	31,598
Other	3,011	751	9	3,753
TOTAL	**97,759**	**12,797**	**509**	**110,047**

Intangible assets

The goodwill arising from the acquisition of Boursin totalled €220,039 thousand.

The increase in intangible assets stemmed primarily from internally developed IT projects totalling €6,272 thousand.

Tangible assets

The change in this item of €620 thousand mainly concerns fitting out the new head offices and the purchase of equipment for Research Centers.

Long-term investments

Gross particiating interests rose by €190,300 thousand to €1,201,615 thousand (see list of subsidiaries and interests).

The increase resulted from (in thousands of euros):

- The acquisition of Newton holding shares (MOM +€190,300)

Bel Syrie shares were written down by 100% in the amount of €15,660 thousand and Bel

Tunisie shares were written down in the amount of €2,053 thousand.

Loans and receivables relating to equity interests included loans granted to the following subsidiaries (in thousands of euros):

- Bel Karper +€8,567;
- Bel Tunisie Distribution +€796;
- Bel Rouzaneh Company +€10,947;
- Newton holding +€371,100;
- M.B.M.A. +€93,300;
- M.O.M. +€59,700;
- Materne North America +€94,868.

Loans to Bel Rouzaneh (Iran) and Bel Tunisie Distribution (Tunisia) were written down in full. Bel Tunisie Distribution entered into court-ordered liquidation.

At December 31, 2016, the Company held 83,648 treasury shares valued at €21,069 thousand compared with 86,912 treasury shares valued at €21,110 thousand at December 31, 2015.

NOTE 10 Other receivables from operations

This line item includes:

(in thousands of euros)	2016	2015
Trade and other payables	6,939	8,223
V.A.T.	18,020	19,752
Of which the reimbursement of requested VAT credits	*3,197*	*4,767*
Others	1,068	123
TOTAL	**26,027**	**28,098**

NOTE 11 Sundry receivables

This line item includes:

(in thousands of euros)	2016	2015
Income tax receivables	9,856	1,452
Current accounts	18,085	30,937
Tax consolidation accounts	114	782
Others	2,096	2,178
TOTAL	**30,151**	**35,349**

At December 31, 2016, the gross value of outstanding cash advances to subsidiaries came to:

(in thousands of euros)	2016	2015
SICOPA		13,515
Fromagerie Boursin SAS	439	
ATAD	30	13
Bel Syry Cesko AS		214
Bel Tunisie mktg	7	8
Bel USA		3
Bel Polska	2,347	99
Bel Côte d'Ivoire	2,257	890
Bel Portugal	4,290	2,187
Bel Japon	5,405	6,944
Quesos Bel Mexico	386	799
Bel Canada		608
Bel Suisse	887	976
Bel Brands USA		4,662
Bel Australia	66	19
MOM	395	
MBMA	646	
Materne North America	907	
Bel Middle East	22	
Other outstanding cash advances (less than €1,000 thousand)	1	
TOTAL	**18,085**	**30,937**

Additionally, the balance of income tax payable due by entities in the tax consolidation scope totalled €114 thousand in 2016 versus €782 thousand in 2015.

NOTE 12 Marketable securities

Cash on hand, consisting mainly of marketable securities measured at the last known closing price or net asset liquidation value, totalled €98,181 thousand versus €398,103 thousand in 2015.

NOTE 13 Financial instruments

Other short-term financial instruments included premiums paid (assets) and received (liabilities) on currency options and interest rate hedges marked to market at the balance sheet date.

Because these were for hedging purposes, the corresponding adjustments were posted to the following balance-sheet line items:

- prepaid expenses and unrealized losses on financial instruments;
- deferred income and suspense account for unrealized gains on financial instruments.

They are treated according to the symmetry principle.

NOTE 14 Prepaid expenses

Prepaid expenses relating to *operational activities* totalled €4,722 thousand versus €2,110 thousand in 2015 and those relating to *financial activities* amounted to €6,779 thousand versus €1,156 thousand in 2015.

NOTE 15 Foreign exchange differences

FISCAL YEAR 2016

(in thousands of euros)	Amounts	Differences offset	Provisions for foreign exchange losses*
UNREALIZED LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
• from long-term investments	4		4
• from trade receivables	188	181	7
• from short-term financial instruments	2		2
• from financial liabilities	736	105	631
• from debts	732	249	483
TOTAL	**1,662**	**535**	**1,127**
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
• from long-term investments	105	105	
• from trade receivables	1,847	1,592	
• from short-term financial instruments	4	4	
• from debts	148	118	
TOTAL	**2,104**	**1,819**	

* *From translation differences only.*

FISCAL YEAR 2015

(in thousands of euros)	Amounts	Differences offset	Provisions for foreign exchange losses*
UNREALIZED LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
• from long-term investments	1,103		1,103
• from trade receivables	1,171	485	686
• from short-term financial instruments	2	2	0
• from financial liabilities	127	1	126
• from debts	373	364	9
TOTAL	**2,776**	**852**	**1,924**
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
• from long-term investments			
• from trade receivables	674	431	
• from short-term financial instruments	2	2	
• from debts	779	608	
TOTAL	**1,455**	**1,041**	

* *From translation differences only.*

NOTE 16 Provisions and write-downs

FISCAL YEAR 2016

(in thousands of euros)	Amount at beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year-end
Intangible assets	1,637			1,637
Property, plant and equipment	27	272		299
Long-term investments	19,875	9,603		29,478
Inventories and work-in-progress	141	176	111	206
Trade receivables	2,085	1	996	1,090
Sundry receivables				
Marketable securities				
TOTAL	**23,765**	**10,052**	**1,107**	**32,710**
Of which charges and reversals:				
posted to operating income/expenses		*449*	*1,107*	
posted to financial income/expenses		*9,603*		
posted to extraordinary income/expenses				

The €9,603 thousand provision for loans and receivables relating to participating interests concerned Bel Rouzaneh (Iran).

The reversal of customer provisions for €996 thousand is mainly explained by the reversal on the Bel Algeria customer account (write-down used).

FISCAL YEAR 2015

(in thousands of euros)	Amount at beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year-end
Intangible assets	1,637			1,637
Property, plant and equipment		27		27
Long-term investments	18,560	1,315		19,875
Inventories and work-in-progress	66	98	23	141
Trade receivables	2,129	49	93	2,085
Sundry receivables	841		841	
Marketable securities				
TOTAL	**23,233**	**1,489**	**957**	**23,765**
Of which charges and reversals:				
posted to operating income/expenses		*174*	*116*	
posted to financial income/expenses		*1,315*		
posted to extraordinary income/expenses			*841*	

The €1,315 thousand provision for loans and receivables relating to equity interests concerned Bel Rouzaneh (Iran).

The €841 thousand reversal for sundry receivables arose from the difference in the 20% rate of withholding tax on royalties for Bel Egypt versus an internationally agreed rate of 15%.

NOTE 17 Share capital

The share capital is made up of 6,872,335 shares with a par value of €1.50, of which 83,648 were held by the Company at December 31, 2016 (5,049 bonus shares were awarded in September 2016 under the biannual 2014–2016 plan) carrying 13,374,506 voting rights exercisable at Annual General Meetings.

Double voting rights are attributed to any fully paid-up registered shares held for at least four years by the same shareholder. At December 31, 2016, there were 6,592,171 double voting rights exercisable at Annual General Meetings.

NOTE 18 Regulated provisions

Provision charges and reversals corresponding to regulated provisions are recorded under extraordinary income.

FISCAL YEAR 2016

(in thousands of euros)	Amount at beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year-end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	40,085	8,200	12,819	35,466
Special revaluation provisions*	10		3	7
Reinvested capital gains	1,707			1,707
TOTAL	**41,802**	**8,200**	**12,822**	**37,180**

* *Only concerns the constructions line item.*

The decrease in excess tax depreciation was primarily related to intangible assets, in particular internally produced software.

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FISCAL YEAR 2015

(in thousands of euros)	Amount at beginning ot the year	Increase (charges)	Decrease (reversals)	Amount at year-end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	40,758	10,232	10,905	40,085
Special revaluation provisions*	13		3	10
Reinvested capital gains	1,707			1,707
TOTAL	**42,478**	**10,232**	**10,908**	**41,802**

* *Only concerns the constructions line item.*

NOTE 19 Changes in equity

(in thousands of euros)	
Equity at December 31, 2014	**893,269**
Revaluation adjustments	(1)
Dividends (Combined AGM of May 12, 2015)	(42,952)
Additional paid-in capital	-
Cancellation of dividends on treasury shares	568
Free reserves	-
Investment grants	(321)
Regulated provisions	(676)
Profit for the year	116,143
Equity at December 31, 2015	**966,030**
Revaluation adjustments	(1)
Dividends (Combined AGM of May 12, 2016)	(61,851)
Additional paid-in capital	-
Cancellation of dividends on treasury shares	782
Free reserves	-
Investment grants	(251)
Regulated provisions	(4,622)
Profit for the year	101,721
EQUITY AT DECEMBER 31, 2016	**1,001,808**

NOTE 20 Provisions for contingencies and losses

			Decrease (reversals)		
(in thousands of euros)	Amount at beginning of the year	Provisions (charges)	Offset against expenses	Cancelled provisions	Amount at year-end
Disputes and litigation	11,352	861	1,326	7,547	3,340
Foreign exchange losses	2,211	1,491	2,211		1,491
Restructurings					
Withholding tax	1,711	726	1,711		726
Stock option plan	5,228	335	1,653		3,910
Other	1,523	367	441	299	1,150
TOTAL	**22,025**	**3,780**	**7,342**	**7,846**	**10,617**
Of which charges and reversals:					
posted to operating income/expenses		*1,214*	*3,805*	*299*	
posted to financial income/expenses		*1,491*	*2,211*		
posted to extraordinary income/expenses		*1,075*	*1,326*	*7,547*	

Reversals for the year chiefly concerned trade litigation provisions including the settlement of the AAZS dispute of 2009 for €7,000 thousand.

NOTE 21 Other bonds

Two bonds were issued in 2012, one for €140,000 thousand maturing December 20, 2019 and the other for €20,000 thousand maturing December 20, 2018, excluding €156 thousand in accrued interest not yet due. Both bonds, which were fully subscribed at the issue date, were issued at par.

NOTE 22 Bank borrowings

This line item mainly consists of a Schuldschein financing transaction. It comprises two tranches and two term loans for:

- €224,000 thousand with maturities of two, four and seven years at variable or fixed rates;
- $207,500 thousand (€196,850 thousand) with maturities of two, four and seven years at variable or fixed rates.

These amounts do not include €931 thousand in accrued interest not yet due.

NOTE 23 Sundry borrowings and financial liabilities

This item chiefly comprised liabilities relating to participating interests in Group Fromageries Bel España for €118,002 thousand including accrued interest (2015: €112,004 thousand), Bel Belgique for €108,251 thousand including accrued interest (2015: €95,333 thousand), and Bel Egypt Expansion for Cheese for €19,041 thousand including accrued interest (2015: €18,419 thousand), commercial paper totalling €246,000 thousand (2015: €105,000 thousand), the employee profit-sharing scheme for €6,326 thousand including accrued interest (2015: €6,600 thousand).

NOTE 24 Other credit from operations

This line item was entirely made up of trade and related receivables amounting to €27,373 thousand versus €27,138 thousand in 2015.

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NOTE 25 Other liabilities - sundry payables

(in thousands of euros)	2016	2015
Interest-bearing advances from Group entities, excluding accrued interest	291,186	229,822
Excess payment of income tax of entities included in the tax consolidation scope	2,037	3,334
Provisioned debt for employee profit-sharing plan	3,016	3,404
Other	2,803	2,311
TOTAL	**299,042**	**238,871**

NOTE 26 Deferred income and unrealized gains on financial instruments

Nothing was recorded at December 31, 2016.

NOTE 27 Effect of tax exemption assessments

(in thousands of euros)	2016	2015
Net profit for the year	101,721	116,143
Income tax	7,655	10,069
PRETAX PROFIT	**109,376**	**126,212**
Change in regulated provisions	(4,622)	(676)
PRETAX PROFIT EXCLUDING ASSESSED TAX EXEMPTIONS	**104,754**	**125,536**

NOTE 28 Defferd income, accrued expense, payables and receivables represented by bills of exchange

DEFERRED INCOME

(in thousands of euros)	2016	2015
Trade and other receivables	4,728	8,105
Other trade receivables	18,035	20,138
Sundry receivables	139	3
Cash on hand and bank balances	33	191
TOTAL	**22,935**	**28,437**

ACCRUED EXPENSES

(in thousands of euros)	2016	2015
Bonds	156	156
Bank borrowings	932	985
Sundry borrowings and financial liabilities	358	441
Trade and other payables	91,322	99,797
Taxes payable and payroll and on-cost amounts payable	33,823	31,432
Other trade payables	21,878	27,023
Amounts payable to fixed asset suppliers and related accounts	137	1,342
Other liabilities – sundry payables	1,473	1,131
TOTAL	**150,079**	**162,307**

RECEIVABLES AND PAYABLES REPRESENTED BY BILLS OF EXCHANGE

(in thousands of euros)	2016	2015
Trade and other receivables	8,985	9,065
Trade and other payables		
Amounts payable to fixed asset suppliers and related accounts		

The Company does not make payments by bills of exchange but settles its payables by bank transfer.

NOTE 29 Financial commitments

(in thousands of euros)	2016	2015
COMMITMENTS GIVEN		
Bank guarantees	1,894	3,593
Guarantees given for a foreign subsidiary (Bel Rouzaneh and Bel Australia)	775	837
Partnership liability in GIEs, SCIs, etc.	1,568	1,495
Retirement indemnities (see Note 29.1)	19,043	16,520
Guarantees given for a foreign subsidiary (Bel Shotska Ukraine and Bel Shostka Service)	11,283	11,344
TOTAL	**34,563**	**33,789**
COMMITMENTS RECEIVED		
Syndicated credit lines (see Note 29.2)	820,000	520,000
Export receivable guarantees	18,083	15,786
Performance bond		
TOTAL	**838,083**	**535,786**
RECIPROCAL COMMITMENTS (EXCLUDING CURRENCY FUTURES AND FINANCE LEASES)		
Real estate rentals (see Note 29.3)	66,263	67,087
• less than a year 6,413		
• from one to five years 25,200		
• over five years 34,650		
Asset rentals	1,209	1,276
• less than a year 671		
• one to five years 538		
• over five years		
Asset orders	809	5,294
Stock option plan (see Note 29.4)	1,229	1,456
TOTAL	**69,510**	**75,113**

29.1 Obligations arising from pensions, retirement and similar employee benefits

Postemployment benefits were subject to an actuarial valuation using the projected unit credit method based on the following assumptions:

- voluntary retirement (giving rise to the additional payment of payroll on-costs) at the age of:
  - 62 for managers and executives and progressively 65 depending on the year of birth,
  - 60 for technicians and supervisors and progressively 63 depending on the year of birth,
  - 60 for all other employees and progressively 62.5 depending on the year of birth;
- length of service, mortality rate and employee turnover rate;
- the discount rate and the rate of inflation:
  - 2016 – a nominal discount rate of 1.25% including an inflation rate of 2%,
  - 2015 – a nominal discount rate of 2.35% including an inflation rate of 2%.

