

Registration Document

including the Annual Financial Report

2013

Fromageries Bel



Sharing smiles

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Fromageries Bel

A French limited company (société anonyme) with capital of €10,308,502.50

Head office: 16 boulevard Malesherbes – 75008 Paris

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The original French version of this translated registration document was filed with the *Autorité des marchés financiers* (AMF) on April 3, 2014, in accordance with article L. 212-13 of the AMF's 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 is established by the issuer and engages the liability of its signatories. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Fromageries Bel.

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's General Regulations, including:

- the Annual Financial Report issued pursuant to article L. 451-1-2 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 dated July 2010 amended by the "Warsmann" law dated 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 sections of the registration document (Appendix I to EU Regulation 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 dated July 2010 amended by the "Warsmann" law dated March 2012) are included in chapter 7.

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.





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Presentation of the Group and its activities

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Bel's mission

Sharing smiles with families by bringing the pleasure of dairy goodness

Key figures

Almost **11,000** employees – **27** production sites* – **33** countries in which the Group operates

More than **16 billion** cheese portions sold in **120** countries by **5,800** retailers

5 core brands that account for **70%** of revenue

4 brands – The Laughing Cow, Mini Babybel, Leerdammer and Kiri ranked among the top **12** cheese brands in the world**

Over **400,000** metric tons of cheese produced

1,500 million liters of milk collected directly from **3,300** dairy producers

403 suppliers (excluding the purchase of milk) assessed since 2009 on their environmental performance

12 of the 27 production sites certified ISO 14001

82% of products manufactured at sites certified according to Global Food Safety Initiative standards

€2.7 billion of revenue, of which more than **57%** from the sale of cheese in individual portions

€234 million operating margin, i.e. **8.6%** of revenue

More than **100** projects on behalf of children supported by the Bel Foundation since its creation in 2008

* In operation. ** Zénith International study – Source Bel Global Cheese 2012.

Breakdown of revenue *(in millions of euros)*

Western
Europe
M€1,073
40%



North and
East
Europe
M€597
22%



Americas,
Asia-Pacific
M€417
15%



Near and
Middle East
M€361
13%



Greater
Africa
M€272
10%



Five core brands



More than 25 international and local brands

Selected financial information

(in millions of euros)

	2013	2012	2011
REVENUE	2,720	2,649	2,527
OPERATING INCOME	234	211	171
Of which : income from ordinary activities	241	238	185
other operating income and expense	(6)	(27)	(14)
OPERATING MARGIN (as a % of revenue)	8.6%	8.0%	6.7%
NET PROFIT	131	130	97
Of which : group share	126	128	96
minority share	5	2	1
diluted earnings per share (in euros)	18.44	18.73	14.01

(in millions of euros)

	2013	2012	2011
TOTAL CAPITAL INVESTED	1,266	1,214	1,239
Of which : equity, Group share	1,198	1,139	1,029
equity attributable to minority interests	14	11	16
net financial debt	54	64	194

Cash flow:

From operating activities	234	272	182
From investing activities	(145)	(79)	(73)
From financing activities	(32)	110	(112)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57	303	(3)

1.1 Presentation of the Group

1.1.1 A mission which reflects the Bel Group's spirit and ambition

The Bel Group has made it its mission to share smiles with families by bringing the pleasure of dairy goodness. In addition to the quality of its products and the pleasure that they bring, the Group has always considered smiles and enthusiasm as key success factors.

The Group's growth is based on the conviction that the benefits of milk should be shared with a maximum of people. The Laughing Cow portion reflects this mission. Over the decades, it has played a role in the nutrition education of many generations of children, always provoking a smile and inspiring fun. It contributes to the intake of key nutrients for growth in various geographical regions, and has adjusted its composition to the wide range of tastes and nutritional requirements of its consumers in over 120 countries.

To reflect its mission, the Bel Group created a new visual identity and slogan "Sharing smiles" in 2009 which reflects the spirit of the Group's employees, the commitment of the men and women in charge of developing its products, and the personality of its brands.

Bel is a demanding, performance-focused company which puts its trust in its teams, values them and encourages the entrepreneurial spirit of its employees who embody the Group's values on all five continents.

Thanks to its remarkable history, unique and globally-recognized brands and the commitment of its teams, the Bel Group faces the future with confidence and great ambitions.

1.1.2 History

Origins at the heart of the Jura region

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

After the First World War, the emerging cheese industry takes off and Léon Bel sees the potential in processed cheese, which is tasty, affordable, easy-to-carry and easy-to-keep. He sets out on an industrial adventure and in 1922 creates the French limited company (*société anonyme*) "Fromageries Bel".

More than just a brand of cheese

In 1921, he trademarks "The Laughing Cow" brand, a totally new product at the time due to its original recipe and creamy texture, as well as its individual portion presentation and its triangular format.

It is also Léon Bel's idea from the outset to give this product a personality, that of a red cow mimicking human behavior, laughing. He commissions 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.

Cheesemaker and advertiser

As well as being a cheese maker, Léon Bel is also a pioneer in the art of communication. As of 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 enters consumers' homes through films and advertising messages on the television, radio and in the cinema and later united a community of fans on the Internet who relentlessly question 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 French food and "cultural" universe. As is the case for all renowned products, The Laughing Cow must compete with the numerous imitations and counterfeit products that its success has attracted.

Development and expansion of Fromageries Bel

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

From 1929, Léon Bel decides to extend his business to foreign markets. He installs the first factories in the UK and Belgium. At the same time, he broadens the range of products with the introduction, in particular, of Bonbel and Babybel. He also launches the first fat free cheese (called the "Forbon"), a dietary product before its time.

In 1937, Léon Bel's son-in-law, Robert Fiévet, is appointed Chief Executive Officer of Fromageries Bel. Robert Fiévet goes on to become Chairman following the death of his father-in-law in 1957 and is responsible for the national and international growth of Bel until 1996, contributing greatly to the Company's history and in particular affirming its fundamental values: ethics, innovation, enthusiasm, competence and cohesion.

These values are reflected in the Group's commitment in terms of quality, nutrition, food safety and respect for the environment (for further information, see chapter 2 – Corporate Social Responsibility).

International development and acquisition-led growth

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

For this reason, 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 and Asia.

A success which is driven by the innovative spirit to which Bel is attached: after The Laughing Cow, the Bonbel, Babybel, Kiri, Sylphide, Apéricube, Mini Babybel, Cheez Dippers brands, among others, are launched on the market.

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

- the development of new products, using the Group's historical international brands and specific national brands;
- regional expansion, with the creation of sales subsidiaries worldwide and the development of production plants located as close as possible to places of consumption. In 2012, the Group launched the construction of a Mini Babybel production plant in the United States, which will come on stream in 2014;
- acquisition-led growth, with the acquisition over time of various cheese factories worldwide. Bel thus acquired, among others, the companies of the Dutch group Leerdammer in 2002 and the activities of the Boursin brand in January 2008. In 2013, the acquisition of the Spanish brand "Tranchettes" makes The Laughing Cow the leader in processed cheese in Spain.

1.1.3 Group profile and activities

Bel is an international family-owned business, led by the fifth generation of family managers. Its business model is focused on cheese alone and the Group is a global leader in cheese portions.

The Group's growth is driven in particular by the strength of its core brands, The Laughing Cow, Kiri, Mini Babybel, Leerdammer and Boursin which are market leaders, and the regional breakdown of its activities.

Fromageries Bel, with a portfolio of over 25 international and local brands, is adapted to meet the wide array of eating habits found around the world and sells its products in more than 120 countries.

The commitment of its close to 11,000 employees, divided among some 30 subsidiaries and 27 production sites, contributes to the Group's growth which combines long-term vision, sustainable performance and international growth.

1.1.4 Strategy

Bel's strategic plan targets revenue of close to €3 billion by 2015. Its growth strategy is based on the development of its core brands, innovation and team commitment: three drivers that have placed the Group in the number three position for branded cheese worldwide (Source: Bel Global Cheese 2012, Zénith International study).

Expanding the geographical reach of core brands

The Bel Group's five core brands have unique positions but are driven by common values: a touch of impertinence and consumption which combines healthy indulgence and fun.

The Group's brands continue to offer substantial growth potential, on both the markets where they are already present and in new territories.

The Bel Group relies on its fundamentals to drive its core brand growth policy:

- in-depth market knowledge to help extend its existing product ranges;
- a bold marketing and distribution approach which makes Bel products attractive, visible and accessible;
- industrial expertise which guarantees food safety and quality relating to production facility control, which boosts Group growth.

The Group is present in regions where growth potential remains high, but its growth strategy is also driven by the desire to conquer new markets. Its division into five regions allows the Group to exploit the potential of its various territories to the best of its ability. This conquest of new markets, in line with the Group's mission, brings new challenges for the Bel Group which is aware that its products are not currently accessible to all populations.

Innovation

The innovative spirit at the heart of the growth of Bel's brands is one of the Group's fundamental values. The Bel Group constantly strives to ensure that innovation remains a permanent mindset among all of its employees.

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

Innovation within the Bel Group is multifaceted:

- **broadening the range of brands:** the Bel Group is present in three cheese growth segments, *spread – snack – slice*. Enhancing Bel's offering in these segments is a priority;
- **recipe renewals**, in order to maintain consumer preference in terms of new flavors, new usages and improving the nutritional profiles of products;
- finally, the Group's teams are currently **developing new products**.

Innovative spirit is in the Bel Group's genes. 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. Leerdammer and Boursin, which were acquired more recently, also reflect this innovative spirit.

In terms of organization, innovation is mainly driven by two entities:

- marketing, where the teams strive to understand consumers and customers' fundamental needs and anticipate their evolution on the Bel Group's main markets. Excellence in the field of *consumer insight* is a key success factor and relies on the use of innovative tools such as sensory metrology, sociology and psychology in the understanding of markets and consumers;

- Research and Development (R&D) – this entity has extensive technical expertise in cheese-making technologies and basic and applied science (food engineering, microbiology, physico-chemical, etc.) which is highlighted in the development of new technologies, patentable in some cases, and gives the Group a sustainable competitive advantage in its core businesses. Over 100 research engineers and technicians work in the R&D centers whose efforts are supported locally by numerous employees in the Group's plants and subsidiaries. The Bel Group also works in partnership with universities, specialized public research bodies and selected suppliers.

The Bel Group invests close to 1% of its revenue in its R&D activities.

However, all of these in-house efforts are not sufficient unless the structural changes taking place within the Group's working environment are properly taken into account.

The Bel Group has thus decided to orient its policy of creating new products by meeting the needs of its consumers and customers in a simple, pragmatic and obvious manner.

In addition to the innovative measures that are visible to the consumer, and supported by retailers, are those which affect the manufacturing technologies and which allow the Bel Group to remain a step ahead of competitors.

Employees' commitment

As a family company, Bel focuses on well managed and sustainable growth, backed by the commitment of its some 11,000 employees worldwide. This commitment is at the heart of the human resources policy which favors empowerment, enthusiasm, entrepreneurial spirit and the development of skills.

The People First Social Charter applies to all Group employees and brings together the Company, its managers and employees around four commitments aimed at ensuring the development of the Company and its teams: Enjoy our workplace – Empower everyone – Grow further – Share success.