Postemployment benefits earned by employees are not provisioned for but recorded under off-balance sheet commitments (see above).

29.2 Financial instruments

29.2.1 Market risk management

The Treasury department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

29.2.2 Financial and liquidity risk management

At December 31, 2016, the Group had significant liquidity, including:

- two confirmed syndicated credit lines maturing in 2021 of €520 million and €300 million respectively. These lines have not been drawn;
- a €500 million commercial paper program, of which €246 million has been used;
- a €160 million bond subscribed by private investors, with €20 million maturing in December 2018 and €140 million maturing in December 2019;
- Schuldschein market financing comprising two tranches and two Term Loans:
  - €224 million with maturity at between two and seven years,
  - $207.5 million with maturity at between two and seven years.

Fromageries Bel SA committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium- and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt.

The Group has put a cash pooling policy in place at the Fromageries Bel SA level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or financing local needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

In countries where the pooling of surpluses and financing needs is not allowed, subsidiaries invest their surpluses in money market funds denominated in their local currency and, if needed, finance themselves primarily in local currency. The policy of systematically paying dividends also aims to limit recurring surpluses at subsidiaries.

However, some subsidiaries may have no alternatives to local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

29.2.3 Foreign exchange risk management

Fromageries Bel SA is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

The Company is exposed to foreign exchange risk on sales transactions recognized on the balance sheet and on highly probable future transactions, i.e. imports, exports and financial transactions.

Hedging policy for foreign exchange exposure

Management policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments. Hedging is not intended to generate profit. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all the French, European and North American entities. Fromageries Bel SA harbours the Group Treasury Department and provides the necessary exchange rate hedging for these entities.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 months. At December 31, 2016, the maturity of the derivatives portfolio did not go beyond January 31, 2018. The cash flow from the budgeted 2016 and 2017 hedges is expected in 2017 and 2018 and will thus impact income in 2017.

Hedging of foreign exchange rate fluctuations on imports, exports and financial transactions

Fromageries Bel recalculates its net foreign exchange exposure periodically during each budgetary review. To manage its exposure, Fromageries Bel SA mainly uses futures contracts, currency options and cross-currency swaps.

At December 31, 2016, the Group had secured the following hedges:

PORTFOLIO OF CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS

Type of transaction			At December 31, 2016		At December 31, 2015	
(in thousands of euros)	Direction	Cross	Commitment	Market value	Commitment	Market value
Futures	Buy	EURGBP	16,500	16	20,150	347
Futures	Buy	EURJPY	18,100	857	10,500	(244)
Futures	Sell	EURPLN	22,000	(179)	24,500	(265)
Futures	Buy	EURUSD	105,834	(4,413)	81,250	(172)
Futures	Buy	OTHER	12,323	(137)	25,073	637
Futures	Sell	OTHER	13,948	(52)	6,819	57
TOTAL				**(3,908)**		**360**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Sell EURPLN signifies that the Group is selling EUR and buying PLN).

PORTFOLIO OF CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS

Type of transaction		At December 31, 2016		At December 31, 2015	
(in thousands of euros)	Cross	Commitment	Market value	Commitment	Market value
Call purchase	EURGBP	70,000	1,419	51,500	756
Put sale	EURGBP	45,100	(581)	32,500	(225)
Call purchase	EURJPY	15,250	400	14,700	111
Put sale	EURJPY	9,200	(129)	8,575	(202)
Put Purchase	EURPLN	32,000	203	26,250	148
Call sale	EURPLN	18,700	(314)	17,500	(310)
Call purchase	EURUSD	152,072	407	176,857	1,246
Put sale	EURUSD	114,585	(3,471)	123,442	(1,947)
Call purchase	OTHER	30,262	266	39,497	1,222
Put sale	OTHER	11,819	(296)	21,370	(143)
TOTAL			**(2,096)**		**656**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g., Call purchase EURGBP signifies that the Group is buying a EUR call/GBP put option).

PORTFOLIO OF CURRENCY FORWARD CONTRACTS SET UP WITH GROUP SUBSIDIARIES

Type of transaction *(in thousands of euros)*	Direction	Cross	Entity	At December 31, 2016 Commitment	At December 31, 2016 Market value	At December 31, 2015 Commitment	At December 31, 2015 Market value
Futures	Sell	EURUSD	Bel Americas	145	10	120	28
Futures	Sell	EURUSD	Bel Brands USA	2,378	167	1,848	426
Futures	Buy	EURCAD	Bel Canada	-	-	170	6
Futures	Sell	EURCAD	Bel Canada	1,017	57	-	-
Futures	Sell	USDCAD	Bel Canada	621	(8)	426	(117)
Futures	Sell	EURJPY	Bel Japon	4,532	537	4,999	301
Futures	Buy	DKKSEK	Bel Nordic	-	-	658	(9)
Futures	Buy	DKKEUR	Bel Nordic	778	3	-	-
Futures	Sell	EURSEK	Bel Nordic	418	-	1,277	15
Futures	Buy	NOKSEK	Bel Nordic	219	7	245	(44)
Futures	Buy	EURPLN	Bel Polska	6,189	350	3,175	59
Futures	Sell	EURCHF	Bel Suisse	680	10	1,753	222
Futures	Sell	EURCZK	Bel Sýry Cesko	958	17	1,068	39
Futures	Sell	EURGBP	Bel UK	8,970	(1,276)	10,399	1,072
Futures	Sell	EURUSD	Bel USA	917	65	-	-
Futures	Buy	EURUSD	Bel USA	-	-	50	(12)
TOTAL					**(61)**		**1986**

Fromageries Bel SA guarantees its subsidiaries' foreign currency denominated budget year flows through annual foreign exchange guarantees which are issued once the previous budget year has been collected. At December 31, 2016, Fromageries Bel SA's subsidiary hedging portfolio hedged only subsidiaries' foreign exchange risks relating to the 2016 budget year and collected in 2017.

PORTFOLIO OF CURRENCY FORWARD AND OPTION CONTRACTS TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS

Type of transaction *(in thousands of euros)*	Direction	Cross	At December 31, 2016 Commitment	At December 31, 2016 Market value	At December 31, 2015 Commitment	At December 31, 2015 Market value
Futures	Buy	EURUSD	14,278	(1,050)	9,320	(184)
Futures	Buy	OTHER	1,000	(20)	600	(12)
TOTAL				**(1,070)**		**(196)**

NB: The transactions are presented according to the direction of the cross currency operation (e.g. Buy EURUSD signifies that the Group is buying EUR and selling USD).

PORTFOLIO OF SWAPS TO HEDGE FINANCING FLOWS DENOMINATED IN LOCAL CURRENCY

Type of transaction *(in thousands of euros)*	Direction	Cross	At December 31, 2016 Commitment	At December 31, 2016 Market value	At December 31, 2015 Commitment	At December 31, 2015 Market value
Swap	Sell	EURGBP			13,003	74
Swap	Buy	EURJPY	5,626	67	6,873	(65)
Swap	Buy	EURPLN	1,631	(1)	97	1
Swap	Sell	EURUSD	59,141	116	28,218	65
Swap	Sell	OTHER	7,549	(10)	18,961	29
Swap	Buy	OTHER	273	2	726	(2)
TOTAL				**174**		**102**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Sell EURUSD signifies that the Group is selling EUR futures and buying USD futures).

OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY

Type of transaction *(in thousands of euros)*	Cross	At December 31, 2016 Commitment	At December 31, 2016 Market value	At December 31, 2015 Commitment	At December 31, 2015 Market value
Call sale	EURGBP	8,000	(53)		
Call sale	OTHER	2,571	(10)	2,163	(139)
TOTAL			**(63)**		**(139)**

NB: The transactions are presented according to the direction of the cross-currency operation (e.g. Call sale EURGBP signifies that the Group is selling a EUR call/GBP put option).

Fromageries Bel's main currency exposure was with the US dollar and the Japanese yen. The valuations shown exclude the impact of deferred taxes.

At December 31, 2016, 80-100% of the net exposure relative to the main currencies in the 2017 budget was hedged, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements complied with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, Fromageries Bel SA used an outside provider to determine the valuations

29.2.4 Interest rate risk management

Most of the Group's financing is arranged by Fromageries Bel SA, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

At December 31, 2016, the Group hedged interest rate risk through interest rate swaps:

Type of transaction *(in thousands of euros)*	Commitment currency	At December 31, 2016 Nominal	At December 31, 2016 Market value	At December 31, 2015 Nominal	At December 31, 2015 Market value
Fixed-rate borrower swaps	EUR	100,000	(542)		
Fixed-rate borrower swaps	USD	123,328	1,548	45,926	(21)
Cross-currency EURTRY swap	TRY			4,499	1,107
TOTAL			**1,006**		**1,086**

The following hedging balance corresponds to hedges on some of Fromageries Bel SA's floating-rate loans.

HEDGING SCHEDULE IN USD

(in millions)		2017	2018	2019	2020	2021	2022	2023
Interest-rate swaps	EUR	100	100	95	85	70	50	-
Interest-rate swaps	USD	130	100	95	85	70	50	-

29.2.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. "Major counterparties" are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group's foreign exchange and interest rate hedges were immaterial at December 31, 2016.

29.2.6 Share price risk management

At December 31, 2016, Fromageries Bel SA had no equity derivatives.

29.3 Real estate rentals

By signing a lease on its future head office in the first half of 2014, the Group made a firm commitment to pay rent on the new premises over the next 12 years, representing a total amount of €67 million.

29.4 Existing stock option plans

The commitment given corresponds to the difference between the award amount, which takes into account the rate of completion of performance milestones, and the provision recorded in the amount of €3,910 thousand.

A breakdown of bonus share plans is presented in the following table:

(in thousands of euros)	2016 plan cash	2016 plan shares	2015 plan cash	2015 plan shares	Total
Number of shares awarded at December 31, 2016	1,389	6,686	5,057	5,264	
Value of share in €	467.00	183.99	307.43	183.99	
Award criteria: percentage provisioned	100	100	100	100	
Amount expensed in 2015			1,905	665	2,570
Amount expensed in 2016	703	706	(234)	735	1,910

Also included in personnel expenses was the provision for the 2015 Fromageries Bel SA cash plan totalling €1,219 thousand and representing 5,032 shares as well as the provision for the 2016 Fromageries Bel SA cash plan totalling €217 thousand and representing 1,391 shares.

29.5 Other commitments

Litigation and disputes

The Company was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were set up for any probable and measurable costs that might arise from those lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Company's earnings or financial position that was not provisioned for at the balance sheet date.

NOTE 30 Parent company consolidating the Group's financial statements

The financial statements of Fromageries Bel SA, the parent company of the Bel Group, were included in the consolidation of the Unibel Group.

NOTE 31 Subsequent events

No significant events have occurred since the end of the reporting period.

MATURITIES OF RECEIVABLES AND PAYABLES AT DECEMBER 31, 2016

Headings and line items *(in thousands of euros)*	Gross amounts	Maturity: Due 1 year or less	Maturity: Due more than 1 year [(e)]
RECEIVABLES			
Fixed asset receivables:			
• loans to and receivables from participating interests	640,637	640,637	
• loans[(a)]	6,758	636	6,122
• other	28,830	1,669	27,161
Current asset receivables:			
• trade and other receivables	238,420	238,420	
• other	56,961	56,961	
• prepaid expenses	11,501	10,595	906
TOTAL	**983,107**	**948,918**	**34,189**
DEBTS			
Other bonds [(b)]	160,156	156	160,000
Borrowings[(b)] and current used facilities at banks[(c)]	425,053	4,203	420,850
Sundry borrowings and financial liabilities[(b)(d)]	498,553	492,985	5,568
Trade and other payables	198,301	198,301	
Taxes payable and payroll and on-cost amounts payable	38,846	30,753	8,093
Amounts payable to fixed asset suppliers and related accounts	2,253	2,253	
Income tax payable	1,489	1,489	
Other liabilities[(d)(e)]	326,504	323,421	3,083
Deferred income			
TOTAL	**1,651,155**	**1,053,561**	**597,594**

(a) Loans granted during the year	*300*
Loans recovered during the year	
(b) Borrowings subscribed during the year	*649,536*
Borrowings reimbursed during the year	*309,376*
(c) Of which:	
• originally no more than two years	*4,203*
• originally more than two years	*420,850*
(d) To associates (other debts line item)	*293,223*
(e) Debts maturing in more than five years	*3,016*

PARTICIPATING INTERESTS AND INVESTMENTS IN ASSOCIATES

	Amounts concerning entities	
(in thousands of euros)	Subsidiaries	in which the Company has an equity interest
LINE ITEMS		
Participating interests	1,183,902	
Loans to and receivables from equity interests	628,894	
Other long-term financial assets	21,069	
Loans		4
Other financial investments		
Trade and other receivables	85,203	
Other current assets	21,225	
Subscribed capital called and unpaid		
Sundry borrowings and financial liabilities	245,295	
Trade and other payables	78,473	
Amounts payable to fixed asset suppliers and related accounts		
Other liabilities	298,413	
Dividends and interest income	86,780	
Other financial income	471	
Financial expenses	1,746	

Related-party transactions

- cash management agreement with Unibel

  At December 31, 2016, the Company had received a €64,199 thousand cash advance from Unibel. The advance, bearing interest at the EONIA rate plus 100 basis points, generated a financial expense of €443 thousand recorded in 2016;
- service agreement with Unibel

  In 2016, €7,487 thousand were expensed under the service agreement with Unibel.

TABLE OF SUBSDIARIES AND INTERESTS

Entities	Share capital[a]	Equity other than share capital[a]	% of share capital held	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Amount of endorsements, guarantees and letters of intent provided by the Company	Dividends collected by the Company during the year
	Currency in thousands			Gross amounts	Net		*(in thousands of euros)*	
I - Detailed information								
Subsidiaries (more than 50%-owned by the Company)								
French entities								
Fromageries Picon 2 Allée de Longchamp - 92150 Suresnes	EUR 600	EUR 3,271	99,975	5,638	5,638			2,519
Fromageries Bel Production France 2 Allée de Longchamp - 92150 Suresnes	EUR 48,917	EUR 121,427	100,000	132,209	132,209			15,865
Société Anonyme des Fermiers Réunis 2 Allée de Longchamp - 92150 Suresnes	EUR 7,200	EUR 10,895	99,848	18,118	18,118			987
SOFICO 2 Allée de Longchamp - 92150 Suresnes	EUR 2,339	EUR 9,638	99,965	2,376	2,376			1,238
Fromagerie Boursin SAS Route de St Aquilin 27120 Croisy sur Eure	EUR 2,825	EUR 16,613	100,000	23,630	23,630	439		1,594
SICOPA 2 Allée de Longchamp - 92150 Suresnes	EUR 591,402	EUR 386,656	100,000	780,174	780,174			40,215
LVQR Diffusion 2 Allée de Longchamp - 92150 Suresnes	EUR 50	EUR 341	100,000	50	50			
MVQR Gestion 25 rue Richebourg - 39000 Lons le Saunier	EUR 50	EUR 149	99,998	50	50			
Newton Holding 2 Allée de Longchamp - 92150 Suresnes	EUR 241,942	(EUR 4)	100,000	190,300	190,300	371,100		
Foreign entities								
Bel Tunisie - Tunis/Tunisia	TND 3,000	TND (7,695) *	99,000	2,053	0			
Bel Syrie - Damascus/Syria	SYP 1,045,000	SYP 325,628	99,976	15,660	0			
Bel Algérie SpA - Algiers/Algeria	DZD 2,358,693	DZD 6,630,750	99,023	21,185	21,185			15,944
II - General information								
Subsidiaries not covered in paragraph I								
a) French subsidiaries (aggregate)				102	102	30		120
b) Foreign subsidiaries (aggregate)				10,085	10,085	386		6,720
Interests not covered in paragraph I								
a) In French entities (aggregate)								
b) In foreign entities (aggregate)								

* *2008 data.*

(a) *French GAAP data for French entities and IFRS data for foreign entities.*

5

INVENTORY OF INVESTMENTS AND PARTICIPATING INTERESTS

(in thousands of euros)		Net carrying amount of the balance sheet 2016	Net carrying amount of the balance sheet 2015
EQUITY INTERESTS			
French entities			
188,415,810	Newton Holding	190,300	-
3,706,666	Fromageries Boursin SAS	23,630	23,630
239,635	Société Anonyme des Fermiers Réunis “SAFR”	18,118	18,118
39,426,793	Societe Industrielle Commerciale et de Participation “SICOPA”	780,174	780,174
132,208,521	Fromageries Bel Production France	132,209	132,209
155,865	Societe Financière et Commerciale “SOFICO”	2,376	2,376
19,995	Fromageries Picon	5,638	5,638
2,377	ATAD	83	83
999	Société des Produits Laitiers “SPL”	15	15
3,333	LVQR Diffusion	50	50
49,999	MVQR Gestion	50	50
Entities with a net carrying amount below €15 per category of shares		*4*	*4*
		1,152,647	**962,347**
Foreign entities			
94,796	Bel Egypt Expansion for Cheese Production	8,931	8,931
2,335,653	Bel Algérie SPA	21,170	21,170
594	Bel Tunisie		
1,044,745	Bel Syrie		
10	Bel Vietnam	1,152	1,152
Entities with a net carrying amount below €15 per category of shares		*2*	*2*
		31,255	**31,255**
TOTAL PARTICIPATING INTERESTS		**1,183,902**	**993,602**
OTHER LONG-TERM FINANCIAL ASSETS			
French entities			
780,000	MOM Invest	780	-
5,162	Lactoserum France	-	140
1,120	SOGAL- SOCAMUEL	17	17
83,648	Fromageries Bel	21,069	21,110
Entities with a net carrying amount below €15 per category of shares		*25*	*25*
		21,891	**21,292**
Foreign entities			
26,044	Parmalat	56	56
		56	**56**
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		**21,947**	**21,348**
MARKETABLE SECURITIES		**98,181**	**398,103**

COMPANY EARNINGS AND OTHER FINANCIAL HIGHLIGHTS OVER THE LAST FIVE YEARS (ARTICLES R. 225-81, R. 225-83 & R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Item	2012	2013	2014	2015	2016
I. SHARE CAPITAL AT YEAR-END					
Share capital	10,308,503	10,308,503	10,308,503	10,308,503	10,308,503
Number of ordinary shares outstanding	6,872,335	6,872,335	6,872,335	6,872,335	6,872,335
II. OPERATIONS AND RESULTS FOR THE FINANCIAL YEAR					
Revenue, net of VAT	1,348,442,118	1,396,926,890	1,423,861,417	1,434,159,274	1,385,125,072
Earnings before tax, profit-sharing, depreciation, amortization and write-downs	82,403,232	120,942,743	126,089,383	127,959,921	116,860,557
Income tax	5,375,821	32,504,903	6,579,315	10,069,368	7,654,506
Profit-sharing owed for the financial year	3,170,277	2,870,214	3,279,297	3,258,259	2,885,920
Earnings after tax, profit-sharing, depreciation, amortization and write-downs	30,085,250	83,681,844	97,941,058	116,143,510	101,721,485
Dividends paid out	42,952,094*	42,952,094*	42,952,094*	61,851,015*	67,005,266*
III. EARNINGS PER SHARE					
Earnings after tax and profit-sharing, but before depreciation, amortization and write-downs	10.75	12.45	16.91	16.68	15.47
Earnings after tax, profit-sharing, depreciation, amortization and write-downs	4.38	12.18	14.25	16.90	14.80
Dividend per share	6.25	6.25	6.25	9.00	9.75
IV. PERSONNEL					
Average number of employees during financial year	944	973	988	994	1,005
Total payroll for the financial year	68,690,186	70,028,440	72,600,991	71,725,992	74,300,273
Amount of employee benefits paid for in the financial year (social security, volunteer work)	33,097,576	35,220,021	38,271,055	38,582,462	38,996,129

* *Theoretical amount since treasury shares held by the Company are not entitled to dividends. The corresponding amount of unpaid dividends is allocated to "Retained earnings".*

5

Statutory Auditors' report on the annual financial statements

For the year ended December 31, 2016

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the annual financial statements of FROMAGERIES BEL, as set forth in this report;
- the justification of our assessments;
- the specific verification and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2016, and of the results of its operations for the year then ended, in accordance with French accounting principles.

II. Justification of our assessments

In application of article L. 823-9 of the French Commercial Code regarding the justification of our assessments, we call your attention to the following items:

- participating interests were measured at acquisition cost and were written down based on their value in use, as described in Note 1.3 to the annual financial statements.

Our work consisted of assessing the data and assumptions on which the estimates were based, particularly the cash flow projections made by the Company's operating divisions, reviewing the calculations made by the Company, and examining management's procedures for approving the estimates;

- furthermore, as disclosed in Note 1.8 to the financial statements, your Company used estimates in accounting for risks related to litigation and disputes.

We assessed your Company's approaches, and the data and assumptions on which the estimates were based, and we reviewed the calculations made by the Company and examined management's procedures for approving the estimates.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed and expressed in the first part of this report.

III. Specific verifications and information

We have also performed specific procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report, or in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we certify the accuracy and fair presentation of this information.

As required by law, we have also verified the various information relating to equity interests and controlling interests, and the identity of shareholders and holders of voting rights have been disclosed in the management report.

Neuilly-sur-Seine, March 9, 2017

The Statutory Auditors

Deloitte & Associés	Grant Thornton
Pierre-Marie Martin	French member of Grant Thornton International
	Virginie Palethorpe

5.5.3 Information on the Statutory Auditors

Identity of the Statutory Auditors and Alternate Auditors of the financial statements

The **Statutory Auditors** are:

Deloitte & Associés, represented by Pierre-Marie Martin

185, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine

Deloitte Touche Tohmatsu, which became Deloitte & Associés in 2005, was appointed as Statutory Auditor by the Combined General Meeting of June 25, 1988. It was reappointed by the May 12, 2016 Combined General Meeting for a period of six years expiring in 2022 at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2021.

Deloitte & Associés is a member of the *Compagnie régionale des commissaires aux comptes de Versailles*.

Grant Thornton, represented by Virginie Palethorpe

29, rue du Pont - 92200 Neuilly-sur-Seine

Grant Thornton was appointed as Statutory Auditor by the May 12, 2016 Combined General Meeting for a period of six years expiring in 2022 at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2021.

Grant Thornton is a member of the *Compagnie régionale des Commissaires aux comptes de Versailles*.

The **Alternate Auditors** are:

Bureau d'Études Administratives Sociales et Comptables (BEAS)

7/9, Villa Houssay – 92200 Neuilly-sur-Seine

BEAS was appointed as Alternate Auditor by the June 25, 1998 Combined General Meeting. It was reappointed as Alternate Auditor to Deloitte & Associés by the May 12, 2016 Combined General Meeting for a period of six years expiring in 2022 at the end of the Ordinary Annual General Meeting called to approve the financial statements for the year ended December 31, 2021.

BEAS is a member of the *Compagnie régionale des Commissaires aux comptes de Versailles*. It is an affiliate of the international Deloitte Touche Tohmatsu network.

Institut de Gestion et d'Expertise Comptable (IGEC)

22, rue Garnier - 92200 Neuilly-sur-Seine

IGEC was appointed as Alternate Auditor by the May 12, 2016 Combined General Meeting for a period of six years expiring in 2022 at the end of the Ordinary Annual General Meeting called to approve the financial statements for the year ended December 31, 2021. IGEC is a member of the *Compagnie régionale des Commissaires aux comptes de Versailles.* It is an affiliate of the international Grant Thornton network.

Information on the resignation or termination of duties of Statutory Auditors

There were no resignations or termination of duties in 2016.

	Deloitte & Associés				Grant Thornton			
	2016		2015		2016		2015	
in thousands of euros	Fees	%	Fees	%	Fees	%	Fees	%
Auditing and review of company and consolidated financial statements								
• Issuer	268	72%	186	69%	267	73%	194	66%
• Fully consolidated companies	66	18%	66	24%	77	21%	77	26%
SUB-TOTAL	**334**	**89%**	**252**	**93%**	**344**	**94%**	**271**	**92%**
Services other than certification of financial statements								
• Issuer	40	11%	18	7%	18	5%	22	8%
• Fully consolidated companies		0%		0%	3	1%		0%
SUB-TOTAL	40	11%	18	7%	21	6%	22	8%
TOTAL	**374**	**100%**	**270**	**100%**	**365**	**100%**	**293**	**100%**

These fees were received by the Statutory Auditors from the consolidating entity Fromageries Bel S.A. They do not include fees received by their respective network from fully consolidated subsidiaries outside France.

5.6 Auditing of annual financial information

5.6.1 Disclosure of auditing of historical financial information

See the Statutory Auditors' reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2016, in paragraphs 5.5.1 and 5.5.2 respectively of this Registration Document.

For previous years, see the following reports included by reference in this Registration Document pursuant to Article 28 of Commission Regulation (EC) No. 809/2004:

- the Statutory Auditors' reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2015, as well as the financial statements themselves, can be found in paragraphs 4.5.1 and 4.5.2 respectively of the Company's Registration Document filed with the AMF on April 1, 2016 under number D16-0259;
- the Statutory Auditors' reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2014, as well as the financial statements themselves, can be found in paragraphs 4.5.1 and 4.5.2 respectively of the Company's Registration Document filed with the AMF on April 2, 2015 under number D15-0283.

These two Registration Documents are available on the websites of the AMF (www.amf-france.org) and the Company **(www.groupe-bel.com)**.

5.6.2 Other information verified by the Statutory Auditors

In the consolidated financial statements

Research and Development expenditure totalled €18,380,000 in 2016.

In the annual financial statements

Trade payables by due date are presented in the following tables:

	At December 31, 2016			
Trade payables due at the end of the year *(in euros)*	**Trade payables due at 31 days**	**Trade payables due at 60 days**	**Trade payables due at over 60 days**	**Total**
6,165,492	91,323,297	7,842,631	2,067,993	107,399,413

In accordance with Article 223c and Article 39.4 of the French General Tax Code, expenses and costs that are not tax-deductible totalled €372,770 and corresponded to €128,723 in tax.

	At December 31, 2015			
Trade payables due at the end of the year *(in euros)*	Trade payables due at 31 days	Trade payables due at 60 days	Trade payables due at over 60 days	Total
4,633,465	102,065,361	6,575,301	3,331,070	116,605,197

5.6.3 Financial information not included in the financial statements

This paragraph is not applicable.

5.7 Date of latest financial information

The most recent financial year for which financial information was audited was the year ended December 31, 2016.

5.8 Financial information for interim and other periods

5.8.1 Quarterly and half-year financial information

None.

5.8.2 Financial information for interim periods

These paragraphs are not applicable since at the time of writing no financial positions had been reported after December 31, 2016.

5.9 Dividend policy

Fromageries Bel paid out the following dividends per share over the past five years:

(in euros per share)	2012	2013	2014	2015	2016 (submitted to the AGM of May 11, 2017)
Net dividend	6.25	6.25	6.25	9.00	9.75

The Combined General Meeting of Tuesday, May 11, 2017, will be asked to approve a dividend of €9.75 per share for the 2016 financial year. The dividends will be distributed on Wednesday, May 19, 2017.

Future net dividends will depend on the Company's ability to generate profits, its financial position, its growth strategy and any other factor deemed relevant by the Board of Directors.

5.10 Legal and arbitration proceedings

Information concerning judicial and arbitration proceedings appears in chapter 3 "Risk factors and insurance" of this Registration Document.

5.11 Significant change in the issuer's financial or trading position

Following the acquisition of the MOM Group in December 2016 (see Note 2), the Group's net debt went from a surplus of €21 million at December 31, 2015 (less than 1% of equity) to a liability of €688 million (41% of equity).

The Group strengthened its liquidity by extending the maturity of its €520 million credit line from 2020 to 2021 and by negotiating an additional credit line of €300 million maturing in 2021, extendable twice for an additional year. These two credit lines were not drawn at December 31, 2016.