1.1.5 Group businesses' external stakeholders

Customers, Retailers

The Bel Group aims to achieve optimal circulation and presence of its products *via* all available distribution networks in all of the countries in which it is present. The marketing strategy is adapted to each country in order to efficiently meet the needs of each market and to adapt to the market position of competitors. However, this policy does not exclude coordination between numerous countries. This coordination is managed by a cross-sector corporate department: the Marketing Strategy Department.

This department negotiates international agreements with retailers based in numerous countries in addition to those negotiated at the national level.

The regional sales breakdown is mainly based on the Bel Group's subsidiaries. These subsidiaries are run and coordinated by the regional department at the Bel Group level. Business in a certain region may be developed *via* the subsidiaries or through importers or retailers with whom the Bel Group has built up relationships of trust over the years. Specific entities dedicated to managing and

monitoring Bel's importers and/or retailers enable the Group, even when it does not have a subsidiary in a specific country, to closely follow the market in terms of both marketing and sales trends. The Bel Group's products are also distributed to the communities, restaurants and consumption sites served by wholesalers specialized in the food service channel. These customers are monitored by a specific sales set up, which has acquired know-how over the years enabling the Bel Group's brands to be present outside the home.

Industrial suppliers

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

- food raw materials, in particular milk, milk powder, fat, first stage processed cheeses and ingredients.

Milk and dairy products (cheeses, butter and powders) represent, in value terms, the main raw material bought by the Bel Group. Contracts have been signed with producers and co-operatives to supply milk in the countries in which the Bel Group manufactures cheese from liquid milk (France, the Netherlands, Poland, Portugal, Slovakia, Ukraine and the United States). Processed cheeses are mainly made from cheese, butter and milk powder;

- packaging material for finished products, primary packaging (aluminum, plastic and paper) and secondary packaging (cardboard for printing and corrugated cardboard).

Packaging purchasing is carried out centrally for strategic families that correspond to global markets and through local purchasing programs coordinated at the Bel Group level for those families for which a global approach is not possible;

- energy, which represents a more limited share of the Bel Group's purchases.

1.1.6 Industrial protection

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

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

The Bel Group owns the patents and has developed extensive know-how and technologies relating to its products, production processes, packaging used for its products and to the design and operation of the specific processes required for its activity.

1.1.7 Competitive position

The Bel Group has three main types of competitor in its core cheese-making business: the "Cheeses" Department of the major international agri-food groups such as Kraft; the major international dairy producers from both the private sector (Bongrain, Hochland, Lactalis Group, etc.) and cooperative groups (Friesland Campina in particular); and regional players (such as Almarai), which all have solid positions on specialty markets.

Although the trend in this business, as is the case in many others, is the consolidation among players, the competitive situation varies widely from one country to another depending on the level of cheese-making traditions or historical circumstances.

Generally speaking, Bel's policy is to be market leader in the market segments in which its products are positioned. When this is not the case, resources are deployed with the aim of becoming so.

1.2 Market trends

The cheese market, in general, has continued to grow steadily worldwide, by drawing on fundamental trends:

- health and well-being is becoming a major concern. This trend covers a wide range of benefits, from alternative nutrition to sometimes very specific operational promises. The development of health/well-being benefits comes in response to structural changes in modern society, such as the increase in obesity and the quest for well-being, but also to the challenges of malnutrition;
- convenience: this trend can be seen both in terms of ease of use and the handling of the portion format as well as in time-saving and the option of a more nomadic use;
- pleasure: many sub-trends exist within this trend: multi-sensoriality, ethnic diversity, tradition, sophistication, etc.;
- product safety/traceability (for further information see chapter 2 – Corporate Social Responsibility, paragraph 2.5.1 “Ensuring the quality, traceability and safety of its products”).

Bel's product ranges are committed to responding to these trends, while ensuring consumer satisfaction, market by market. These trends do not hold the same weight in all countries and in particular the question of child obesity which holds varying levels of importance depending on local situations and various authorities' health policies.

The Bel Group believes that an underlying trend exists and that pleasure and health are becoming increasingly complementary. In the future, “healthy eating” to reach this “overall state of physical, mental and social well-being” to which the World Health

Organization refers will become increasingly important. The Bel Group's brands identity and their personality reflect this desire to simultaneously deliver the organoleptic (relating to taste), nutritional and emotional benefits that consumers seek. Thus, The Laughing Cow brings the fundamental dairy nutritional elements to families coupled with pleasantness and fun. Mini Babybel, with its impertinent and playful personality, represents for everyone a nice and healthy snack. Kiri provides children all the gourmandise provided by milk with simplicity and optimism. Leerdammer carries all the benefits of hard cheeses and is completely irresistible.

Trends affecting production, sales and inventories in 2013

The economic environment remained uncertain in 2013 with signs of a rebound in certain developed economies but an overall slowdown in emerging market growth.

Growth in Europe was insufficient to prevent a further increase in unemployment which has reached a record high.

This situation, which does not bode well for consumer spending, weighed on the change in volumes sold in certain markets and led the Group to implement a selective price increase policy.

Social and political uncertainty in a certain number of Near and Middle East countries in which the Group operates slowed the nonetheless brisk growth in this region, as was the case in 2012.

Following a slight easing in 2012, the price of dairy materials increased strongly in 2013. This increase mainly affected the second half of the year.

1.3 2013 markets and business

Figures by region are included in Note 8 to the Notes to the consolidated financial statements in paragraph 4.5.1 of this registration document. Data for 2012 was restated to take into account the Group's new organization which was implemented in 2013.

In 2013, the Group reviewed its organization around five regions: Western Europe; North and East Europe; Americas, Asia-Pacific; Near and Middle East; and Greater Africa.

North and East Europe includes the German, Scandinavian and Dutch markets as well as central and eastern European markets.

Egypt, Libya and Sudan were included in the Near and Middle East region where they had previously been included in the Greater Africa region until 2012.

In Western Europe

Revenue in the region was up 1.6% to €1,073 million in 2013, versus €1,057 million in 2012, in a difficult economic climate and declining cheese market.

The region's markets demonstrated their efficient marketing strategies throughout the fiscal year and, in particular, the dynamic trend of its core brands which increased and consolidated their market share in all countries.

Bel's market position on its strategic categories (snacks, slices, spreads, etc.) was strengthened thanks to substantial advertising investments and a strong in-store boost.

Thus, Mini Babybel sales increased by 6% over the year, coming particularly from France and the United Kingdom. This marks the third consecutive year of strong growth for the brand, thanks to the momentum from a new advertising campaign and the rearranging of displays in sales outlets.

Leerdammer grew 6% in 2013 due to strong momentum in slices and a solid innovation program. All of the region's markets registered growth, in particular France, the United Kingdom and Switzerland.

Boursin's volumes increased slightly and the brand maintained its leading position in the countries in which it is present thanks to the successful launch of new products in portion format. Growth was particularly strong in 2013 in the United Kingdom.

Kiri developed its usages thanks to a culinary platform and unique recipes that are easy-to-prepare with the family, boosted by an advertising campaign in France entitled "*Cuisine à 4 mains*" (Cooking with 4 hands).

Finally, The Laughing Cow resisted well in its key markets and maintained volumes throughout the region. In 2013, the Group acquired the "Tranchettes" brand, the historic leader in processed cheese slices in Spain, which secured The Laughing Cow the position of leading brand in processed cheese on the Spanish market.

The sale of Catering products suffered in 2013 due to a drop in visits to commercial catering outlets and fast-food restaurants, despite the launch of many innovative products such as the Leerdammer cheese snack range and the Boursin wrap-making kits.

The Intermediary Food Product business, which develops co-branded products with fast food chains and European agri-food industries, registered a good performance in 2013 thanks to the success of the "Doux plaisirs au Kiri" range with Liebig, the salmon Pasta Box and Kiri, and gammon steaks and The Laughing Cow with Fleury Michon.

In the highly competitive milk substitute sector, the industrial products used in ice cream, biscuits and drinks, 2013 suffered from unfavorable weather conditions in the European ice cream sector and from a drop in volumes sold by the Bel Industries Department.

The major increase in raw material costs in the second half had a negative effect on the 2013 sales margin, triggering a selective decrease in advertising and promotional investments so as not to call into question the vitality of the priority brands.

Operating profit for the region therefore reached €120.6 million in 2013, *versus* €119.0 million in 2012.

In North and East Europe

Revenue for North and East Europe reached €597 million in 2013 compared with €555 million in 2012 (up 7.6%).

Volume growth reached 2.5%. The main growth driver was core brands, with a significant increase in volumes for the Mini Babybel, The Laughing Cow, Leerdammer and Boursin brands. This performance was the result of a strategy focused on these brands, the optimization of promotional budgets, accompanied by price increases where permitted by market conditions.

Local brands were down overall, with the exception of Gervais (the Czech Republic) and Karicka (Slovakia) which marked another year of volume growth.

The main growth driving country was Germany, which focused its promotional investments on the Mini Babybel and Leerdammer brands and registered a very satisfactory improvement.

Scandinavian countries saw sustained development boosted by the successful growth policy, in particular with the launch of Leerdammer. The brand's range will be extended in 2014 with the introduction of "Delacrème" and the block "Lion Caractère" which will round out the existing "Original" and "Caractère" Leerdammer offering.

Finally, Ukraine experienced a varied year, marked by the rarity and high price of raw materials. The strong growth of The Laughing Cow, boosted by the successful launch of block formats, positioned Ukraine as the brand's second European country. The Group nonetheless remains vigilant regarding the current political situation in the country.

The year 2013 was marked by a strong increase in raw material prices in all countries within the region. In this context, the teams demonstrated their agility in optimizing advertising and promotional spending and rolling out strict cost saving plans. All countries in the region therefore either outperformed or were in line with 2012, except for the Czech Republic where downward pressure on selling prices did not allow the Group to pass on the entire increase in raw material prices.

Overall operating profit reached €13.0 million, slightly below the €14.2 million registered in 2012.

In Americas, Asia-Pacific

In 2013, markets in Americas, Asia-Pacific region posted mixed results.

On one hand, the sharp depreciation in the currencies of the region's markets (USD, JPY, CAD and AUD) against the euro impacted revenue which remained flat at €417 million in 2013 *versus* €418 million in 2012.

On the other hand, the US and Japanese markets saw a slowdown in their growth, which affected the region's overall performance.

Growth in North America was boosted by sales in Canada. The Canadian market continued to grow with excellent sales for the

Boursin brand and, for the sixth year in a row, solid growth for Mini Babybel and The Laughing Cow. This trend was the same country-wide and demonstrated the attractiveness of brands and the promotional campaigns in Canada.

In the United States, the pace of growth was higher than that of the cheese market. However, only Mini Babybel experienced growth, helped by a new advertising campaign. This improvement confirmed the brand's growth potential, just a few months before the opening of the new Brookings production site. For the other brands, 2013 was a difficult year, in particular for The Laughing Cow which suffered from high competitive pressure in the spreads segment and growth in Greek yogurts which offer a new healthy snacking alternative.

In Latin America, in more modest volumes, 2013 sales were disappointing compared to a good 2012 in particular in Mexico.

In Vietnam, after a difficult 2012, growth was boosted by the strong success of The Laughing Cow and Belcube. China and South Korea also experienced solid sales growth, boosted by Belcube. In Australia and New Zealand, sales improved thanks to the success of Mini Babybel.

Finally in Japan, 2013 was challenging for Kiri which was faced with high competitive pressure in the cream cheese segment as well as quality issues which led to a product recall during the summer. This pressure had an unfavorable impact on both retail sales and the format aimed at professionals in the baking industry.

The region's operating profit reached €35.6 million in 2013, *versus* €44.0 million in 2012, due in particular to the impact of the impairment of part of the intangible assets in the United States.

In Greater Africa

Although Africa has been affected by political uncertainties, its macro-economic position remains favorable overall, with estimated GDP growth in 2013 of 4.8% (source: BAD). However, competitive pressure is mounting in all countries where the Group is present. This is particularly true in North Africa, where local and regional players show strong ambition.

Against this backdrop, the Greater Africa region's revenue, affected by unfavorable forex effects, was up 4.1% to €272 million in 2013 (from €261 million in 2012).

Volume growth of 5.6% in 2013 confirmed the importance of the implemented sales policies and the region's potential for the Group. Sales growth, coupled with volume growth, was mainly generated by the core brands – The Laughing Cow and Kiri.

The Algerian and Moroccan markets remained the key markets in the region and contributed to this fast growth and significant improvement in profitability. This satisfactory performance

is highlighted in terms of industry and logistics by a major improvement in productivity at two of the region's plants and by cost improvements in the logistics chain, in particular in Algeria.

Operating profit was therefore up close to 19% in 2013 at €29.7 million, from €25.0 million in 2012.

In Near and Middle East

For the teams in the Near and Middle East region, 2013 was a year of successfully met challenges. Undeterred by the political instability in certain countries and security-related challenges in others, revenue was up compared with 2012 despite a highly unfavorable currency effect. It reached €361 million for the fiscal year, *versus* €357 million in 2012.

All of the region's markets saw positive trends, with particularly strong revenue growth in Libya (+39%), Turkey (+16%) and Levantine countries (+9% excluding Syria). In Syria, the Group reorganized its supply chain network following the suspension of its manufacturing in 2012.

Targeted initiatives were implemented on brands and retail networks. In the very competitive Gulf area, the Group thus maintained its market share thanks to Kiri and the success of the new vitamin B12-enriched The Laughing Cow formula. The development of a retail network in Iraq continued to maintain the Group's leading position on this market in the complex post-war environment.

The improvement in business was due to a major marketing investment policy and the launch of new promising offers. The core brands were offered in spreadable format for family use: Kiri Labneh and Kiri Spread in Egypt and Libya, and Kibi (Kiri brand) in Iran.

Local brands were also offered in new formats, such as Rouzaneh in spreadable format in Iran and Régal Picon in square portions in the Gulf countries.

Growth was also sustained by productivity optimization programs at the three production sites, as well as targeted capacity investments in Turkey.

Operating profit for the fiscal year was up considerably *versus* 2012, reaching €35.5 million for 2013. Results for 2012 had been strongly hit by the impairment of certain assets in Syria and Iran.

Non-recurring events that impacted the Group's main activities and markets in 2013

Excluding the elements described in the previous paragraphs, no non-recurring events impacted the Group's main activities and markets in 2013.

1.4 Trends likely to affect production, sales and inventories in 2014

The economic context is expected to brighten, with a steady recovery in the developed countries.

This trend is fragile, however, as the regular revisions of growth forecasts by some countries have shown.

Growth in Europe is likely to remain limited and unevenly distributed. A number of economies in the region are still affected by high levels of debt, austerity measures introduced to curb public deficits, and high unemployment.

These factors could discourage household consumption and further complicate relationships with supermarket retailers.

Dairy raw materials prices are expected to rise sharply year-on-year, as they did in 2013, boosted by continuing robust demand in the emerging countries and insufficient supply.

Lastly, the geopolitical and social situation in some countries in Near and Middle East and in Greater Africa remains sensitive, and in some cases very unstable. The situation in Ukraine will also require careful monitoring.

1.5 Property, plant and equipment

1.5.1 Industrial presence

The Bel Group operates production sites in most of the geographical areas where it has a commercial presence.

Its production system is based around plants that supply both local and export markets. This system comprises large units serving regional and international markets (10 plants representing around 80% of total production) and smaller units for local markets.

The Bel Group's policy is to own its own production plants, while sometimes making use of subcontractors (in Canada, the United States, Germany, Australia and South Africa).

At December 31, 2013, the 27 active production sites were located as follows:

Zone	Number of sites	Country	Main sites
Western Europe	12	France	Cléry-Dun-sur-Meuse
			Dole
			Lons-le-Saunier
			Croisy-sur-Eure
			Sablé-sur-Sarthe
			Evron
			Mayenne
			Vendôme
		Spain	Ulzama
		Portugal	Ribeira Grande
			Covoadá
			Vale de Cambra
North and East Europe	7	The Netherlands	Wageningen
			Dalfsen
			Schoonrewoerd
		Poland	Chorzele
		Slovakia	Michalovce
		Ukraine	Shostka
		Czech Republic	Zeletava
Greater Africa	2	Morocco	Tangiers
		Algeria	Koléa
Near and Middle East	4 (3 of which are active)	Egypt	10 th of Ramadan City (Cairo)
		Iran	Gazvin
		Syria	Damascus (activity suspended)
		Turkey	Corlu
Americas, Asia-Pacific	3	United States	Leitchfield
			Little Chute
		Vietnam	My Phuoc 3 – Binh Duong Province

A plant is under construction at Brookings (South Dakota) in the United States. The Group also has offices located in the countries where it operates.

1.5.2 Investments

Main Group investments in the past three years

The Bel Group's investment budget chiefly meets the following four requirements:

- growth: production capacity, new products;
- productivity: savings plans;
- continuity: maintaining industrial equipment and environmental and safety requirements;
- development of 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 €149 million in 2013 (including the Tranchettes acquisition), compared with €81 million in 2012, representing 5.5% and 3.1%

respectively of consolidated sales. The increase recorded in 2013 was mainly due to investments made in the US for the new Brookings plant.

The Bel Group's Industrial and Technical Department updates a corporate 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, environmental and safety requirements (for more information on the resources dedicated to preventing environmental risks and pollution, see chapter 1, paragraph 1.6.2 "Industrial and environment-related risks" and chapter 2, paragraphs 2.4.3 and 2.4.5 "Reducing the Bel Group's greenhouse gas emissions" and "Reducing waste and emissions and controlling nuisance and environmental risks" in this registration document), and changes to IT systems.

Main investments in progress

In 2013, the main projects undertaken involved:

- the expansion of production capacity, particularly abroad: the United States (Brookings plant), Algeria and Turkey;
- continuing to set up the SAP IT platform;
- the development of new products;
- the adaptation, maintenance and restructuring of industrial equipment;
- environmental protection.

1.6 Risk factors and insurance policy

The Bel Group carried out a review of significant risks, *i.e.* risks that could have an unfavorable effect on its activity, financial position and results. The Group does not believe that any significant risks exist other than those described below.

The Bel Group pursues an active 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 risk management approach allows for:

- identification, analysis and classification of the key risks related to Bel's activity. Risks are assessed using two criteria: their probability and their financial impact;
- definition of priorities intended to limit risk by implementing action plans.

The risk management system is described more fully in chapter 3, paragraph 3.3.3 "Management of key risks".

1.6.1 Risks intrinsic to business activity

Contamination risks

Food safety is a central concern for the Bel Group. Any claimed or proven contamination of Bel Group products could harm its reputation, business activity and results. The contamination risk depends on the type of product concerned, but exists at every stage of the production cycle, from the purchase of raw materials to retailers and consumers.

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

The Group's Quality and Regulations Department Reports to the Group's Industrial and Technical Department and leads and coordinates all of the processes related to food safety, quality, and regulations, and ensures that they are effective. It recommends policies to put in place, ensures that systems and reporting are consistent at the various levels, provides assistance to the Group's entities, and audits the structures to assess how effectively their systems are working. It alerts the Chairman and Chief Executive Officer and the Management Committee to any major situation occurring in its three key areas.

For further details on managing food quality and safety, see chapter 2, paragraph 2.5.1 "Ensuring product quality, safety, and traceability".

Any crisis affecting the dairy industry could also have a negative impact on the Group's activities.

Risks related to the geographical distribution of the Group's activities

The Group's sites throughout the world, both industrial and commercial, expose the Bel Group to certain risks that could affect its activity, financial position, results, and assets.

The geopolitical events that have taken place since 2011 in the regions of the Maghreb and Near and Middle East, and more recently in Ukraine, could have an impact on commercial activities and results in the countries where the Group operates.

The marked deterioration in the political, social and security situation could cause the Group to reduce or cease its activities in one or more of these countries for an indeterminate period, which would affect its results.

Protecting Group employees working in these countries is a key concern.

For further details on measures relating to employee health and safety, see paragraph 2.7.3 "Ensuring health and safety for all".

The Group's strategy of geographical diversification is intended to allow the effects of these risks to be amortized, by limiting the effects of difficult local situations and maintaining the possibility of offsetting them with more favorable situations in other markets.

Risks related to the Group's growth strategy

The Bel Group's strategy is to strengthen its position as one of the world's leading branded cheese producers, aiming to sustainably develop high-quality, innovative, original, and globally available products. Both organic and external growth potential is important. In-depth analyses are carried out first, to assess the quality of the growth opportunities taken and to measure expected growth and cost synergies. A risk appraisal is always performed.

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

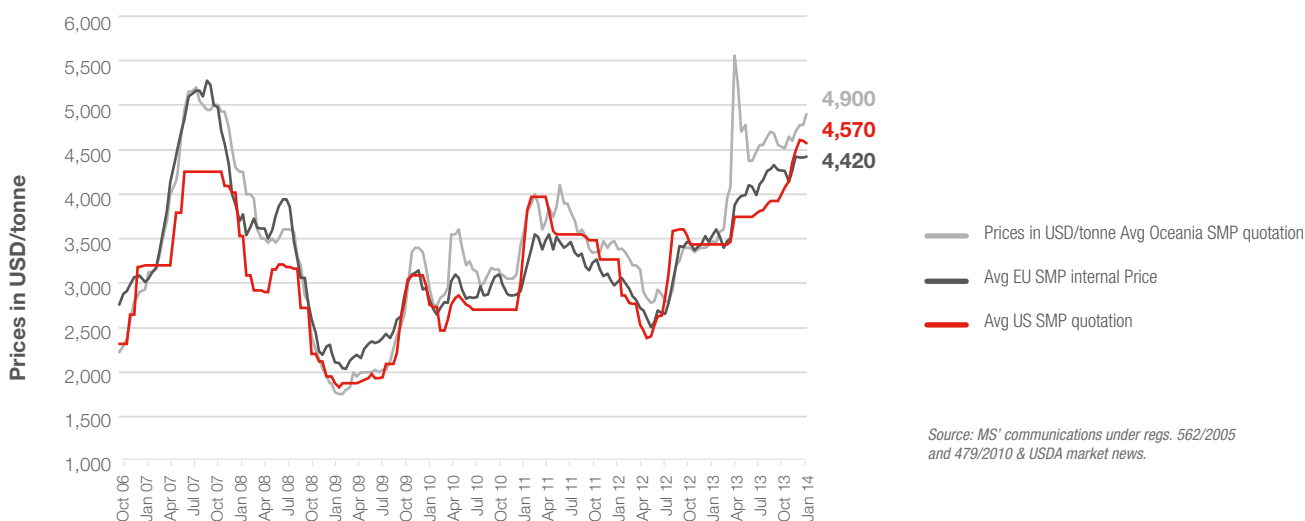
Risks related to the volatility of commodities prices