6

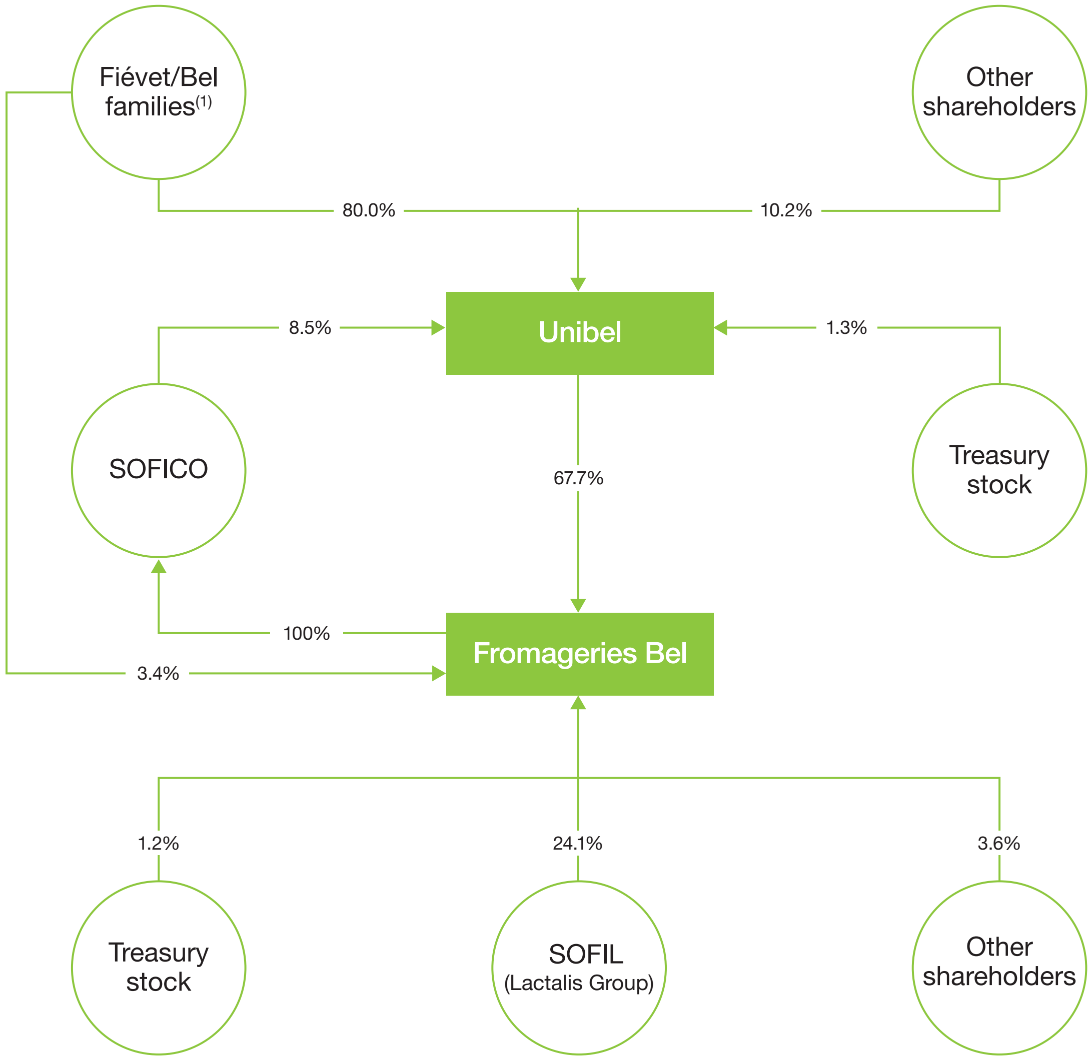
Shareholding and share transactions[1]

(1) This chapter forms part of the Report of the Chairman of the Board of Directors.

6.1 Shareholding and share capital

6.1.1 Shareholding at December 31, 2016 and over the last three years

BEL GROUP SHAREHOLDING ORGANIZATIONAL CHART *(AS A % OF SHARE CAPITAL)*[1]



(1) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013 and controlled companies.

To the issuer's knowledge, Fromageries Bel's share capital is broken down between shareholders as follows:

Fromageries Bel at December 31, 2016	Share capital		"Gross" voting rights		GM voting rights	
	Number	%	Number	%	Number	%
Unibel[a]	4,651,237	67.68%	9,286,134	69.00%	9,286,134	69.43%
Fiévet-Bel family group[b]	237,221	3.45%	474,049	3.52%	474,049	3.54%
SUBTOTAL CONCERT	**4,888,458**	**71.13%**	**9,760,183**	**72.52%**	**9,760,183**	**72.98%**
SOFIL/Lactalis Group[c]	1,653,323	24.06%	3,306,646	24.57%	3,306,646	24.74%
Other shareholders	246,906	3.59%	307,677	2.29%	307,677	2.30%
SUBTOTAL PUBLIC	**1,900,229**	**27.65%**	**3,614,323**	**26.86%**	**3,614,323**	**27.02%**
Treasury stock	83,648	1.22%	83,648	0.62%	-	0.00%
TOTAL	**6,872,335**	**100%**	**13,458,154**	**100%**	**13,374,506**	**100**

(a) Company controlled at the highest level by the Fiévet-Bel family.

(b) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013 and controlled companies.

(c) Company controlled at the highest level by the Besnier family and not represented on the Board of Directors.

No material change occurred in shareholding or voting rights since December 31, 2016.

The share capital is composed of 6,872,335 shares, to which 13,458,154 gross voting rights and 13,374,506 voting rights eligible for Annual General Meetings (AGMs) were attached at December 31, 2016. This difference corresponds to treasury shares.

Of the shares, 97.7% are in registered form and held by 253 shareholders, and 95.8% receive double voting rights after being registered continuously for four years. The latest information available to the issuer on bearer shares dates from April 2016 when 1,355 shareholders together held 157,680 bearer shares, i.e. more than 99% of the existing bearer shares. The issuer does not have any more recent information regarding bearer shareholders.

Unibel, a French *société anonyme* (public corporation) with a Management Board and a Supervisory Board, holds more than two thirds of the share capital and voting rights (AMF notice No. 210C0461 of May 28, 2010). It is controlled by members of the Fiévet-Bel family group who are bound by an agreement published by the AMF [French financial markets regulator] on September 26, 2013; this agreement is described in AMF notice No. 213C1436 of September 2013 and in Unibel's Registration Document; these shareholders currently control 80% of the share capital and 88% of the gross voting rights of Unibel.

In addition, Société Financière et Commerciale, SOFICO, a wholly-owned subsidiary of Fromageries Bel, holds 8.5% of Unibel treasury shares.

The Lactalis Group, controlled by the Besnier family, holds through its subsidiary *Société pour le Financement de l'Industrie Laitière* (SOFIL) more than 20% of the share capital and voting rights of Fromageries Bel (AMF notice No. 211C0106 of January 28, 2011).

To the Company's knowledge, no other shareholder directly or indirectly holds, alone or in concert, more than 5% of the share capital or voting rights, and no shareholder outside the family group or SOFIL holds, alone or in concert, in any way, shape or form, more than 1% of the share capital or voting rights.

No legal or statutory threshold crossings were declared during the year.

Under Articles 787 B, 885 I b and 885 I d of the French General Tax Code, lock-up agreements, known as "Dutreil agreements", were signed by shareholders and in particular by members of the Fiévet-Bel family group and Unibel.

The most recent lock-up agreements have the following features:

Lock-up agreement	
Type	Collective
Registration date/start date	12/24/2013
Initial duration of the collective commitment	2 years
Renewal	tacit, every 3 months
% of share capital committed on the signing date	38%
% of voting rights committed on the signing date	39%
Executive signatory	Antoine Fiévet
Signatory holding at least 5% of the share capital	Unibel

"Dutreil agreements" provide direct or indirect shareholders covered by the scope of the agreement with tax exemptions of 75% of the tax base in terms of transfer duties and the solidarity wealth tax. In return, beneficiaries of these exemptions commit not to sell or transfer their shares for a minimum individual or collective period of six years.

Changes in the breakdown of share capital over the last three years

The following table indicates the breakdown of share capital and voting rights that can be exercised at AGMs over the last three years.

	12/31/2016			12/31/2015			12/31/2014		
	Shares	% share capital	% of AGM voting rights	Shares	% share capital	% of AGM voting rights	Shares	% share capital	% of AGM voting rights
Unibel[(a)]	4,651,237	67.68%	69.43%	4,651,237	67.68%	69.48%	4,651,237	67.68%	69.54%
Family group Fiévet-Bel[(b)]	237,221	3.45%	3.54%	237,221	3.45%	3.54%	237,221	3.45%	3.55%
SUBTOTAL CONCERT	**4,888,458**	**71.13%**	**72.98%**	**4,888,458**	**71.13%**	**73.02%**	**4,888,458**	**71.13%**	**73.09%**
SOFIL/Lactalis Group[(c)]	1,653,323	24.06%	24.72%	1,653,323	24.06%	24.74%	1,653,323	24.06%	24.76%
Other shareholders	246,906	3.59%	2.30%	243,642	3.55%	2.24%	239,608	3.49%	2.14%
SUBTOTAL PUBLIC	**1,900,229**	**27.65%**	**27.02%**	**1,896,965**	**27.61%**	**26.98%**	**1,892,931**	**27.55%**	**26.91%**
Treasury stock	83,648	1.22%	0.00%	86,912	1.26%	0.00%	90,946	1.32%	0.00%
TOTAL	**6,872,335**	**100%**	**100%**	**6,872,335**	**100%**	**100%**	**6,872,335**	**100%**	**100%**

(a) Entity controlled at the highest level by the Fiévet-Bel family.

(b) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013 the controlled companies.

(c) Entity controlled at the highest level by the Besnier family and not represented on the Board of Directors.

6.1.2 Information on control of the share capital

To the Company's knowledge, no agreements exist containing clauses concerning at least 0.5% of shares or voting rights and providing for preferential sale or purchase conditions, nor do any agreements exist whose implementation could, at a later date, lead to a change in control of the Company.

All medium- and long-term financing agreements relating to Fromageries Bel and certain subsidiaries directly or indirectly controlled by Fromageries Bel have a change in control clause stipulating that banks and investors may request the repayment of the advances and credit lines granted, plus interest and all other amounts due, on the condition that the majority of lending institutions request this repayment. Change in control is the hypothesis under which the Company's majority shareholders cease to directly or indirectly hold over half of the share capital and voting rights in Fromageries Bel (see Note 5.5 to the consolidated financial statements).

No other agreement would be modified or would end in the event of a change in control of the Company.

The family shareholders are represented by Antoine Fiévet, Chairman and Chief Executive Officer, who is also Chairman of the Unibel Management Board, and by Florian Sauvin, Unibel's permanent representative on the Board of Directors, member of the Management Board and Chief Executive Officer of Unibel.

Unibel, the Group's lead holding company, is a Director of the Company. Bruno Schoch, member of Unibel's Management Board, is Deputy General Manager of the Company.

Measures taken to ensure that control is not abused are as follows:

- the Board has a majority of four independent Directors out of seven members, namely, Thierry Billot, Fatine Layt, James Lightburn and Nathalie Roos; the committees of the Board also have a majority of independent members;
- a charter is in place to which all Directors adhere and which defines their duties, specifying, in particular, that Directors must act in the best interest of the Company under all circumstances, that they must represent all shareholders, and that they must abstain in the event of a conflict of interests;
- the Chief Executive Officer's powers are *curtailed* (see paragraph 4.1.4 "Organization and work performed by the Governance Bodies").

The composition of the administrative and management bodies and the governance principles applied are detailed in paragraph 4.1 "Governance principles" and in paragraph 4.2 "Compensation and benefits".

6.1.3 Share capital

Situation at December 31, 2016

The amount of share capital subscribed for and fully paid up at December 31, 2016 was €10,308,502.50. It is divided into 6,872,335 shares with a par value of €1.50.

Each share confers the right to ownership in the Company's assets, in a share in the profits, and in the liquidation surplus proportional to the percentage of share capital that it represents.

Securities giving access to the capital, shares unrepresentative of share capital, options

At December 31, 2016, there were neither any securities giving access to the capital, nor any shares unrepresentative of share capital, nor any options. Information on bonus share award programs in place is detailed in paragraph 6.2.3 "Stock options/performance shares".

Delegations and authorizations granted by the Annual General Meeting to the Board of Directors (in accordance with article L. 225-100 of the French Commercial Code) currently valid or terminated during the year

Date of AGM	Purpose of the delegation	Maximum nominal amount authorized or number of shares	Duration and/or expiration date of the delegation	Date and terms of use by the Board
May 12, 2016	Authorization given to the Board of Directors to grant bonus shares already existing or to be issued by the Company for personnel and/corporate officers of the Company and of its subsidiaries.	30,000 shares	38 months, i.e. up to July 11, 2019	(a)
May 12, 2015	Authorization given to the Board of Directors to grant bonus shares already existing or to be issued by the Company for personnel and/corporate officers of the Company and of its subsidiaries.	30,000 shares	Initially planned for 38 months, i.e. up to July 11, 2018, and invalid for the portion unused by the AGM of May 12, 2016	(b)
May 14, 2014	Authorization given to the Board of Directors to increase share capital in favor of employees who are members of a company savings scheme, without subscription rights.	The maximum nominal amount of capital increases may not exceed 1% of the share capital at the date on which the decision to increase the share capital was made	26 months, i.e., until July 13, 2016	None

(a) *In accordance with this authorization, the Board of Directors at its meeting of July 29, 2015 adopted a bonus share award plan relating to existing shares. The Board awarded 5,527 shares subject to presence and performance conditions being met.*

(b) *In accordance with this authorization, the Board of Directors at its meeting of July 29, 2016 adopted a bonus share award plan relating to existing shares. The Board granted 6,717 shares subject to presence and performance conditions being met. Therefore, based on this resolution, it can still grant 23,283 shares.*

Changes in the share capital over the last five years

Date	Type of transaction	Number of shares created or canceled	*% change in* nominal capital *(in euros)*	Reserves	*After the* nominal transaction *(in euros)*	Number of shares
01/01/2012	Starting position	-	-	-	10,308,502.50	6,872,335
12/31/2016	Final position	-	-	-	10,308,502.50	6,872,335

Crossing statutory thresholds

In addition to the thresholds defined in legal and regulatory provisions, Article 10 of Fromageries Bel's Articles of Association states that any individual or legal entity, acting alone or in concert, having obtained, in any manner, alone or in concert, within the meaning of articles L. 233-7 et seq. of the French Commercial Code, a number of securities representing a share equal to 1% of the share capital and/or voting rights at the Annual General Meeting, or any multiple of this percentage, must inform the Company of the total number of shares they possess via certified mail with return receipt requested addressed to the head office within 15 days of crossing the 1% threshold. This obligation applies under these conditions every time the percentage of share capital and/or voting rights possessed falls below one of these thresholds. In the event that these stipulations are not complied with, the shares exceeding the threshold subject to disclosure shall be stripped of their voting rights. If adjusted, the corresponding voting rights may not be exercised until the expiration of the time frame provided for by law and the regulations currently in effect. However, except when one of the thresholds listed in article L. 233-7 is crossed, this penalty shall only be applied at the request, recorded in the Annual General Meeting minutes, of one or more shareholders holding, together or separately, at least 5% of the share capital and/or voting rights of the Company.

Identifiable bearer securities

For the purpose of identifying holders of securities, the Company has the right, in accordance with Article 9 of its Articles of Association, to request from the Central Depository, the name - or company name, nationality, and address of holders of securities that grant, immediately or in the long term, voting rights at its own Shareholders' Meetings, as well as the number of securities held by each one, and if applicable, any restrictions that may be attached to the securities.

Failure by holders of securities or their intermediaries to communicate the information above may, subject to the conditions stipulated by the Law, lead to the suspension or removal of their voting rights and the right to dividend payments associated with the shares.

Changes to shareholders' rights

Any change in rights attached to securities making up the Company's share capital is governed by legal requirements, as the Articles of Association do not set out any specific provisions.

Annual General Meetings – Meeting notification method – Terms of admission and conditions for exercising voting rights

Meeting notification methods, terms of admission and conditions for exercising voting rights for the Annual General Meeting are governed by law and Articles 20 and 21 of the Company's Articles of Association, and read as follows:

- Ordinary and Extraordinary General Meetings are made up of all shareholders, regardless of the number of shares they hold;
- the Ordinary Annual General Meeting meets at least once a year in the half-year following the closure of each financial year, subject to the extension of this deadline by adjudication;
- Extraordinary General Meetings or Ordinary General Meetings convened extraordinarily may meet during the year;
- Annual General Meetings take place at the head office or in any other location indicated in the notice of meeting;
- the agenda is approved by the party issuing the summons, subject to the exceptions provided for by law. Only items on the agenda may be discussed, except for circumstances permitted by law concerning the removal of Directors and their replacement;
- the right to participate in Annual General Meetings is subject to the registration of securities in the shareholder's name or in the name of the intermediary registered on their behalf, pursuant to article L. 228-1 of the French Commercial Code, by the second business day before the Annual General Meeting at midnight, Paris time, either in the registered securities accounts kept by the Company or in the bearer securities accounts kept by the authorized intermediary;
- regarding bearer securities, the registration of securities in the accounts held by the authorized intermediary is recorded by a registration certificate issued by the latter;
- shareholders may also vote by mail in accordance with applicable laws and regulations.

If unable to attend the Annual General Meeting in person, any shareholder may participate either:

- by voting by mail; or
- by appointing the Chairman, his or her spouse or partner in a civil union, another shareholder or any other person (individual or legal entity) of his or her choosing as his or her representative, under the terms and conditions set forth by the legal and regulatory provisions in force, or even without appointing a proxy.

For any power of attorney given by a shareholder without indicating a specific proxy, the Chairman of the Annual General Meeting shall vote in favor of adopting draft resolutions presented or approved by the Board of Directors and shall vote against adopting any other draft resolutions.

The proxy and vote by mail forms are drawn up and made available to shareholders pursuant to current legislation.

6.1.4 Voting rights

On December 2, 1935, the Extraordinary General Meeting instituted double voting rights.

In accordance with Article 24 of the Articles of Association, a double voting right that is conferred to bearer shares, in view of the percentage of share capital they represent, is granted to fully paid-up shares having proof of being registered under the same shareholder for at least four years.

The double voting right automatically ceases for any share that is converted to bearer form or transferred. However, transfer following inheritance, liquidation of marital property between spouses, or *inter vivos* donations for a spouse or relative entitled to inherit shall not interrupt the aforementioned four-year time frame and shall retain the rights acquired.

Furthermore, in the event of a capital increase by incorporation of reserves, profits or share premiums, the double voting right may be conferred, as from their issue, to registered shares granted freely to a shareholder in connection with old shares that received this right.

The double voting right may be removed by a decision of the Extraordinary General Meeting after approval by the Special Meeting of Beneficiary Shareholders.

In the event of the division of share ownership, the voting rights attached to the shares belong to the bare-owner (nu-propriétaire), with the exception of decisions relating to the allocation of profits, which fall to the beneficial owner (usufruitier).

6.2 Share transactions

Fromageries Bel was listed on the Paris stock exchange on December 11, 1946.

There are 6,872,335 Fromageries Bel shares listed on double call auction on the Euronext Paris Exchange, Compartment A.

Fromageries Bel's shares are eligible for "long-only" Deferred Settlement Service (SRD): given the limited liquidity of the security, short selling is not authorized.

ISIN code: FR 0000121857 – mnemonic: FBEL.

6.2.1 Changes in Fromageries Bel share price and trading volumes

	(in euros)			Number of securities traded	Volume *(in thousands of euros)*	Average trading price *(in euros)*	Average closing price for CAC All Tradable Index
	Highest	Lowest	Last				
2010	**159.94**	**114.04**	**152.50**	**39,650**	**5,293**	**133.49**	**2,711**
2011	**177.00**	**138.99**	**174.90**	**30,371**	**4,817**	**158.61**	**2,654**
2012	**192.88**	**170.00**	**181.10**	**24,993**	**4,585**	**183.46**	**2,511**
2013	**300.00**	**180.00**	**271.01**	**27,210**	**6,985**	**256.71**	**2,983**
2014	**314.00**	**265.20**	**292.00**	**80,573**	**22,618**	**280.71**	**3,316**
January 2015	300.00	285.00	297.00	13,698	4,000	292.32	3,381
February 2015	309.70	288.01	300.00	577	171	296.58	3,673
March 2015	310.00	290.00	305.00	800	243	303.82	3,850
April 2015	309.00	296.05	296.24	783	237	303.28	3,978
May 2015	345.40	300.00	314.00	521	167	319.95	3,903
June 2015	325.00	300.00	321.00	2,100	646	307.39	3,802
July 2015	320.00	303.15	320.00	663	207	311.48	3,818
August 2015	345.00	315.01	334.50	715	241	337.75	3,759
September 2015	347.00	326.20	344.95	1,138	384	337.00	3,488
October 2015	374.40	344.95	372.00	752	274	364.64	3,624
November 2015	439.00	370.00	418.00	2,829	1,139	402.59	3,770
December 2015	440.00	420.00	436.90	1,571	681	433.75	3,612
2015	**440.00**	**285.00**	**436.90**	**26,147**	**8,390**	**334.19**	**3,721**
January 2016	440.00	405.00	435.00	1,550	671	431.35	3,369
February 2016	450.00	412.80	450.00	797	343	435.17	3,247
March 2016	476.00	442.05	476.00	1,724	802	462.68	3,433
April 2016	490.00	458.00	469.80	633	297	472.00	3,453
May 2016	503.01	470.00	488.89	2,592	1,282	489.36	3,409
June 2016	577.00	488.00	510.01	1,026	524	513.34	3,339
July 2016	519.00	472.10	478.01	519	251	500.79	3,355

	Highest *(in euros)*	Lowest *(in euros)*	Last *(in euros)*	Number of securities traded	Volume *(in thousands of euros)*	Average trading price *(in euros)*	Average closing price for CAC All Tradable Index
August 2016	508.98	472.61	508.00	829	403	491.93	3,451
September 2016	509.00	486.10	503.99	879	436	500.42	3,480
October 2016	505.00	490.00	497.00	909	451	498.66	3,504
November 2016	505.00	480.00	487.99	1,679	827	487.99	3,497
December 2016	505.00	480.30	489.10	2,110	1,048	496.64	3,690
2016	**577.00**	**405.00**	**489.10**	**15,247**	**7,336**	**481.11**	**3,436**
January 2017	518.00	489.10	510.00	2,240	1,129	503.87	3,777
February 2017	516.00	495.20	507.00	621	316	508.63	3,780

6.2.2 Summary of transactions by executives and similar persons

No transactions by executives and similar persons involving the Company's shares were recorded in 2016 in accordance with Article 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation.

Executive	Type of transaction	Number of transactions	Amount of transactions *(in thousands of euros)*
	None		

6.2.3 Stock options/performance shares

No stock option program is in effect within the Group for the year ended December 31, 2016 or previous years.

However, bonus share award plans (AGA) were implemented starting in 2007, subject to performance conditions. Beneficiaries of this first plan have been free to sell the shares awarded in this context since April 2011.

Since this date, a plan has been put in place each year. The following table contains a summary of plans that have had an impact on the 2016 financial year.

FROMAGERIES BEL "AGA" PLANS

Plan Number	6	7	8	9	10
AGM authorization	05/10/2012	05/10/2012	05/10/2012	12/05/2015	05/12/2016
Award date	05/10/2012	08/29/2013	08/27/2014	07/29/2015	07/29/2016
Vesting date	05/10/2014	08/30/2015	08/29/2016	07/30/2017	07/29/2019
Availability date	05/10/2016	08/30/2017	08/29/2018	07/30/2019	07/29/2019
Number of securities granted	7,234	5,130	5,447	5,527[(a)]	6,717[(a)]
Number of securities transferred (transferable)	6,557	4,822	5,049	(5,264)[(a)]	(6,686)[(a)]
Number of employee beneficiaries	84	84	96[(a)]	110[(a)]	107[(a)]

(a) Subject to presence and performance conditions.

In 2016, the vesting period for the 2014 AGA No. 8 plan ended after two years. Based on achieving 100% of the target Return On Capital Employed (ROCE) and Earning Before Interest, Taxes, Depreciation & Amortization (EBITDA) measured over two years, the ownership of 5,049 existing shares was transferred to 96 beneficiaries.

On July 29, 2016, the Board of Directors voted the tenth AGA plan. Under the plan, 6,717 shares were awarded to 107 beneficiaries. These shares will be transferred to the beneficiaries on July 29, 2019, depending on the ROCE and EBITDA achieved in 2017 and 2018 and subject to a presence condition. With these shares, 2,792 performance units valued at the average share price between January and June 2016, i.e. €467, and subject to the same performance conditions, were awarded for payment for half in July 2018 and half in July 2019.

No corporate officer was transferred bonus shares.

The ten largest awards to employees represented 2,299 shares.

After taking into account known results and departures, at December 31, 2016, a total of 11,950 existing shares could still be awarded under the ninth and tenth plans.

At December 31, 2016, employees held no stake in Fromageries Bel's share capital within the meaning of article L. 225-102 of the French Commercial Code.

6.2.4 Share buyback program: report and description

Report on share buyback programs

The Combined General Meeting of May 12, 2016 authorized the Board of Directors, for a period of 18 months from said Meeting (i.e., until November 11, 2017), to implement a share buyback program in accordance with applicable regulations. This authorization replaced the one granted by the Annual General Meeting of May 12, 2015.

In 2016, Fromageries Bel acquired 1,785 treasury shares at an average share price of €498 for a total amount of €888 thousand at an expense of €2,424.

A total of 5,049 shares, representing 0.07% of the share capital, were transferred to the beneficiaries of the eight bonus share award plan.

No reallocation of treasury shares for another purpose occurred in 2016.

Number of treasury shares at 31 December 2016

Number of treasury shares	83,648
% of capital in treasury stock	1.22%
Value based on purchase price	€21,110 thousand
Net carrying value	€21,110 thousand
Par value	€125 thousand

Description of the share buyback program submitted to the Combined General Meeting of Thursday May 11, 2017

Pursuant to Article 241-2 of the AMF General Regulation and Regulation (EU) no. 596/2014 of April 16, 2014, this description outlines the purposes and terms of the Company's share buyback program. This program will be put to the Annual General Meeting of Thursday May 11, 2017 for authorization.

Breakdown by objective of share capital held on February 28, 2017

Number of shares held directly and indirectly: 83,648, representing 1.22% of the share capital.

Number of shares held broken down by objective:

Supporting the stock price via a liquidity contract	None
Acquisition	None
Covering stock options or other employee shareholding plans	**83,648**
Covering marketable securities entitling the allocation of shares	None
Cancellation	None

As Fromageries Bel does not use derivatives, there are no open buy or sell positions.

At the end of 2016, the number of bonus shares still likely to be transferred under the bonus share award programs in place stood at 11,950, subject to performance and presence conditions. This figure is in comparison with 83,648 treasury shares held at the same date.

New share buyback program

- Subject to the program's approval by the Annual General Meeting of Thursday May 11, 2017.
- Securities concerned: ordinary shares.
- Maximum share of capital for which the buyback is authorized: 10% of the share capital (i.e. 687,233 shares at the date of this report), this limit being set on the day of the buyback in order to take into account potential capital increases or decreases that could take place throughout the duration of the program. The number of shares taken into account to calculate this limit corresponds to the number of purchased shares less the number of shares resold during the program for liquidity purposes.

- As the Company may not hold more than 10% of its share capital, given the number of shares already held (83,648 shares, i.e., 1.22% of share capital), the maximum number of shares that may be purchased is 603,585 shares (i.e., 8.78% of share capital) unless the securities already held are sold, transferred or canceled.
- Maximum purchase price: €600.
- Maximum amount for the program: €412,339,800.

Terms of the buyback: purchases of shares may be carried out by any means, including the acquisition of blocks of securities, and at any time decided by the Board of Directors. The Company reserves the right to use optional mechanisms or derivatives within the framework of applicable regulations. These transactions may also be carried out during a public offering in compliance with the regulations in effect.

- Objectives:
  - ensure the coverage of stock option plans and/or bonus share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group,
  - keep the purchased shares for subsequent use in exchange or in payment for potential acquisitions, with the shares purchased to this effect unable to exceed 5% of the Company's share capital,
  - ensure the coverage of securities entitling the allocation of Company shares under current regulations,
  - potentially cancel the shares purchased in accordance with the authorization to be granted by the Extraordinary General Meeting,
  - support the secondary market or the liquidity of the stock through an investment service provider via a liquidity contract in compliance with the AMAFI Code of Conduct and allowed under current regulations.
- Program duration: 18 months from the Annual General Meeting of May 11, 2017 i.e. until November 10, 2018.