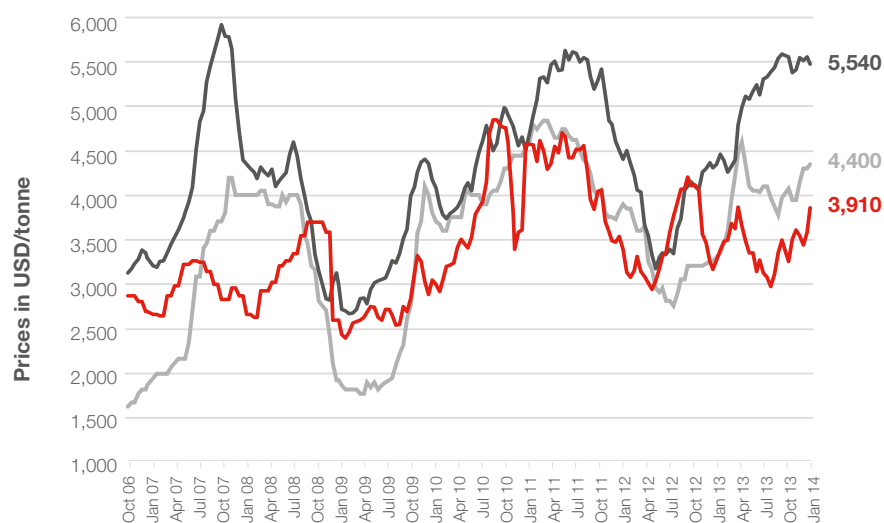
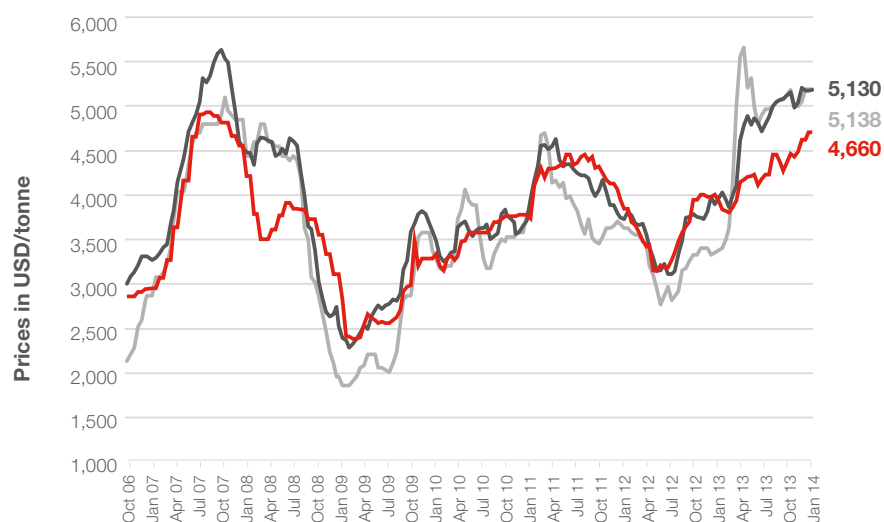
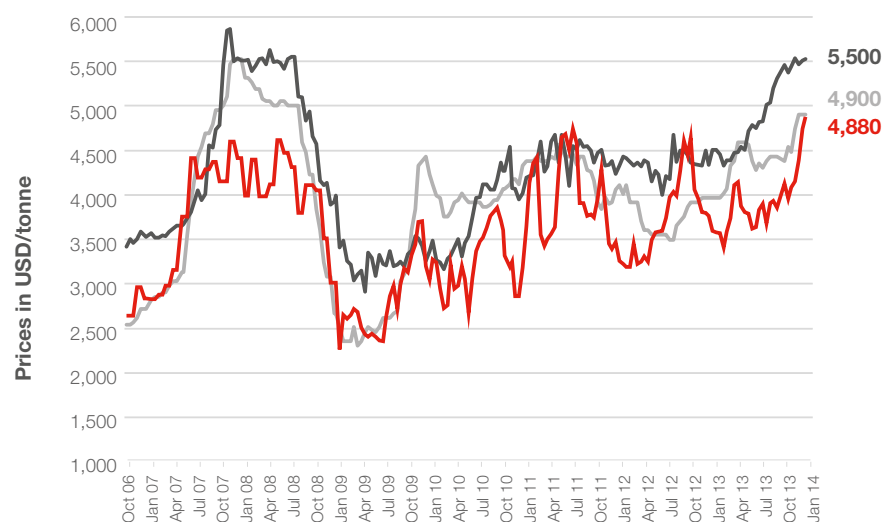
Volatility in the prices of the raw materials that the Group uses to manufacture its products is likely to have a negative effect on the Group's results. Fluctuations in supply and demand at global and regional level, and weather conditions, amongst other things, affect the price of the raw materials concerned (milk, powder, butter and cream). The Group might not be able to increase its tariffs for retailers by the same amount as the increase in these production cost elements, which would have a negative influence on its results.

In addition, the planned elimination of dairy quotas in Europe in 2015 could cause increased volatility in the commodities prices concerned and have a substantial effect on the Group's activities and results.

Average European, American (US) and Oceanian prices for butter, cheddar, skimmed milk powder (SMP) and whole milk powder (WMP) are shown below.

Skimmed milk powder (SMP) prices



Butter prices**Whole milk powder (WMP) prices****Cheddar prices**

Risks related to dependence on suppliers or customers

The Group's production requirements are met by external suppliers (mainly dairy raw materials and packaging). These supplies are provided by a limited number of operators in the market. The Group might not find alternative sources in the event of default by some of its suppliers, which could affect its results and activity. The Group Purchasing Department develops plans to safeguard supply (inventory security, multi-plant sourcing from the same supplier, etc.) to limit the risk of supply disruption.

The Group's products are marketed to a limited number of key customers on certain markets (particularly in Western Europe, the United States, etc.). Any decision by one or more Group customers to stop marketing certain products could have a significant negative impact on its operating profit. To prevent any deterioration of relations with its key customers, the Group monitors changes in its commercial activity carefully and continuously, particularly the renewal of commercial contracts.

Risk of total or partial destruction of a strategically important production site

The Group has 27 active production sites. Some of its products are manufactured at a limited number of sites, or even at a single site. Damage that entails the total or partial destruction of a site could have a significant effect on the production and marketing of the products manufactured at this site. The Group puts prevention plans and business continuity plans in place. However, the Group's operating profit could be significantly affected if it does not succeed in putting fallback solutions in place within a reasonable period of time.

Risks related to competition

The Bel Group carries out its business in intensely competitive markets, where major international cheese groups and many local players operate. In Western Europe, the Bel Group is present in relatively mature and highly competitive markets. In the rest of the world, some international dairy and/or cheese groups have frontrank positions in some product ranges, and seek to strengthen their positions and penetrate new markets where the Bel Group is present. Local cheese players are also very active. In addition, a number of retail chains have developed their own brands that compete with Bel Group products. The Bel Group therefore continuously strives to raise the mindshare of its brands, make its products stand out and improve the profitability and management

of its activities, 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.

Risks relating to the economic climate on the Group's core markets

The Bel Group is a food industry player, 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 aim of the very geographically diverse positions in the markets in which the Bel Group operates is to spread risk and limit its effects.

Reputational risk

The mindshare of the Bel brands is based on quality, food safety, the Group's unique manufacturing expertise and the communication and promotion strategies that it deploys. These brands, which are strong and iconic in many countries worldwide, are exposed to reputational and image risk.

The Group's reputation and image could be significantly weakened at any time by situations of risk, particularly an unfavorable event affecting one of its products or sites, inappropriate communication and promotion strategies, or even uncontrolled dissemination of prejudicial information concerning its activities or products circulating in the media or on social networks. The strong international and digital presence of the Group's brands has exacerbated the risk weighing on its image and reputation.

The success of Bel's brands depends on the positive image that consumers have of them. Deterioration in the image of the Group and its brands could have an unfavorable effect on the Group's sales, activities and development.

To arm itself against this risk, the Group has a risk management system that identifies, anticipates and addresses its risks. The crisis management system that the Group also has in place aims, as far as possible, to prevent crises and reduce their impact on people, the environment and assets.

Furthermore, the Bel Group is vigilant with regard to all of its brand communications.

Lastly, the commitments made as part of the "Smiles for the future" corporate social responsibility program, and the principles of responsibility to which the Group adheres, help to prevent the risk of any damage to Bel's image and reputation.

1.6.2 Industrial and environment-related risks

Managing and reducing the long-term impacts of its activities and the risk of accidental pollution is a key priority for the Group. For further details, see chapter 2, paragraph 2.4.5 “Reducing waste and emissions and controlling nuisance and environmental risks”.

For information on programs of adaptation to the consequences of climate change, see chapter 2, paragraph 2.4.3 “Reducing the Bel Group’s greenhouse gas emissions”.

1.6.3 Risks relating to information systems

The Bel Group relies for its management on shared IT applications to obtain quantitative data, which are used to make operational management decisions and trace operations.

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

These contracts and the 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 Bel Group also has systems and procedures in place to control and manage fraud risks, attempts to hack into its systems and the propagation of IT viruses. Procedures and tools are implemented to respond to threats arising due to technological changes.

Additional information is provided in chapter 3, paragraph 3.3.5. “Procedures for preparing and processing the Company’s accounting and financial information”.

1.6.4 Financial risks

The Group is exposed to financial risks due to its activity, and specifically liquidity, exchange rate, interest rate, counterparty and commodities risks.

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

Additional, quantified information, particularly in relation to the Group's exposure to these various risks after they have been managed, is shown in Note 4.18 of the appendix to the consolidated financial statements in paragraph 4.5.1 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 believes itself to be 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. The Group strengthened its liquidity further in 2013 by setting up a *Schuldschein* issue for the equivalent of €224 million, mostly with maturities of more than five years, thus demonstrating its ability to diversify its financing sources and extend its average maturity. Not only does the Group hold undrawn bank lines amounting to €520 million, but Fromageries Bel, the centralizing entity for the Group's surpluses, had a substantial amount of excess cash (€431.4 million) at December 31, 2013.

Fromageries Bel's loan contracts include the obligation to meet certain covenants, including a ratio of indebtedness to income from ordinary activities that is 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 financial ratings agency.

The Group has set up a policy of concentrating liquidity within Fromageries Bel for all countries where the local currency is convertible and/or there are no legal or fiscal restraints involved in increasing surpluses or funding local requirements. The Group Treasury Department manages internal current accounts and a system for offsetting inter-company payments.

In countries where the centralization of surpluses and financing requirements is not authorized, the subsidiaries place their surpluses in local currencies on monetary supports and mainly finance themselves, where applicable, in local currencies.

The automatic dividend policy also aims to limit recurring surpluses in the subsidiaries. In 2013, the Group reduced the cash trap of Morocco and Egypt, which represents most of its available non-centralized cash.