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Combined General Meeting of May 11, 2017

7.1 Agenda

Ordinary items

1. Approval of the annual financial statements for the year ended December 31, 2016 and approval of expenses and charges that are not tax-deductible,
2. Approval of the consolidated financial statements for the year ended December 31, 2016,
3. Allocation of income and setting of the dividend,
4. Statutory Auditors' Special Report on regulated agreements and commitments and report on the absence of new agreements,
5. Renewal of the term of office of Unibel SA as Director,
6. Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind granted to the Chairman and Chief Executive Officer,
7. Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind granted to the Deputy General Manager,
8. Authorization to be granted to the Board of Directors for the Company to buy back its own shares in accordance with article L. 225-209 of the French Commercial Code, duration of the authorization, terms and ceiling,

Extraordinary items

9. Authorization to be granted to the Board of Directors to cancel the shares the Company purchased in accordance with article L. 225-209 of the French Commercial Code, duration of the authorization and ceiling,
10. Delegation of competence to be granted to the Board of Directors to increase the share capital by the issue of ordinary shares and/or securities giving access to the share capital without subscription rights for members of a company savings plan in accordance with article L. 3332-18 et seq. of the French Labor Code, duration of the delegation, maximum nominal amount of the share capital increase, issue price, and option of allocating bonus shares in accordance with article L. 3332-21 of the French Labor Code,
11. Delegation to be granted to the Board of Directors to ensure compliance of the articles of association with the legislative and regulatory provisions,
12. Powers to carry out formalities.

7.2 Text of the draft resolutions

Ordinary items

First resolution – Approval of the annual financial statements for the year ended December 31, 2016 – Approval of expenses and charges that are not tax-deductible

Having reviewed the Board of Directors' Report, the Chairman's Report and the Statutory Auditors' Reports for the year ended December 31, 2016, the Annual General Meeting approves the annual financial statements for the year then ended, as presented, showing a profit of €101,721,485.19.

The Annual General Meeting approves the amount of expenses and costs referred to in article 39.4 of the French General Tax Code, totaling €372,770.37, as well as the corresponding amount of tax.

Second resolution – Approval of the consolidated financial totaling for the year ended December 31, 2016

Having reviewed the Board of Directors' Report, the Chairman's Report and the Statutory Auditors' Reports on the consolidated financial statements for the year ended December 31, 2016, the Annual General Meeting approves the consolidated financial statements, as presented, showing a profit of €213,138,000 (Group share).

Third resolution – Allocation of income for the year and setting of the dividend to be distributed

At the proposal of the Board of Directors, the Annual General Meeting decides to allocate the income for the year ended December 31, 2016 as follows:

Starting point	
Retained earnings previously brought forward	€340,894,509.80
Profit for the year	€101,721,485.19
Distributable profit	€442,615,994.99
Allocation of income	
Distribution of a gross dividend of €9.75 per share, i.e., a maximum dividend	
to distribute equal to	€67,005,266.25
Retained earnings to carry forward after allocation	€375,610,728.74
Total	**€442,615,994.99**

The Annual General Meeting notes that the overall gross dividend per share is set at €9.75 and that the total amount distributed is therefore eligible for the 40% tax allowance mentioned in article 158-3-2 of the French General Tax Code.

The ex-dividend date is set for May 17, 2017. Dividends will be paid on May 19, 2017.

As the Fromageries Bel shares that may be held by the Company on the ex-dividend date are not intended for this purpose, the sums corresponding to the unpaid dividends for these shares shall be allocated to retained earnings.

In compliance with the provisions set out in article 243 bis of the French General Tax Code, the Annual General Meeting notes that the distributed dividends and income for the last three years were as follows:

For the financial year	Earnings eligible for the tax allowance		Earnings not eligible for the tax allowance
	Dividends	Other distributed earnings	
2015	€61,851,015* i.e. €9 per share	-	-
2014	€42,952,093.75* i.e. €6.25 per share	-	-
2013	€42,952,093.75* i.e. €6.25 per share	-	-

* *Including the amount of the dividend corresponding to treasury shares not paid out and allocated to retained earnings.*

Fourth resolution – Statutory Auditors' Special Report on regulated agreements and undertakings, and noting of the absence of new agreements

Having reviewed the special report of the statutory auditors, mentioning the absence of any new agreement such as those referred to in Articles L. 225-38 et seq. of the Commercial Code, the Annual General Meeting purely and simply acknowledged it.

Fifth resolution – Renewal of the term of office of Unibel SA as Director

Having noted that the term of office of UNIBEL expires at the end of this Meeting, the Annual General Meeting decides to renew UNIBEL's term as Director for a four-year period, to expire at the end of the Annual General Meeting to be held in 2021 to approve the financial statements for the financial year then ended.

Sixth resolution – Approval of the determining principles and criteria for the distribution and award of the fixed, variable and extraordinary components constituting the total compensation and benefits of any kind attributable to the Chairman and CEO

Having reviewed the Board of Directors' Report in accordance with the provisions of articles L. 225-37-2 of the French Commercial Code, the Annual General Meeting approves the principles and criteria for the determination, distribution and award of the fixed, variable and extraordinary components constituting the total compensation and benefits of any kind attributable to the Chairman and CEO, as described in the aforesaid report which can be found in the report presenting the resolutions to the Annual General Meeting of shareholders.

Seventh resolution – Approval of the principles and criteria for the determination, distribution and award of the fixed, variable and extraordinary components constituting the total compensation and benefits of any kind attributable to the Deputy General Manager

Having reviewed the Board of Directors' Report in accordance with the provisions of articles L. 225-37-2 of the French Commercial Code, the Annual General Meeting approves the principles and criteria for the determination, distribution and award of the fixed, variable and extraordinary components constituting the total compensation and benefits of any kind attributable to the Deputy General Manager, as described in the aforesaid report which can be found in the report presenting the resolutions to the Annual General Meeting of shareholders.

Eighth resolution – Authorization to be granted to the Board of Directors to have the Company buy back its own shares as provided for under article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, and ceiling

Having reviewed the Board of Directors' Report, the Annual General Meeting authorizes the Board of Directors, for a period of eighteen months, in accordance with the provisions of articles L. 225-209 et seq. of the French Commercial Code, to purchase, on one or more occasions, at the time or times it shall deem fit, shares in the Company representing up to a maximum of 10% of share capital, and where applicable, adjusted in order to take into account potential capital increases or decreases that could take place during the program.

This authorization terminates the authorization given to the Board of Directors by the Annual General Meeting on May 12, 2016 in its fifth ordinary resolution.

Buybacks may be carried out to:

- support the secondary market or the liquidity of Fromageries BEL stock through an investment service provider via a liquidity contract, in compliance with the AMAFI Code of Conduct, as recognized by the regulations, while, in this regard, it is specified that the number of shares taken into account to calculate the aforementioned limit corresponds to the number of purchased shares, less the number of shares resold;
- keep the purchased shares for subsequent use in exchange or in payment for potential external growth transactions;
- ensure the coverage of stock option plans and/or free share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group;
- ensure the coverage of securities entitling the allocation of Company shares under current regulations;
- potentially cancel all or part of the shares purchased, subject to the authorization granted or to be granted by the Extraordinary General Meeting.

These buybacks may be carried out in any form, including as blocks of shares, and at the time of the Board of Directors' choosing.

The Company reserves the right to use options or derivatives, pursuant to the applicable regulations.

The maximum purchase price is set at €600 per share. In the event of a transaction on the share capital, notably a stock split or reverse stock split or free share awards, the aforementioned amount will be adjusted proportionally (multiplier coefficient equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the transaction is set at €412,339,800.

The Annual General Meeting confers all powers to the Board of Directors to carry out these transactions, to determine the terms and conditions, to enter into any agreement and to carry out any required formalities.

Extraordinary items

Ninth resolution - Authorization to be granted to the Board of Directors to cancel the shares purchased by the Company in accordance with article L. 225-209 of the French Commercial Code, duration of the authorization and ceiling

Having reviewed the Board of Directors' Report and the Statutory Auditors' Report, the Annual General Meeting:

1) authorizes the Board of Directors to cancel, at its sole discretion, one or more times, subject to a limit of 10% of share capital calculated on the day the cancellation decision is made, deducting any potential shares cancelled during the previous twenty four months, the shares that the Company holds or could hold following the buybacks carried out under article L. 225-209 of the French Commercial Code, as well as to reduce the share capital proportionally in accordance with the legal and regulatory provisions in effect;

2) grants this authorization for a period of twenty four (24) months as from this Meeting;

3) fully empowers the Board of Directors to carry out the transactions required for such cancellations and corresponding reductions of share capital, to amend the Company's articles of association accordingly and to accomplish any formalities required.

Tenth resolution - Delegation of competence to be granted to the Board of Directors to increase the share capital by the issue of ordinary shares and/or securities giving access to the share capital without subscription rights for members of a company savings plan in accordance with article L. 3332-18 et seq. of the French Labor Code, duration of the delegation, maximum nominal amount of the share capital increase, issue price, and option of allocating bonus shares in accordance with article L. 3332-21 of the French Labor Code

Having reviewed the Board of Directors' report and the special report of the statutory auditors, the Annual General Meeting, deliberating pursuant to Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and L. 3332-18 et seq. of the French Labor Code:

1) delegates authority to the Board of Directors to, if it deems fit, at its sole discretion, increase the share capital one or more times by issuing ordinary shares or securities giving access to the equity securities of the Company to be issued in favor of members of one or more company or group savings plans established by the Company and/or French or foreign undertakings that are linked to it under the conditions of Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labor Code;

2) withdraws, in favor of these individuals, the preferential subscription right to shares that may be issued by virtue of this delegation;

3) grants this authorization for a period of twenty six (26) months as from this Meeting;

4) limits the maximum nominal amount of the increase(s) that may be realized by using this delegation to 1% of the share capital reached during the Board of Directors' decision to realize this increase, this amount being independent of any other cap provided for the delegation of capital increases. The additional amount of the ordinary shares to be issued, in order to preserve the rights of the holders of transferable securities giving access to equity securities of the Company, is added to this amount in accordance with the law and any applicable contractual stipulations providing for other cases of adjustment;

5) decides that the price of the shares to be issued pursuant to 1/ of this delegation may not be more than 20% lower or higher (or 30% lower or higher if the vesting period provided for in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labor Code is equal to or greater than ten years) than the average opening price of the shares during the 20 trading sessions preceding the Board of Directors' decision to increase capital and its corresponding decision to issue shares;

6) decides, pursuant to the provisions of Article L. 3332-21 of the Labor Code, that the Board of Directors may provide for the free allocation, to the beneficiaries defined in the first paragraph above, of shares to be issued or already issued, or other securities giving access to the capital of the Company to be issued or already issued, in respect of (i) the contribution that may be paid pursuant to the regulations of company or group savings plans, and/or (ii), where applicable, the discount;

7) notes that this delegation shall cancel, for the unused portion where applicable, any delegation previously given to the same effect.

The Board of Directors may or may not implement this delegation, take any measures and carry out any necessary formalities.

Eleventh resolution - Delegation to be granted to the Board of Directors to ensure compliance of the articles of association with the legislative and regulatory provisions

Having reviewed the report of the Board of Directors, the Annual General Meeting, deliberating pursuant to the provisions of Article L. 225-36 of the French Commercial Code, delegates authority to the Board of Directors to make the necessary amendments to the articles of association to bring them in line with the laws and regulations, subject to ratification of these amendments by the next Extraordinary General Meeting.

Twelfth resolution – Powers to carry out formalities

The Annual General Meeting gives all powers to anyone who possesses an original, a copy or an excerpt of these Meeting minutes to carry out any filing and disclosure formalities required by law.

8

Additional information

8.1 Person responsible for the Registration Document and the Annual Financial Report

Name and position

Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel.

Declaration of the person responsible

I hereby attest, after taking every reasonable measure to this effect, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with facts and does not contain any omission likely to impair the scope of this information.

To the best of my knowledge, I further attest that the financial statements are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the entities included in its scope of consolidation, and that the Management Report, included in this Registration Document in the chapters and paragraphs indicated in the cross-reference tables in chapter 8, presents an accurate depiction of the development of the business, results and financial position of the Company and of all the entities included in the scope of consolidation as well as a description of the main risks and uncertainties they face.

I have received a letter from the Statutory Auditors confirming that they have completed the work necessary to verify the information on the financial position and financial statements given in this Registration Document and have read the document in its entirety.

The historical financial information presented in this document is discussed in the Statutory Auditors' Reports in paragraphs 5.5.1 and 5.5.2 following this information.

Paris, March 20, 2017

Chairman and Chief Executive Officer

Antoine Fiévet

8.2 Information about the Company

Corporate name, trade name and initialism

Fromageries Bel.

This legal name may or may not be followed by: The Laughing Cow.

Initialism: F.B.S.A.

Place of registration and registration number

RCS (Trade and Companies Registry) number:

542,088,067 Nanterre.

NAF/APE code (French industry classification number):

1051 C – Making of cheese.

Date of incorporation and duration

Date of incorporation: November 16, 1922.

Date of expiry: December 31, 2040, unless the Company is dissolved early or the Extraordinary General Meeting decides to extend the duration.

Head office, legal form and applicable legislation

Head office: 2 allée de Longchamp, 92150 Suresnes [France].

Telephone: +33 1 84 02 72 50.

Legal form: French *société anonyme* (public corporation) with a Board of Directors.

Fromageries Bel is a *société anonyme* (public corporation) governed under French law subject to all legislation governing commercial businesses in France, particularly the provisions of the French Commercial Code and the provisions of its Articles of Association.

Financial year

From January 1 to December 31 each year.

Corporate purpose

(Excerpt from the Articles of Association – Article 2)

The Company's purpose, in all countries, is:

- the trade, manufacture and processing of any dairy products, their derivatives and their components;
- the trade, manufacture and processing of any food products, their derivatives and their components;
- the realization of all financial transactions such as the acquisition, management or resale of shareholdings in French or foreign companies;
- the trade, manufacture and processing of any food products, their derivatives and their components;▪the realization of all financial transactions such as the acquisition, management or resale of shareholdings in French or foreign companies;
- construction, acquisition, sale, leasing, transformation and appropriation of any buildings and premises required for the Company's activities;
- the study, creation, registration, purchase, hire, use or representation of any patents, manufacturing processes or trademarks;
- the acquisition of interests in any entities that manufacture and market any chemical products.

More generally, any industrial, commercial or financial transactions, involving both tangible and intangible assets, relating directly or indirectly to the corporate purpose or likely to promote its development, such as the dissemination or sale of objects of an advertising nature or intended to promote sales.

And in any manner, direct or indirect, in accordance with the means that seem appropriate, without any restriction in terms of intermediation or intervention, and, in particular, by the study and creation of new entities or the acquisition of interests in any existing entities, either in the form of shareholdings, concessions of licenses, or through subscriptions or purchases of securities, shares and corporate rights, or by merging with any entities or absorbing them.