Some subsidiaries might have no option but to use foreign currency loans. In this case, if the local currency depreciates, the subsidiary must book a 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 commercial commitments and sales and purchases carried out in currencies other than their functional currencies. Fromageries Bel also holds assets, receives revenues and is exposed to expenses and commitments, either directly or *via* its subsidiaries, in a large number of currencies. As the consolidated financial statements are presented in euro, the value of the assets, liabilities, revenues and expenses presented in euro will be impacted by fluctuations in the euro.

The management policy is to hedge transactional risk on foreign currency transactions using firm or optional derivative financial instruments to reduce sensitivity to unfavorable currency fluctuations. 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, 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 transactional risk. Hedges do not exceed a time horizon of 18 months.

For subsidiaries operating in countries where hedging instruments do not exist, the policy is to maximize natural hedging as much as possible, through factoring currencies, for example. However, if the local currency depreciates, this could significantly affect the profitability of the entity concerned.

Interest rate risk

Most of the Group's financing is put in place by Fromageries Bel, which also centralizes interest rate risk management. The policy implemented through the use of interest rate derivatives aims to protect against the effects of unfavorable interest rate fluctuations, while profiting to some extent from any decline in interest rates. At December 31, 2013, most of the financing in place was at variable or revisable rates and for gross debt there was an even balance between fixed-rate and variable-rate financing.

Counterparty risk

All cash investments and financial instruments are set up with major counterparties in accordance with the rules of safety, diversification and liquidity. The counterparties are banks from the financing banking pool and are mainly 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 not protect it against a major impact in the event of systemic failure.

Risk related to commodities markets

Although it is exposed to volatility in commodities, the Group, and the dairy industry in general, does not make use of a financial hedging market. Only the US market has a hedging market, but this 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.

1.6.5 Legal risks

Risks relating to trademarks and intellectual property

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

The Bel Group has made considerable efforts to protect and defend its portfolio of trademarks, particularly in countries where it exercises commercial activity.

Amongst other things, a plan to update trademark registrations worldwide is implemented every year. The Group also monitors its key trademarks globally to ensure that third parties do not make similar or counterfeit trademark applications. Lastly, if products or trademarks that are counterfeit or that harm the Group's rights are discovered, all of the Group's legal resources in the country or countries concerned are implemented, in order to put an end to the counterfeiting or acts of unfair competition.

Due to the mindshare of its brands, the Bel Group is objectively exposed to the risk of counterfeiting and unfair competition. Due to the unequal legal safeguarding of intellectual property and unequal consideration of unfair competition by the legal systems of some countries, recognition of and respect for the Group's rights may be more limited, and the Group's legal resources might not be effective enough to combat counterfeiting and unfair competition.

The Group has established an Intellectual Property Policy to raise the awareness of its employees in respect of intellectual property and the dangers of counterfeiting. The Group has tasked the Group Legal Department with ensuring the protection and effective defense of its trademarks and domain names. The Department acts as a centralizing entity for the entire portfolio of trademarks, models, domain names and legal disputes, and also implements a coherent global strategy of protection and defense. The defense of the Group's intellectual property rights is not confined to word marks and domain names, but also extends to device marks (packaging, decoration, shapes, etc.), advertising, websites, etc.

If the Group were not successful in protecting and defending its rights and intellectual property, mainly its trademarks, and effectively combating counterfeiting, its activity and results would be affected.

Risks relating to regulations

As it is present in many countries, the Group is subject to regulations established by governments or international organizations, which apply to its food product and packaging activities. It is chiefly subject to hygiene standards, customs systems, environmental standards and quality controls.

It has to comply with multiple changing laws and regulations that are increasingly restrictive. Any change in these laws and regulations and any administrative decision could have a significant effect on the Group's activities and financial performance. For example, an amendment without prior warning to the food regulations of a country could constitute an indirect restriction on the marketing of the Group's products, which might also be subject to numerous regulatory obstacles or sanctions likely to limit international trade.

Regulatory pressure in anti-trust matters and as regards competition law is also intensifying, particularly in the food sector. As a result, the Group could be subject to investigations and procedures in respect of anti-competitive practices.

The Group takes the measures that it deems appropriate to ensure compliance with competition regulations and to protect itself against such investigations and procedures. 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.

The Bel Group also operates in many markets and may hold substantial market share in some countries. The Bel Group can therefore not completely rule out any requirement to respond to investigations relating to competitive positioning. As at the date of this registration document, and to the best of its knowledge, the Group is not subject to any investigation in this area.

Legal and arbitration proceedings

At December 31, 2013, and up to the date of this registration document, the Bel Group reviewed the main legal and/or administrative proceedings, either in progress or planned, as part of the normal course of its activities. Provisions are made for probable and quantifiable costs that could arise from these proceedings.

The main legal and administrative proceedings are described in Note 7 of the appendix to the consolidated financial statements, and listed below in paragraph 4.5.1.

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

1.6.6 Group insurance and risk coverage

The Bel Group has a centralized risk coverage policy that encompasses all of its subsidiaries. Certain local legal constraints or specific geographical exclusions may necessitate subscription to local policies.

An international insurance program is in place with first-tier insurers over which the Group has operational control in terms of policy negotiation, capital monitoring and guaranteed risks.

The Bel Group maintains close control and centralized management of industrial risks, under the authority of the Group Industrial and Technical Department, guided by the Group Industrial Safety and Environment Department, in conjunction with the Group Risk Department and the Group Insurance Department.

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 at January 1 each year, except in the case of multi-year contracts (preferred for major risks, *via* a partnership policy with the Group's insurers).

The coverage amounts are determined according to risk assessment (vulnerability, protection, partitioning, etc.) and an assessment of the potential maximum loss (PML), taking account

of the replacement value of the assets and an appropriate indemnification period for each site. The insurers set various liability sub-limits, particularly for the risk of natural events.

Preventative audits of the industrial sites are regularly performed by experts within and outside the Bel Group. For example, the continuation of the program to install sprinkler fire protection systems will eventually lead to coverage of all of the strategic production sites.

Civil liability

The main contracts relating to liability, particularly civil liability, the Bel Group's operations and products and environmental damage, are entered into as part of a general insurance program, taking account of the specific features of frontline contracts entered into locally, mainly in the United States and Canada.

Additional policies

Some risks, such as coverage of the liability of corporate officers and customer credit risk, are also centrally managed, particularly in the case of customer credit risk. The subsidiaries are invited to join *via* supplementary clauses based on a master policy to cover their own customer risks.



Corporate Social Responsibility

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2.1 The Bel Group's CSR program

The Bel Group has significant potential for long-term growth, which nonetheless depends on the highly changeable socio-economic context and the environmental challenges facing the planet being properly taken into account.

The commitments taken by the Group in its "Smiles for the Future" Corporate Social Responsibility (CSR) program and the principles

of responsibility it has set, go hand in hand with its economic performance.

The principle of transparency on Group-wide commitments and improvements is new for the Group. It is therefore proud of the stakeholders' response to the first CSR Report published last year.

2.1.1 Trends and challenges facing Bel

There are a number of "macro-trends" interacting and significantly affecting the global socio-economic context in which Bel Group operates. However, Bel has identified four that have the most direct impact on its growth strategy.

2.1.1.1 Adapting to worldwide demographic growth and new wealth distribution

In 2050, the world's population will be around nine billion, which is two billion more than in 2009.

According to the OECD (Organization for Economic Co-operation and Development), this population growth is the result of an overall increase in wealth and will be accompanied by an explosion in the middle classes, which are predicted to grow by 172% between 2010 and 2030. The OECD defines "middle class" as the population with a buying power of between US\$10 and US\$100 a day⁽¹⁾.

Increases in consumer buying power are always accompanied by changes in eating habits. According to the Food and Agriculture Organization of the United Nations (FAO), these changes will lead to a significant rise in the amount of cheese consumed per person.

These demographic changes represent a real growth opportunity – especially in Africa – for the Group's brands, whose taste qualities are already popular all over the world.

2.1.1.2 Ensuring healthy balanced diets across the world

Feeding nine billion people – i.e. eliminating hunger all over the world – is one of the United Nations' Millennium Development Goals and reducing waste is one of the key challenges for achieving this goal, especially as, according to the FAO, one third of the world's food produced for human consumption turns into uneaten waste⁽²⁾. It is also crucial to improve access to food for those who need it.

Ensuring the safety, healthiness and quality of food all over the world is the second challenge.

Lastly, the third challenge lies with offering a balanced diet that is good for health and well-being and helps fight against excessive weight gain and obesity, which are major public health issues in both developed and developing countries. According to the United Nations' 2013 Report, approximately one in six children aged under five are underweight and one in four children are stunted. At the same time, it is estimated that 7% of children aged under five are now overweight, one-quarter of whom live in Sub-Saharan Africa.

The Bel Group's business model makes the benefits of dairy products accessible in the form of individual portions bearing brands that are recognized by and popular among families. It is the Group's main asset for contributing within its means – to meeting these challenges.

2.1.1.3 Adapting to climate change and to its impact on the environment

The agrifood industries are heavily exposed to the consequences of climate change, the growing scarcity of fresh water and natural resources, declining biodiversity and pollutant emissions in the air, soil and water.

The dairy industry is thus affected throughout its value chain, from cow milk yields – which depend on weather conditions – to consumers, who are increasingly concerned with how their diet has an impact on the environment.

The livestock farming sector is of great social and economic importance in many countries. It boosts local areas by maintaining employment. Managing and preserving natural resources is a major challenge for livestock farming: although some practices can harm biodiversity, livestock farming is often a key activity in rural areas for producing food, as well as for managing natural resources, preserving biodiversity and enhancing certain regions.

(1) Working Paper No. 285 The Emerging Middle Class in Developing Countries © OECD Development Centre (2010).

(2) Global food losses and food waste – FAO (2011).

Within the various dairy-production regions where some 1.5 billion liters of milk are collected, Bel is an attentive partner to more than 3,300 producers, helping them reduce their environmental footprint and anticipate the consequences of climate change on the farming and feeding conditions of their herds.

As a dairy processor, Bel strives to grow its business while reducing its direct impact on the environment and anticipating the consequences of climate change on its operations, wherever it produces and from wherever it procures its supplies. The Bel Group pays particular attention to problems arising from the growing scarcity of water.

2.1.1.4 Consumers: demanding more and more from companies and products

Social and environmental concerns are increasingly taken into account by consumers when they buy products. At the same time,

the ubiquitous, high-speed connection afforded by smartphones and social networks means that consumers are constantly interacting. At any time, they can look for information or post and share opinions. These conversations can have a significant impact on the reputation of the Group's business and brands, and on their decision to buy Bel products.

These changes offer excellent communication opportunities for brands, but they also represent a threat to those unable to confront this major change in the world in which they and their consumers act.

The Bel Group views this change as a great opportunity to give its consumers clear, relevant information that informs their choices and to communicate its CSR commitments and the progress made by the Group.

2.1.2 Bel: a unique model

The Group, which is run by the fifth generation of family managers, has unique characteristics that make its business model so strong: its original signature – “Sharing smiles” – reflects not only the enthusiasm and optimism rooted in the Company's genes, but also the commitment of its 10,830 employees.