Conditions, setting and payment of earnings

(Excerpt from the Articles of Association – Article 26)

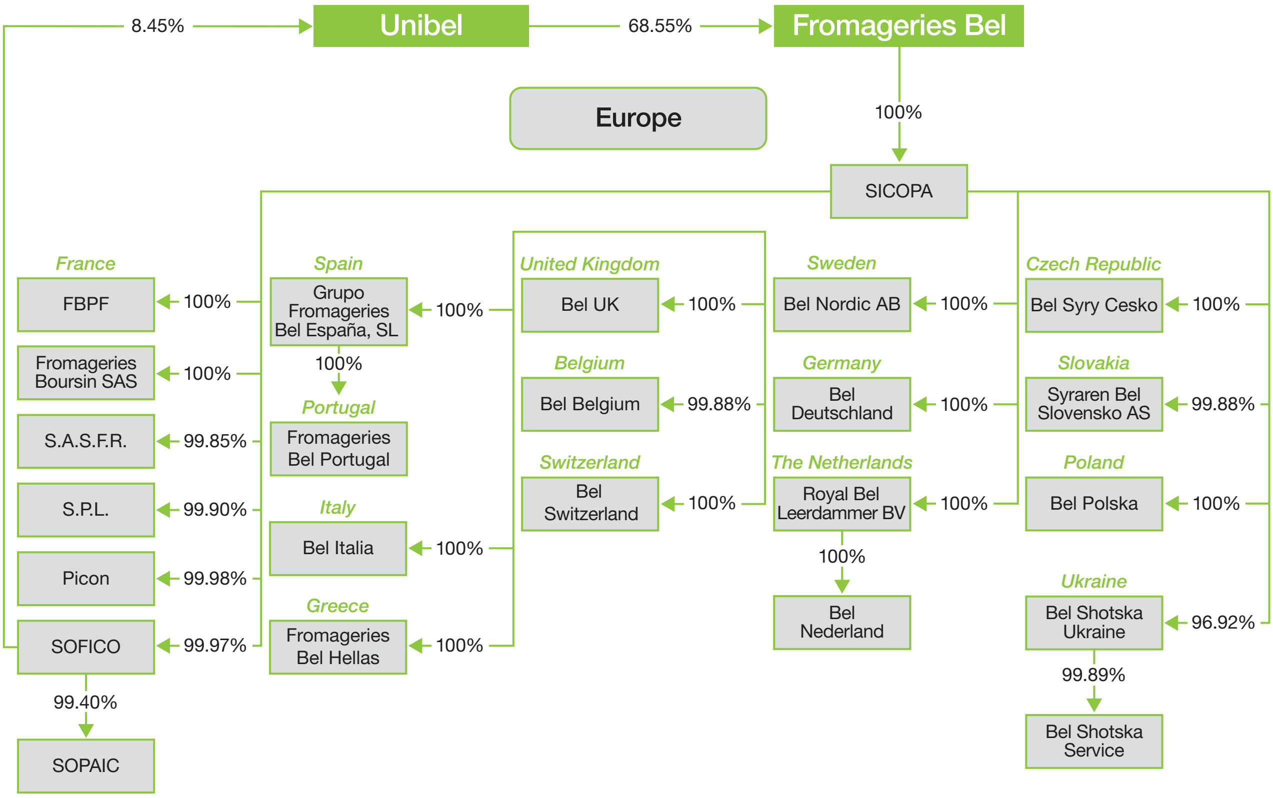
If the earnings payable, determined in accordance with the law and noted by the Ordinary Annual General Meeting after approval of the financial statements, are sufficient, the Annual General Meeting may decide to assign them to one or more reserve accounts which it controls, to retain them, or to pay them to the shareholders as dividends.

The Annual General Meeting can grant each shareholder, for all or part of the dividends or interim dividends paid, the option to be paid in cash and/or in shares.

The Meeting may also draw any sums in the reserve funds at its disposal for payment to shareholders on condition that the relevant accounts are clearly stated. However, dividends are first and foremost paid out of the earnings payable for the period.

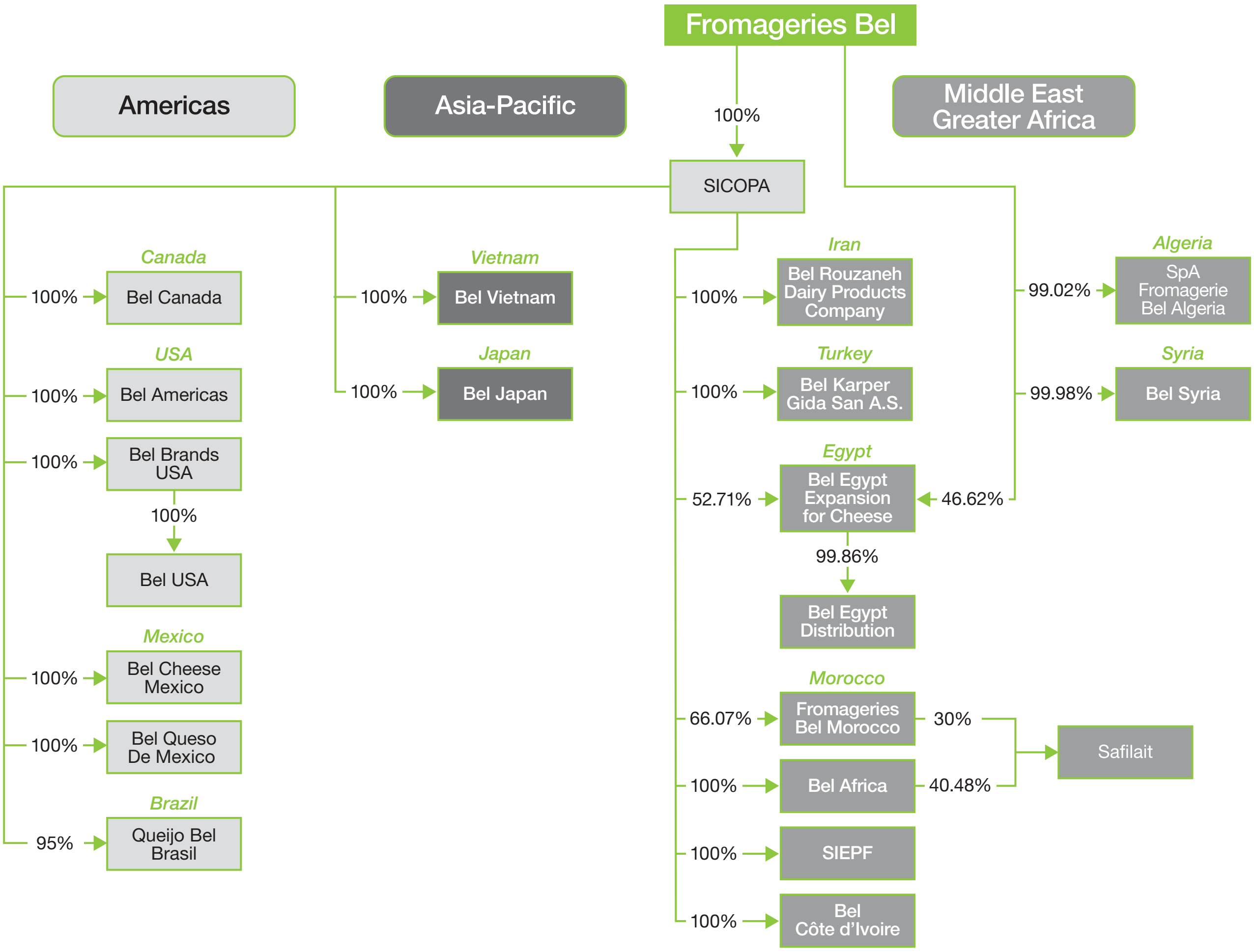
8.3 Information on subsidiaries and interests

EUROPE(1)

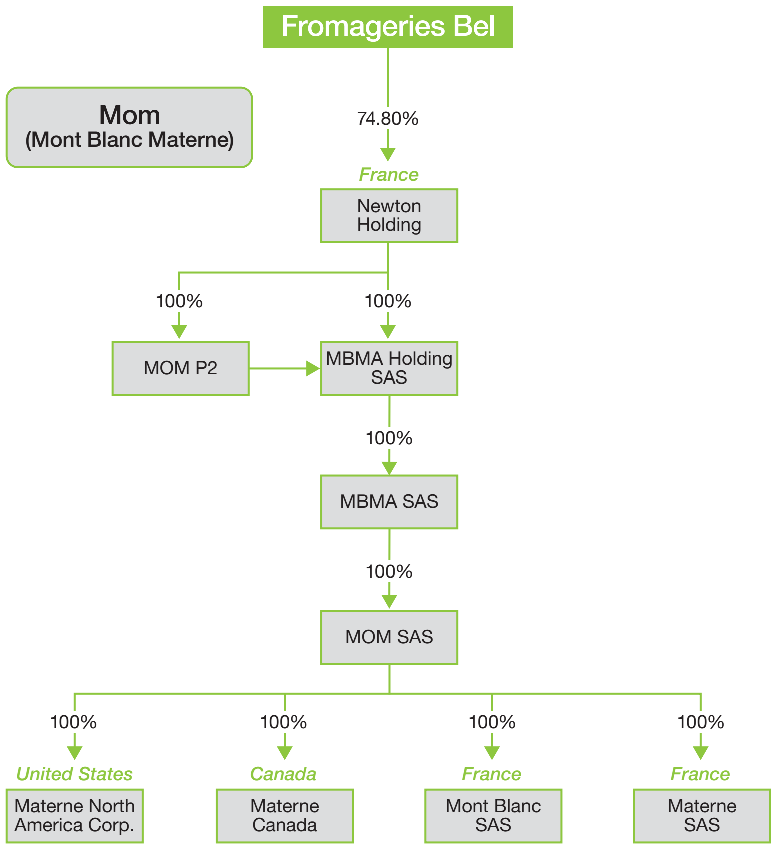


(1) NB: Only consolidated entities and interests of over 2% are represented.

REST OF THE WORLD



8


Fromageries Bel
Mom
(Mont Blanc Materne)
74.80%
France
Newton Holding
100%
100%
MOM P2
MBMA Holding SAS
100%
MBMA SAS
100%
MOM SAS
100%
100%
100%
100%
United States
Materne North America Corp.
Canada
Materne Canada
France
Mont Blanc SAS
France
Materne SAS

8.4 Material contracts

Agreements concluded by the Company and its subsidiaries in the normal course of business are not presented below.

The Group acquires interests held by third parties, shareholders in certain consolidated entities, when they wish to exercise their right to sell. The selling price of these interests generally depends on the profitability and financial position of the entity concerned on the date the right is exercised.

As part of the acquisition of the MOM Group, the Group received a call option from the MOM Group management for all MOM shares it held which must be exercised on or before April 30, 2022.

For more information, please refer to Note 2 of the notes to the consolidated financial statements in section 5.5.1.Please refer to paragraph 5.4.2 “Sources and amounts of the Group’s consolidated cash flow” of this Registration Document concerning the commitments recognized at December 31, 2016.

Information regarding the current service agreement between Unibel and Fromageries Bel is provided in paragraph 4.5.2 “Related parties”.

8.5 Publicly available documents

Information on the Group is available in the Finance section of the website www.groupe-bel.com.

The Articles of Association, Annual General Meeting minutes, Statutory Auditors’ Reports and other corporate documents can be viewed at the Company’s head office, located at 2 allée de Longchamp, 92150 Suresnes, France, by contacting the Secretariat of the Board of Directors.

8.6 Cross-reference tables

8.6.1 Cross-reference table with Annex 1 of Commission Regulation (EC) No. 809/2004

This cross-reference table lists the headings of Annex 1 of Commission Regulation (EC) No. 809/2004 and refers to the paragraphs of the Registration Document that contain the corresponding information.

		Chapters or paragraphs of the Registration Document
1	Responsible persons	8.1
1.1	Persons responsible for information	8.1
1.2	Declaration of the person responsible for the Registration Document	8.1
2	Statutory Auditors	5.5.3
2.1	Name and address	5.5.3
2.2	Potential changes	5.5.3
3	Selected financial information	1
3.1	Historical financial information	1
3.2	Interim financial information	Not applicable
4	Risk factors	Chapter 3
5	Information about the issuer	8.2
5.1	History and development of the Company	1.1.3
5.1.1	Corporate name and trade name	8.2
5.1.2	Place of registration and registration number	8.2
5.1.3	Date of incorporation and duration	8.2
5.1.4	Head office and legal form, applicable legislation	8.2
5.1.5	Important events in the development of the Company's business	1.1.3
5.2	Main investments	1.5.2
5.2.1	Main investments made	1.5.2
5.2.2	Main investments in progress	1.5.2
5.2.3	Main future investments	1.5.2
6	Overview of activities	1
6.1	Main activities	1.3
6.1.1	Nature of the Company's operations and its main activities	1.3
6.1.2	Significant new products or services launched on the market	1.3
6.2	Principal markets	1.3
6.3	Exceptional events	1.3
6.4	Dependency	Chapter 3
6.5	Competitive position	1.1.7
7	Organizational structure	8.3
7.1	Brief description of the Group	1.1
7.2	List of main subsidiaries	5.5.1 Note 10

		Chapters or paragraphs of the Registration Document
8	Property, plant and equipment	1.5
8.1	Existing or planned property, plant and equipment	1.5.1
8.2	Environmental impact from the use of its assets	2.7
9	Review of the financial position and results	5.3
9.1	Financial position	5.3.1
9.2	Operating income	5.3.2
9.2.1	Important factors	5.3.2
9.2.2	Significant changes in revenue or net income	5.3.2
9.2.3	External influences	5.3.2
10	Cash and liquidity	5.4
10.1	Information on liquidity	5.4.1
10.2	Cash flow	5.4.2
10.3	Borrowing conditions and funding structure	5.4.3
10.4	Restrictions on the use of liquidity	5.4.
10.5	Expected sources of financing	5.4.5
11	Research and Development, patents and licenses	1.1.4 and 1.1.6
12	Information on trends	1.2
12.1	Main trends	1.2
12.2	Factors likely to have a material effect on the outlook	1.2
13	Profit forecasts or estimates	N/A
13.1	Main assumptions	N/A
13.2	Statutory Auditors' Report	N/A
14	Management and Supervisory bodies and Senior Management	4
14.1	Information concerning corporate officers	4.1.2
14.2	Conflicts of interest at the management, supervisory and senior management level	4.1.3
15	Compensation and benefits	4.2
15.1	Compensation paid	4.2.1 and 4.2.2
15.2	Provision for retirement or similar benefits	4.2.3
16	Functioning of the management and supervisory bodies	4
16.1	Expiration date of terms of office	4.1.2 and 4.1.4
16.2	Service contracts linking members of the management and supervisory bodies	4.1.3
16.3	Information on Committees	4.1.4
16.4	Compliance with the corporate governance regime in effect	4.1.1
17	Employees	2.5
17.1	Number of employees	2.5.1
17.2	Shareholding and stock options	3.2.2 and 5.2.3
17.3	Employee shareholding agreement	6.2.3
18	Main shareholders	6.1
18.1	Company shareholding	6.1.1
18.2	Voting rights	6.1.4
18.3	Control of the Company	6.1.2
18.4	Change in control	6.1.1, 5.1.2 and 6.2.2
19	Related-party transactions	3.5 and Note 8.2 of paragraph 4.5.1

		Chapters or paragraphs of the Registration Document
20	Financial information concerning the assets, financial position and results of the Company	5
20.1	Historical financial information	5.1
20.2	Pro forma financial information	5.2
20.3	Financial statements (annual and consolidated financial statements)	5.5
20.4	Audits of historical annual information	5.6.1
20.5	Date of last financial information	5.7
20.6	Interim and other financial information	5.8
20.7	Dividend policy	5.9
20.8	Legal and arbitration proceedings	5.10
20.9	Significant change in the financial or commercial position	5.11
21	Additional information	
21.1	Share capital	6.1.3 and 6.2.4
21.2	Articles of incorporation and Articles of Association	4.1.2, 6.1.3, 6.1.4 and 8.2
22	Material contracts	8.4
23	Information from third parties, expert statements	N/A
23.1	Identity	N/A
23.2	Declaration	N/A
24	Publicly available documents	8.5
25	Information on holdings	8.3

8.6.2 Cross-reference table with the Annual Financial Report

In order to make it easier to read this report, the cross-reference table below identifies the information which makes up the Annual Financial Report that listed companies must publish, in accordance with articles L. 451-1-2 of the French Monetary and Financial Code and 2223 of the AMF's General Regulation.