For Bel, sharing created value is not just about sharing the financial rewards of its business performance. It also places great importance on non-financial benefits – those that are social and societal in nature – which its employees and other stakeholders can enjoy.

Its CSR program is a major driver in continuing the Group's success story: that of a high-performing company in which each employee feels at ease.

2.1.2.1 The five pillars of Bel Group's CSR program

The CSR program is specific to the Bel Group: firstly, because it addresses issues that directly affect its growth strategy and, secondly, because it draws on its very nature as a global operator in the agrifood industry...

- 1) That makes total purchases of around €2 billion every year from a range of suppliers and that is present in communities across 33 countries;
- 2) That makes innovative, attractive products on 27 production sites;
- 3) Whose products are consumed by some 400 million consumers in more than 120 countries, and
- 4) Whose products are sold under well-known brand names. Finally, the Group is...
- 5) An international employer with more than 10,800 employees.

Bel has therefore structured its “Smiles for the Future” Corporate Social Responsibility program around five pillars:

- 1) Partnerships and society: building long-term partnerships with its suppliers and civil society to lay together the foundations for sustainable growth;
- 2) Environmental footprint: reducing the environmental footprint of its entire value chain, while ensuring the continued growth of Bel Group's brands;
- 3) Nutrition and responsible products: developing products that satisfy the expectations of the greatest number of consumers in terms of safety, health, pleasure and accessibility;
- 4) Responsible communication and consumption: creating engaged brands that act as ambassadors for its program;
- 5) Committed employer: ensuring individual development and collective performance through a mutual commitment with its managers and all of its employees.

2.1.2.2 A program integrated into the Group's strategy

The Group decided to name its CSR program “Smiles for the Future”. This adaptation of its “Sharing smiles” corporate signature makes the program a key aspect of the Group's growth strategy.

The Group's CSR program seeks to be pragmatic, as well as fully integrated into the daily activities of its teams and value creation system. Bel is the leader in single-serving cheese portions; this business model is a major asset for achieving the Group's stated CSR goals.

2.1.2.3 Sharing the value created by Group Bel's business model

The strategic choices Bel makes with respect to sharing the value created by its business model are designed to serve the Group's goals and lay the foundations for its future.

Bel employs 10,830 employees worldwide who enjoy fair, transparent compensation (see "Share success"), a fair return on the value they help to create and a range of employee benefits (see "Enjoy our workplace"). The Group places particular importance on developing their skills (see "Grow further together") through training programs tailored to their needs and expectations, which allows it to promote internal mobility and thus offer employees new opportunities by enabling them to deploy the Group's growth strategy.

Bel Group invests considerable resources, both financial and human, in offering its consumers across all of its markets the safety, wholesomeness and nutritional quality they expect of Bel cheeses.

Bel collects milk directly from 3,300 milk producers in France, the Netherlands, Portugal, Ukraine and Slovakia. It also has a large number of very small producers in Ukraine. Aside from the economic ties that bind them to the Group, Bel provides them with expertise to help them develop more sustainable practices, (see "Promoting more sustainable dairy production") that will have a positive impact on the environmental footprint of Bel's value chain.

Bel Group has decided to deploy a similar approach with some of its distributors, mainly in sub-Saharan Africa, who are supported by the Group in their desire to implement more sustainable practices.

The Group's portfolio comprises some 200 suppliers of raw materials (excluding milk) and 7,000 other suppliers of goods and services, all over the world. Bel seeks to forge solid, lasting

commercial relationships with them, in order to minimize any supply-related risks. Wherever possible, local procurement is favored in order to help develop the local areas in which the Group operates (see "Sustainable Purchasing policy").

With the same local involvement in mind, some Bel entities are developing distribution models that use street vendors: the "Sharing Cities" program combines economic growth with a social impact.

In 2013, the Group paid €72 million in taxes to Governments and local authorities, thus contributing to the public projects in which these sums are invested. The Group's average tax rate is 40.2%. This rate, which is close to the official rate of its parent company in France, demonstrates a similar level of contribution for the rest of the world.

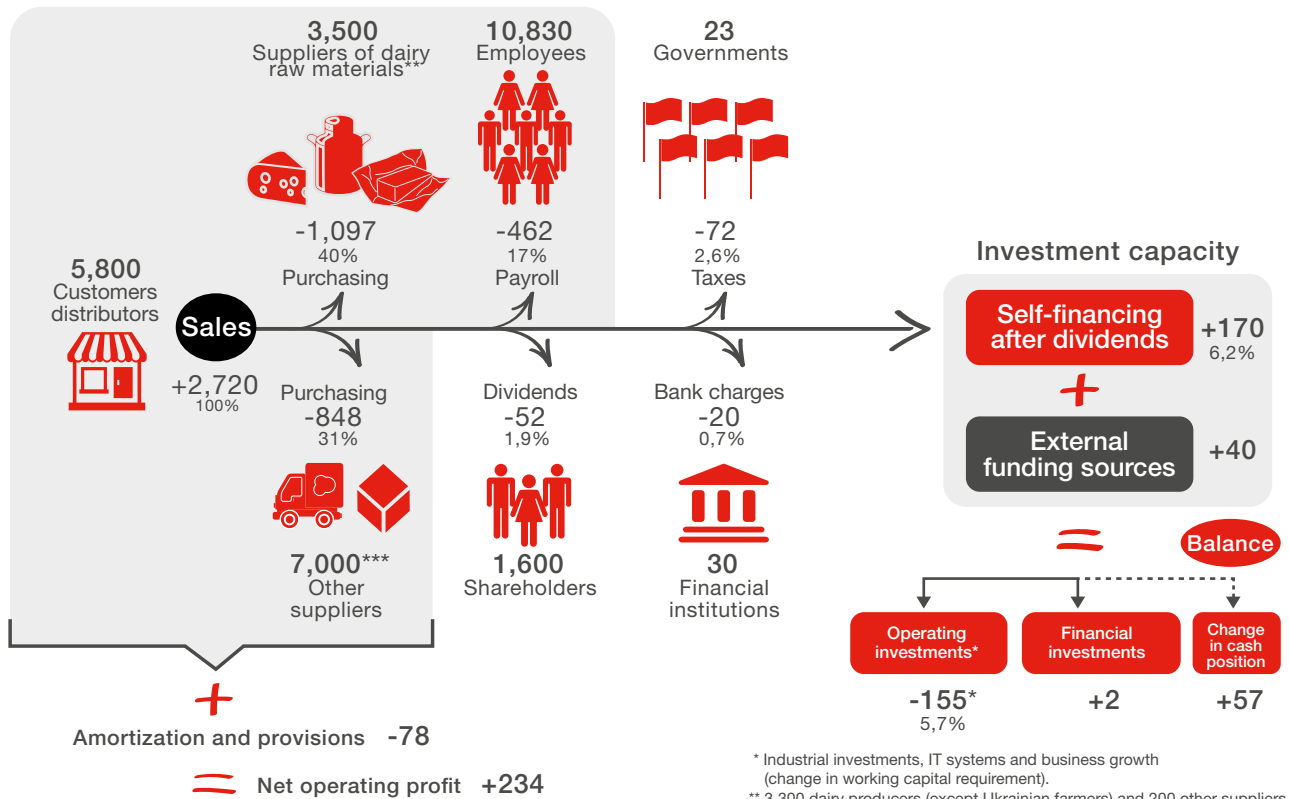
The Group has little debt contracted with financial institutions (net debt of €54 million at the end of 2013, for equity of €1,212 million, of which 99% is held by the majority shareholders and 1% by the minority shareholders) and its level of debt has decreased steadily since the acquisition of Boursin in 2008, as a result of targeted investment and disciplined, prudent financial management.

The Group awards grants through its corporate foundation to charitable organizations and projects supported by its employees in various countries across the world. This amount came to €230,325 in 2013. Moreover, the amount of financial donations granted by the Group's different entities came to €776,599 (see "Supporting the communities in which the Group operates").

The amount not invested back by the Group's shareholders came to €52 million in 2013 (paid in the form of dividends), i.e. 1.9% of Group sales.

Sharing the value created by Group Bel's business model

(2013 values, in € millions)



* Industrial investments, IT systems and business growth (change in working capital requirement).

** 3,300 dairy producers (except Ukrainian farmers) and 200 other suppliers of dairy raw materials.

*** With annual sales above 10K€.

2.1.3 Bel's Corporate Social Responsibility principles

Bel's international expansion implies employees conducting their activities all over the world. Wherever they work, Bel expects them to show exemplary behavior at all times. With this in mind, the Group's Code of Best Business Practices sets out the principles that must be implemented in all of its activities, both within its teams and with its external stakeholders (subcontractors, suppliers, etc.).

This code explicitly refers to the principles laid down by the Universal Declaration of Human Rights, the fundamental conventions of the International Labor Organization (ILO) and its membership of the United Nations Global Compact.

Respect for human rights and the rights of children are two key commitments of Group Bel.

Bel is a signatory to the United Nations Global Compact since 2003.

The Group undertakes to adopt, uphold and apply each of the ten fundamental principles of the Global Compact in support of human rights, labor laws, the environment and anti-corruption, not just in all of the activities that ensure its economic growth, but also in the relationships it forges with its partners (suppliers, subcontractors, customers, distributors, civil society, etc.).

These principles are incorporated into the culture and activities of the Group.

Every year, Bel Group reports on the progress made on each of these 10 principles in a Corporate Social Responsibility Report, which is copied from a dedicated chapter within its registration document.

In 2013, Bel Group renewed its commitment to follow and promote the principles of the Global Compact. It submitted its Communication on Progress at "Advanced" level.

Antoine Fiévet

Chairman and Chief Executive Officer of Fromageries Bel.

December 18, 2013

2.1.3.1 Ethical compliance

In 2012, the Group drew up a Code of Best Business Practices, which formalized the principles it had been following for many years.

■ Code of Best Business Practices

In accordance with the laws and regulations applicable to the Group, this code aims to establish a minimum set of common rules in order to ensure the compliance of its operations, guarantee the basic rights of its employees as set forth in the principles of the International Labor Organization, and promote a shared corporate culture that is beneficial to all.

It is based on seven principles that the Group intends to apply in its business practices and specifies the rules that should govern the behavior of employees in their professional practices.

It has already been translated into nine languages and will be translated into 17 languages in 2014. It is available in French and English on the Group's website.

A guide has been drawn up to help understand and implement the code. It lists examples of questions employees may have to ask themselves to assess the level of compliance with the principles set out in the code. The guide is available in French and English and can be accessed on the Group's website.

The code and the guide were presented to all managers who took the special CSR training course (see "Mobilizing all employees"). At the end of 2013, 169 managers had taken the training.

In 2014, a procedure to present the principles of the Code of Best Business Practices to all Group employees will be deployed.

■ Ethics committee and ethics expert advisors

In 2013, Bel Group created an Ethics Committee, which ensures that the principles and behavioral standards set out in the Code of Best Business Practices are known and followed by all of its employees. The committee verifies that reports of behavior contravening the code are acknowledged and dealt with and can examine the most sensitive cases as it sees fit.

The committee meets three or four times a year. It is assisted by Ethics expert advisors, one of whom is appointed for each of the Group's five operating regions.

A practical guide for the members of the Ethics Committee and the Ethics advisors summarizes the concrete actions to be undertaken when they receive a report via the procedure laid down by the Code of Best Business Practices.

■ Fighting corruption

The Group generates 30% of its sales in countries where the risk of corruption is high or very high (with a score above 40 in Transparency International's 2012 Corruption Perceptions Index).

The Group has developed guidelines to be followed in order to avoid any attempted bribery and shared them with the teams operating in these countries as a priority. These guidelines, together with its policy on gifts, invitations and travel, are communicated to employees on the Group intranet.

In 2014, Bel Group shall examine the possible deployment of a "hotline" that will provide an effective means for employees to report on such matters.

2.1.3.2 Respect for human rights

As a signatory to the United Nations Global Compact, Bel Group is committed to promoting and complying with its human rights principles both within its teams and in its sphere of influence, and to ensuring that the Group is not an accessory to or in any way complicit in violating such principles.

■ Employees

Around 40% of the Group's employees work in countries where the risk of human rights abuses is deemed high or extreme, according to the Human Rights Risk Index 2013 (Maplecroft).

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

In its plants, especially in high-risk countries, Bel Group takes special care to ensure that these principles are applied and do not accept any violations.

■ Suppliers and subcontractors

The Bel Group makes sure that its subcontractors and suppliers respect the basic rights of its own employees.

Firstly, the Group's Sustainable Purchasing Charter underlines the ten principles of the United Nations Global Compact and sets forth the fundamental principles that its suppliers must comply with when they enter into a business relationship with the Group. Secondly, in 2009 the Purchasing Department launched a campaign to assess the Group's suppliers using the EcoVadis tool, which places particular emphasis on respect for human rights and business ethics (See "Sustainable Purchasing policy").

In 2013, the Group has enhanced the monitoring of its suppliers of promotional items whose plants are mainly located in China. CSR-based audits focusing on working conditions and respect for human rights were carried out.

Bel generally prefers to encourage its suppliers to improve, rather than suddenly terminating its business relationship with them, which can present a real and significant risk in terms of their respect for human rights.

2.1.3.3 Respect for children's rights

Given the firm link between some of its brands and children, Bel is particularly attentive to the multiple direct and indirect effects that the Group has on this vulnerable group of people.

■ Abolition of child labor

According to the ILO, 215 million children have to work in order to survive and five million children are the victims of forced labor. The abolition of child labor is clearly set out in the Group's Code of Best Business Practices. "The Bel Group does not accept the use of child labor under any circumstances, either within the company or by its subcontractors or suppliers. It is therefore of fundamental importance to respect the minimum legal age applicable in every country in which the Bel Group operates. In all cases, this minimum age must not be lower than 15 years, or 18 years for hazardous or especially difficult work, as stipulated by International Labor Organization Conventions 138 and 182".

Bel is committed to ensuring that its suppliers do not use child labor: its Sustainable Purchasing Charter, which it shares with them, also emphasizes this ban.

■ Promoting healthy eating among children

Bel Group's Sustainable Purchasing Charter emphasizes that advertising must not encourage children to eat too much or to eat throughout the day. In addition to this basic requirement, Bel believes it is important to promote eating habits that are beneficial to the health of children and teenagers. In many countries, therefore, Bel brands seek to encourage young people to adopt good eating habits that will have an influence on the rest of their life. Bel also offers its catering customers a tool to develop balanced menus that can be served in school canteens (see "Developing responsible advertising and promotional campaigns").

Finally, the promotional campaigns held in schools, in accordance with local legislation, are systematically accompanied by messages promoting good eating habits.

■ Principles of advertising aimed at children

In its Sustainable Purchasing Charter, Bel Group sets out the principles to be followed when addressing consumers aged under 12. The Group's advertising:

- Must not encourage them to copy aggressive or violent behavior;

- Must not give them the impression that dangerous or reckless behavior is acceptable, including when at play;
- Must not devalue the authority, responsibility or judgment of parents and educators;
- Must allow children to identify the advertising and promotional nature of the messages aimed at them quickly and easily;
- Must not induce a feeling of urgency to buy a product, for example through terms such as "right away", "now", etc.

■ Cheeses designed especially for children

France's National Health and Nutrition Program recommends three dairy products a day, and four for children.

Some of Bel's recipes take the daily needs of this target into account (see "Improving the nutritional quality of products"). For example, in 2012, Bel Group reduced the fat and salt content of the Kiri recipe sold in Western Europe.

■ Protecting children's privacy

The Bel Group believes that parents should be informed about the relationship that the company and its brands establish with their young children. The Group therefore requests the address of the parents or guardians of Internet users under the age of 12 in order to send them a copy of the registration e-mail addressed to their children. At any time, parents or guardians can request access

to the personal data recorded about their child and, should they so desire, ask for it to be removed from Bel's database (see also "Safeguarding consumer data and privacy").

■ The Bel Foundation

Bel's Corporate Foundation places children at the heart of its activity. For example, some of the projects it supports aim to combat malnutrition in children and create infrastructures related to the nutrition of children and teenagers (see "Supporting the communities in which the Group operates").

2.1.3.4 Responsible lobbying

When Bel Group undertakes lobbying actions, it does so responsibly and in accordance with its Code of Best Business Practices, primarily to ensure that legal and regulatory decisions are applied in a manner that is technically and economically realistic.

The Group's lobbying practices mainly consist of joining professional bodies that defend the interests of its industry, and sharing the lessons learned from its expertise and market knowledge within their working groups on topics liable to have a direct impact on its company (e.g. the product environmental performance labeling project).

The Group is in the process of identifying its representatives on these bodies, who will inform their teams of the progress of the projects affecting them.

2.1.4 The Group's desire to demonstrate accountability

This year, for the second time, the Group has presented its CSR goals and achievements in a single document: the Bel Group CSR Report.

This report, compiled by the Group's CSR Department, sets out the progress made so far, its best practices and the improvement targets for the coming years.

2.1.4.1 Managing non-financial performance

Bel Group considers the reporting requirements pursuant to France's "Grenelle II" law of July 10, 2010 as an opportunity to improve how it manages its non-financial performance.

The environmental, social and societal indicators, which are selected by the Group's CSR Leaders (see "CSR relays in the organization"), allow the Group to measure its progress and ascertain the efforts required to achieve the goals it has set for itself. The performance Bel has achieved reflects the local and cross-sector initiatives that the Group seeks to share and highlight,

with the goal of inspiring new projects and further developing the sense of pride in belonging to the Bel Group.

This report contains information derived from the GRI's Sustainability Reporting Guidelines (see "Cross-reference tables").

2.1.4.2 Reporting scope

The published data covers all Bel Group subsidiaries and entities over which it had operational control during 2013 and, more specifically, the Group's entities consolidated in the Annual Financial Report.

The data collected covers the period from January 1 to December 31, 2013. Where the history is available, the data is given for the last three financial years. Where employee-related reporting is concerned, only 2013 is presented, as the precision of the definitions used and the greater reliability of the data in 2013 do not allow a comparison to be made with the previous year.

■ Specific features of the 2013 reporting scope

Environmental reporting covers all of the Group's industrial and research sites with the exception of Iran (*i.e.* 27 industrial sites), its collection centers, warehouses, and the Group's headquarters.

Social reporting covers all of the Bel Group's subsidiaries with the exception of Vietnam and Syria (*i.e.* 31 subsidiaries) and one person present in Argentina until December 31, 2013.

When an indicator is calculated on a scope that differs from those mentioned above, the coverage rate is always stated.

See "Note on Methodology."

2.1.4.3 Auditing of the Group's CSR reporting

In accordance with article L. 225-102-1 of the French Commercial Code (the "Grenelle II" law), Bel Group appointed its Statutory Auditors as the independent third party organization responsible for auditing chapter 2 of the 2013 registration document, on a global basis, according to the provisions of the order of May 13, 2013 (published on June 14, 2013 and enshrined in articles A. 225-1 *et seq* of the French Commercial Code). The report issued by the independent third party organization and information on the reporting methods are included in its registration document. This report attests to the presence and sincerity of the

environmental, social and societal information, both qualitative and quantitative, included in this chapter 2 and contained in the CSR Report.

2.1.4.4 Where to find the information

All of the social, environmental and societal information that the Group is required to provide pursuant to article L. 225-102-1 of the French Commercial Code is included in its registration document, containing the Annual Financial Report and filed with the French Financial Markets Authority (AMF) on April 3, 2014, and available on the website www.bel-group.com.

The Group has also presented this information in summarized form in the Group's Business Report and the "Sustainability" section of its website.

In 2014, Bel Group will transform its CSR-dedicated website, smilesfortheplanet.com into an internal platform, and transfer its public contents to the Group's website. A series of fun short films will explain the five pillars of the Group's program.

In order to make its CSR Report more accessible to its stakeholders, the Group has made it available from various sources: unglobalcompact.org (as part of its commitment to the United Nations Global Compact), the Global Reporting Initiative's Sustainability Disclosure Database, CorporateRegister.com and Ethicalperformance.com.

2.1.5 External recognition

Gaïa Index: Bel makes the Top 5 of 109 companies in the industry sector

In 2013, Bel Group was ranked fifth in the Industry Sector on the Gaïa Index, an extra-financial index dedicated to medium-size companies. It represents a climb of five places since 2012. The assessment especially emphasized the Group's environmental performance, with a score of 100% based mainly on its process for identifying priority issues in the industry, its life cycle analyses and its results obtained in terms of energy consumption and greenhouse gas emissions. The Group also achieved a score of 100% in the "external stakeholders" category, which was mainly the result of its program launched in 2009 to assess the CSR performance of its suppliers.

"Gold" status awarded by EcoVadis

As well as employing the EcoVadis tool to assess the CSR performance of the Group's suppliers all over the world, Bel also uses it on a voluntary basis to assess its own performance. With a score of 65/100 in 2013, Bel Group ranked in the 9% of top-scoring companies evaluated by EcoVadis, obtaining "Gold" status.

Finally, the Group's 2012 CSR Report is one of the ten finalists for the "2014 CR Reporting Awards", in the "Openness and Honesty" category. The winner will be determined by the web users' vote in early 2014.

2.2 CSR at the heart of the Group's activities

Bel Group's financial performance depends on sustainable governance and a determination to uphold ethical principles in all of its activities.

In 2013, Bel Group reached a stage in the deployment of its program that justified modifying its CSR organization, with a view to enhancing the mobilization of all of its teams around its "Smiles for the Future" plan.

2.2.1 The Bel Group's CSR governance

2.2.1.1 Corporate governance

The governance of Bel Group, including the makeup and functioning of its administrative and management bodies, are explained in chapter 3 of the reference document.

2.2.1.2 The CSR organization

■ The CSR department

The CSR Department reports directly to the Vice President of Human Resources, Communication and Sustainable Development, who in turn reports to the Group's Chairman and Chief Executive Officer. The CSR Department has overseen the CSR program since 2010. The "Smiles for the Future" operational commitment plan and its specific targets are validated by Senior Management and monitored by the Group Management Committee, under the supervision of the Board of Directors.