		Chapters or paragraphs of the Registration Document
ANNUAL FINANCIAL REPORT		
1	**Annual financial statements**	**5.5.2**
2	**Consolidated financial statements**	**5.5.1**
3	**Management Report (within the meaning of the French Monetary and Financial Code)**	
	3.1 Information contained in article L. 225-100 and L. 225-100-2 of the French Commercial Code	
	● Analysis of the development of business	1.3
	● Analysis of the results	5.3.2
	● Analysis of the financial position	5.3.1
	● Employee-related indicators	2.5
	● Main risks and uncertainties	Chapter 3
	● Summary table of delegations in progress pertaining to capital increases	6.1.3
	3.2 Information contained in article L. 225-100-3 of the French Commercial Code	
	● Factors likely to have an impact in the event of a public offer	6
	3.3 Information contained in article L. 225-211 of the French Commercial Code	
	● Company share buybacks	6.2.4
4	**Declaration of the individuals who assume responsibility for the Annual Financial Report**	**8.1**
5	**Statutory Auditors' Reports on the annual and consolidated financial statements**	**5.5.1 and 5.5.2**
OTHER DOCUMENTS INCLUDED IN THE REGISTRATION DOCUMENT		
6	**Information on Statutory Auditors' fees**	**5.5.3**
7	**Chairman's Report on the conditions under which the work of the Board and internal control procedures were prepared and organized**	
	● Composition of the Board	4.1.2 and 4.1.3
	● Corporate governance	4.1
	● Internal control procedures and risk management	4.3
	● Participation in Annual General Meetings	6.1.3
	● Compensation policy for corporate officers	4.2
	● Factors likely to have an impact in the event of a public offer	6
8	**Statutory Auditor's Report on the Chairman's Report**	**4.4**
9	**Description of the share buyback program**	**6.2.4**

8.6.3 Cross-reference table with the Board's Management Report to the Annual General Meeting

This Registration Document is the Board's Management Report to the Annual General Meeting: the appendix below refers readers to the items required by articles L. 225-100 et seq., L. 232-1 and R. 225-102 et seq. of the French Commercial Code.

MANAGEMENT REPORT OF THE PARENT COMPANY	Chapters or paragraphs of the Registration Document
Situation and business of the Company during the year	1.1, 1.3 and 5.5.2
Analysis of the change in business, results and financial position	1.3, 4.3 and 5.5.2
Progress made and difficulties encountered	1.3
Nonfinancial performance indicators	2
Foreseeable changes in the situation and outlook	1.2 and 1.4
Significant postbalance sheet events	5.5.2 Note 31
Research and Development activities	1.1.4 and 5.6.2
Subsidiaries' activities	1.3
Significant equity investments or controlling interests	5.5.2
Notice of holding more than 10% of the share capital of another corporation	8.3
Items of calculation and result of potential adjustments for securities giving access to the share capital in the event of a transaction with subscription rights, bonus share awards, distribution of reserves or issue premiums, change in profit sharing or capital depreciation	N/A
Items of calculation and result of potential adjustments of the basis for exercising options to subscribe for or purchase stock or marketable securities giving access to the share capital in the event that the Company buys treasury shares at a higher price than that quoted on the stock exchange	N/A
Injunctions or financial penalties for anticompetitive practices	N/A
Information on payment terms for the Company's accounts payable and accounts receivable	5.6.2
Terms of office and positions held by each corporate officer	4.1.2
Information on the use of financial instruments	5.5.1 Note 4.15
Description of the main risks and uncertainties	Chapter 3
Exposure to price, credit, liquidity and cash flow risks	1.3.4 and 5.5.1 Note 5.15 and 5.5.2 Note 1.10
Information pertaining to the breakdown of share capital	6.1
Treasury shares	6.1
Employee shareholding on the last day of the financial year	6.2.3
Summary statement of transactions carried out by managers on the Company's securities	6.2.2
Table of delegations pertaining to capital increases	6.1.3
Information defined in article L. 225-211 of the French Commercial Code in the event of transactions carried out by the Company on its own shares	6.2.4
Information set forth in article L. 224-100-3 of the French Commercial Code likely to have an impact in the event of a public offer	Chapter 6
Non-tax-deductible expenses	5.6.2
Dividends paid during the last three years	5.9
Compensation and benefits in kind of each corporate officer	4.2
Exercise and lock-up conditions of options by executive corporate officers	N/A
Lock-up conditions for the bonus shares granted to executive corporate officers	4.2.1 and 4.1.3
Table of results over the last five years	5.5.2

It also refers to the paragraphs containing the items in the Group's Management Report required by articles L. 233-26 and L. 225100-2 of the French Commercial Code.

Group Management Report	Chapters or paragraphs of the Registration Document
Situation and business during the year	1.1, 1.3 and 5.5.2
Foreseeable changes in the situation and outlook	1.2 and 1.4
Significant events that occurred after year-end	5.5.1 Note 9
Research and Development activities	1.1.4, 1.1.6 and 5.6.2
Information on the use of financial instruments	5.5.2 Note 1.10 and 5.5.1 Note 5.15
Analysis of the change in business, results and financial position	1.1 and 5.3
Description of the main risks and uncertainties	1.3 and Chapter 3

8.6.4 Cross-reference table of corporate social responsibility information

Chapter 2 satisfies the requirements of the decree implementing Article 225 of France's "Grenelle II" law of July 10, 2010 (articles L. 225102, R. 225-105-1 and R. 225-105-2 of the French Commercial Code).

Employee-related information		Paragraph(s) of the Registration Document	
a) Employment	Total workforce and the breakdown of employees by gender, age and region	2.6.1	Bel as an employer: key figures
		2.6.3	Equal opportunities
	Hires and dismissals	2.6.1	Bel as an employer: key figures
	Compensation and salary increases(1)	1	Presentation of the Group and its business (key figures– Sharing the value created)
		2.6.5	Compensation
b) Organization of work	Organization of working hours	2.6.2	Health, safety and well-being at work
	Absenteeism(2)	2.6.2	Health, safety and well-being at work
c) Employee relations	Organization of social dialog including information, consultation and negotiation with personnel	2.2.3	Ethical Business Conduct (Code of Best Business Practice)
		2.6.6	Employee relations
	Overview of collective agreements	2.6.6	Employee relations (summary of the collective agreements for the year)
d) Health and safety	Health and safety conditions	2.6.2	Health, safety and well-being at work
	Report on the agreements signed with trade unions or staff representatives regarding health and safety at work	2.6.6	Employee relations (summary of the collective agreements for the year)
	Work accidents, with their frequency and severity, and occupational illnesses	2.6.2	Health, safety and well-being at work (uncomfortable working conditions and occupational illness)
e) Training	Training policies implemented	2.6.4	Training
	Total number of training hours		

(1) The Group considers that the average salary per employee indicator is not representative of its salary policy. Fluctuations may be solely due to the geographic movement of employees.

(2) The Group chose to monitor absenteeism due to illness as a performance indicator of its Human Resources policy. It wants to ensure that working conditions do not become a factor of absenteeism.

Employee-related information		Paragraph(s) of the Registration Document	
f) Equal treatment	Measures favoring gender equality	2.6.3	Equal opportunities for men and women
	Measures favoring the employment and integration of disabled persons	2.6.3	Equal opportunities (disability)
	The fight against discrimination	2.2.3	Ethical business conduct (Code of Best Business Practice)
		2.6.3	Equal opportunities
g) Promotion of and compliance with the ILO fundamental conventions	Respect for the freedom of association and the right to collective bargaining	2.2.3	Ethical business conduct (Code of Best Business Practice)
		2.2.4	Respect for human rights and labor standards
		2.6.6	Employee relations
	Eliminating employment and occupational discrimination	2.2.3	Ethical business conduct (Code of Best Business Practice)
		2.2.4	Respect for human rights and labor standards
		2.2.5	Respect for children's rights
		2.6.3	Equal opportunities
		2.6.4	Training (versatility and mobility)
	Eliminating forced labor and compulsory labor	2.2.3	Ethical business conduct (Code of Best Business Practice)
		2.2.4	Respect for human rights and labor standards
		2.2.5	Respect for children's rights
	Effective abolition of child labor	2.2.3	Ethical business conduct (sustainable purchasing approach)
		2.2.4	Respect for human rights and labor standards
		2.2.5	Respect for children's rights

Environmental information		Paragraph(s) of the Registration Document	
a) General environmental policy	Organization of the Company to deal with environmental issues and, when required, environmental assessment or certification measures	2.2.1	Corporate responsibility at the heart of governance (Investment Committee)
		2.2.3	Ethical business conduct (Code of Best Business Practice)
		2.2.3	Ethical business conduct (Sustainable Purchasing Charter)
		2.4.1	Improving the sustainability of the dairy sector
		2.7.1	General environmental policy
		2.6.4	Training
		2.7.1	General environmental policy
	Resources devoted to preventing environmental risks and pollution	1.5.2	Investments
		2.7.2	Sustainable use of water
	Amount of provisions and guarantees for environmental risks	1.5.2	Investments
	Measures to prevent, reduce or redress emissions into the air, water and soil that are adversely affecting the environment	2.7.2	Sustainable use of water
		2.7.3	Energy and greenhouse gas emissions
	Dealing with noise pollution and any other form of pollution specific to an activity	2.7.1	General environmental policy (protecting the environment around the sites)
c) Circular economy	Measures to prevent, recycle, reuse and other forms of waste recovery and elimination	2.5.1	Eco-design of packaging
	Actions to fight against food waste	2.7.4	Fighting food waste and circular economy
	Water consumption and water supply according to local constraints	2.7.2	Sustainable use of water
	Raw material consumption and measures to improve their efficiency in use	2.7.4	Fighting food waste and circular economy
	Energy consumption and measures taken to improve energy efficiency and use of renewable energies	2.7.3	Energy and greenhouse gas emissions
	Land use(3)	2.7.1	General environmental policy (protecting the environment around the sites)
d) Climate change	Significant greenhouse gas emissions generated due to the Company's activities, particularly through the use of the goods and services that it produces	2.4.1	Improving the sustainability of the dairy sector
		2.7.3	Energy and greenhouse gas emissions
	Adapting to the effects of climate change	2.4.1	Improving the sustainability of the dairy sector
		2.7.2	Sustainable use of water
		2.7.3	Energy and greenhouse gas emissions
e) Protecting biodiversity	Measures taken to safeguard or develop biodiversity	2.4.1	Improving the sustainability of the dairy sector
		2.7.2	Sustainable use of water (Quality of discharges into the natural environments)

(3) Land use was not identified as a key issue for the Group, given that the space occupied by its plants is very small.

Information on societal commitments in favor of sustainable development		Paragraph(s) of the Registration Document	
a) Territorial, economic and social impact of the Company's business	Regarding employment and regional development	1	Presentation of the Group and its business(key figures - Sharing the value created)
		2.2.2	Bonds of trust with stakeholders(sharing the economic value created)
		2.4.1	Improving the sustainability of the dairy sector
		2.2.2	Bonds of trust with stakeholders(contributing to the vitality of its host regions)
b) Dealings with people or organizations benefiting from the Company's activity	The conditions for dialog with stakeholders	2.2.2	Bonds of trust with stakeholders
		2.2.3	Consumer guidance(Providing consumers with the information they want)
		2.4.1	Improving the sustainability of the dairy sector
		2.6.6	Employee relations
	Partnership or sponsorship actions	2.2.2	Bonds of trust with stakeholders(Bel's corporate foundation)
		2.2.3	Ethical business conduct(sustainable purchasing approach)
		2.2.5	Respect for children's rights
c) Subcontracting and suppliers	Factoring social and environmental challenges into the purchasing policy	2.2.3	Ethical business conduct(sustainable purchasing approach)
	The significance of subcontracting and corporate social responsibility in dealings with suppliers and subcontractors	2.2.3	Ethical business conduct(sustainable purchasing approach)
d) Fairness of practices	Actions to prevent corruption	2.2.3	Ethical business conduct(Code of Best Business Practice)
		2.2.6	Fighting corruption
	Measures to protect consumer health and safety	2.2.3	Ethical business conduct(Code of Best Business Practice)
		2.2.4	Respect for human rights and labor standards
		2.3.1	Food safety and quality
		2.3.2	Nutritional quality
e) Other actions in favor of human rights	Other actions in favor of human rights	2.2.2	Bonds of trust with stakeholders(Contributing to the vitality of its host regions)

Sharing smiles

Fromageries Bel

2 allée de Longchamp
92150 Suresnes
www.groupe-bel.com