The mission of the CSR Department is to:

- Ensure that environmental, social, and societal issues are taken into consideration in its growth strategy;
- Work with the various Corporate Departments to ascertain the level of ambition the Group wishes to achieve with respect to each pillar of its program;

- Ensure that the initiatives implemented are consistent with these ambitions;
- Train employees and develop their awareness, so that they can play an active role in the Group's improvement process and act as its ambassadors;
- Ensure that the measuring tools needed to coordinate improvement more effectively are in place;
- Share its CSR policy and Bel Group's progress with its internal and external stakeholders (drafting this report, updating information available on the web, responding to queries from stakeholders, etc.).

■ CSR relays in the organization

The momentum created by the CSR Department is channeled throughout the Group.

Fifteen experts – the "CSR Leaders" – within the various Corporate Departments (Marketing, Industrial Operations, Human Resources, Purchasing, Finance, etc.) are responsible for the areas of progress identified for each pillar.

In 2013, their role was enhanced, as they are now in charge of relaying the action plans aimed at achieving the goals connected with their areas of progress, drawing on their own networks within the various entities (subsidiaries and/or plants).

2.2.2 The Group's reference guides

Every employee is required to comply with applicable national laws and regulations. National regulations shall prevail in the event that the regulations of a country are more restrictive than the regulation stipulated by Bel.

2.2.2.1 National and international frameworks

Bel has developed its program in response to the major issues associated with its activities, drawing on three international

frameworks: the United Nations Global Compact, the ISO 26000 standard and the Global Reporting Initiative.

Furthermore, its progress reporting satisfies the requirements of the decree implementing article 225 of France's "Grenelle II" law (see "Cross-reference tables").

Finally, the implementation of the CSR program within the Group is based on a set of standards and reference guides (international, national, sector-based, etc.) specified in this document.

Correspondence between the seven core issues of ISO 26000 and the Bel Group's CSR program

Core issues of ISO 26000	The Bel Group's CSR program
Organizational governance Human rights Fair operating practices	Incorporation of CSR into the Group's strategy
Community involvement and development	Partnerships and society
The environment	Environmental footprint
Consumer issues	Nutrition & responsible products Responsible communication & consumption
Labor practices	Committed employer

In order to gradually integrate environmental, social, and societal issues into all of its decision-making and implementation processes, Bel Group uses the following international reference guides:

- ISO 14001 for environmental management (see "Environmental policy");
- International reference guides recognized by the Global Food Safety Initiative for food safety management (see "Ensuring the quality, safety and traceability of products");
- OHSAS 18001 for occupational health and safety management (see "Ensuring the health and safety of everyone");
- ISO 9001 for quality management.

The application of these standards by the sites is subject to certification.

2.2.2.2 Internal reference guides

In order to align all teams with one another, Bel Group uses internal reference guides issued by the Corporate Departments and shared with the relevant entities. These may consist of:

- Internal Group rules that apply to all employees;
- Reciprocal commitments undertaken by the Group with some of its stakeholders;
- The Group's positions on specific topics, which are then circulated to its stakeholders;
- Descriptions of implementation processes (Group, business line or local procedures).

The various reference guides are referred to in this document. Some of them can be accessed at www.bel-group.com.

Certifications according to international standards

Number of certified sites	2011	2012	2013	2015 targets
According to GFSI standards (Bel sites ^(a))	14	15	20	100%
According to GFSI standards (Bel sites ^(a) and subcontractors ^(b))	24	30	32	100%
ISO 14001 (Bel sites ^(c))	9	9	12	100%
OHSAS 18001 (Bel sites ^(b))	3	5	5	100%

(a) Scope: 28 Bel sites (27 production and R&D sites, and Bar-le-Duc production unit).

(b) Scope: 20 subcontractor sites.

(c) Scope: 27 Bel sites (26 production sites and one R&D site).

2.2.3 Mobilizing all Group employees

To ensure that the Group's commitments and principles remain at the heart of its growth strategy, all Bel Group employees must be mobilized. The Group's employees are also citizens; raising their awareness of Sustainable Development in relation to their professional activity forges a closer relationship between their personal beliefs and commitments and their life at Bel. As well as raising awareness, the Group's ambition is to bring about a real

transformation in managerial practices and within certain business lines.

The global employee opinion survey carried out with employees every two years (see "Social Charter and global employee opinion survey") highlights an improvement in the teams' knowledge of the Group's social, societal and environmental commitments.

Global Opinion Survey

	2011	2013
% of "Agree" and "Strongly Agree" answers to the question "I am sure that Bel does its best to be a responsible company (acting in the interests of society, limiting its impact on the environment, etc.)"	54%	63%

2.2.3.1 Drawing on key operators

The success of the Group's program depends on the ability of its managers to mobilize their teams and secure their commitment.

As part of the Group's "Campus" training program (see "Grow further together"), the CSR Department deploys a one-and-a-

half-day CSR-focused training course for managers, mainly the 215 managers on grades 1 to 3 (top management). This course aims to give them a holistic overview of the Group's ambitions and progress, and to help them understand their role in actively relaying the Group's commitments to their teams while keeping their business priorities in mind.

	2012	2013	2015 target
% of grade 1 to 3 managers who have taken the CSR training course	24%	58%	100%

Moreover, the Group's commitments can only be effective if they are firmly rooted in its professional practices at both business line and national levels. With this in mind, since 2013 the CSR Department has offered workshops devised with the relevant CSR Leader or with a local relay. These workshops allow all relevant people, regardless of the department they work in, to exchange views, knowledge and shared benchmarks. They are also a source of value in terms of the creative ideas they can generate.

Finally, training courses on specific topics (Nutrition, Health & Safety, etc.) are also offered as part of this project.

2.2.3.2 Including the achievement of non-financial targets in variable pay components

Since 2012, the Group has included a CSR target in the variable component of compensation paid to its managers. This target is mandatory and represents a minimum of 10% of the variable component. The CSR target is calculated based on an indicator chosen by the entities – preferably from the Group's CSR reporting protocol – and corresponding to their priorities.

In France, since 2009, the paper-recycling rate has been integrated into the head office's gain-sharing agreement, and water consumption is included when calculating the gain sharing of the industrial sites.

2.2.3.3 Sharing best practices

In order to progress, Bel Group believes that example achievements, both internal and external, are the best sources of inspiration and motivation.

Wherever possible, Bel highlights local initiatives in its internal communication material, primarily those it believes can be replicated.

In 2013, at the annual managers' convention, a CSR trophy was given to the Lebanese team to reward the "Happiness Heroes" initiative, led by the Picon brand (see "Involving Group brands in actions of good citizenship and solidarity"). This reward system will be continued in 2014.

Finally, for each area of progress, an internal press review – "the Planeto' scope" – published monthly in French and English, compiles news events and best practices that have been observed outside the Group.

2.2.3.4 Encouraging employees to adopt simple environmentally-friendly practices

Mobilizing teams means encouraging them to incorporate into their daily activity environmentally-friendly practices that are simple, effective and economical. The Group asks its employees to protect

the environment, both collectively and individually, during their work and their life inside the Company.

As these issues are closely linked to the specific context of each site, the employee awareness-raising programs are developed locally.

2.2.4 Relationships with the Group's stakeholders

Bel stakeholders are the individuals and groups affected by its activities, or who may be affected by them in the future, as well as those who affect or may affect its activities. The Group is fully aware that transparency, information and dialogue are drivers of performance and innovation.

Methods of disclosing information and communicating with the Group's stakeholders

Given the diversity of its stakeholders, Bel adapts the approaches and commitments taken with each of them. To this end, the Group's teams consult and meet with their stakeholders on a regular basis. This consultation and interaction process is at the heart of its CSR program.

Bel has identified four main categories of stakeholders: financial sphere, public and societal sphere, social sphere and business sphere.

Financial sphere

Stakeholders	Main expectations	Specific methods of disclosing information and communicating	Details of actions undertaken
Shareholders Financial institutions and investors	• The Company's growth, profitability and long-term sustainability • Stable, effective governance • Good risk management • Visibility on the Company's strategy and the means implemented to achieve it	• Annual General Meeting of Shareholders • Boards of Directors • Reports and letters to shareholders • Registration document	• Sustainable growth strategy • Principles of ethics and responsibility • CSR program

Public and societal sphere

Stakeholders	Main expectations	Specific methods of disclosing information and communicating	Details of actions undertaken
Professional bodies	Shared progress actions	- Membership - Participation in inter-trade working groups	- Employee involvement in work/projects/trials run by the inter-trade working group - Responsible lobbying
Public bodies	- Maintain/create jobs - Invigorate the local economic fabric - Respond to public consultations - Take part in trial projects - Voluntary involvement in public programs	- Meetings - Responses to requests (questionnaires) - Participation in working groups	
Civil society NGOs	Transparent communication and improvement on issues that affect them directly (differ according to the NGO)		- Consultation/co-construction - Partnerships on specific issues - Support given to NGOs by Bel brands
Local communities	Support for addressing social, societal and environmental issues	Meetings, discussions	- Consultation/co-construction - Direct support by Bel entities and plants - Contribution by the Bel Foundation
Academic world	- Share and make Company's expertise available - Financial support for research work - Employment opportunities for students	- Meetings - Participation in forums (schools, universities, etc.)	- Partnerships and research projects (schools, universities, etc.) - Internships and apprenticeships

Social sphere

Stakeholders	Main expectations	Specific methods of disclosing information and communicating	Details of actions undertaken
Employees	- Fair and equitable pay - Safety and well-being at work - Empowerment - Employability and career opportunities - Share success	- Global employee opinion survey - Internal communication actions - Individual appraisals - Department meetings and conventions - Dialog via staff representatives	See "Committed Employer"
Labor-management partners	- Social justice and equity - Working conditions - Information on HR policies and the Company's overall organization	Staff representative bodies (unions, works councils, workforce delegates, Committee for Health and Safety at Work, etc.): social agenda, dialog sessions	
Future employees	Recruitment and career opportunities	- Participation in forums "Careers" section on the Group's website	

Business sphere

Stakeholders	Main expectations	Specific methods of disclosing information and communicating	Details of actions undertaken
Customers/distributors	Provide a "responsible" offering for their own customers	- Business review - Response to their questionnaires	See "Nutrition and Responsible Products" and "Responsible Communication and Consumption"
Consumers	- Food safety and quality - Organoleptic qualities - Nutritional benefits - Accessibility - Natural qualities - Clear and honest product information - Brands' commitment	- Information on packaging - Media communication (TV, press, radio, etc.) - Websites of the Group's brands - In-store advertising - Quantitative and qualitative marketing studies - Social networks - Consumer services	
Dairy producers	- Long-term nature of the relationship with Bel - Help with improving their practices	- Visits from dairy production technicians (educated and trained in CSR) - Annual Meetings	See "Promoting More Sustainable Dairy Production"
Suppliers and subcontractors	- Fair compensation - Compliance with payment deadlines - Long-term nature of the business relationship - Development prospects	- Interaction with buyers - EcoVadis platform: suppliers' CSR performance assessment results	See "Sustainable Purchasing Policy"

2.3 Partnerships and society

2.3.1 Promoting more sustainable dairy production

The principles of Sustainable Development apply to all of its activities and begin at the heart of the farms that produce the milk used in all of its cheeses.

Every year, Bel Group collects around 1.5 billion liters of milk from 3,300 producers located close to its plants, mainly in the

Netherlands and France, but also in Portugal, Ukraine and Slovakia. There are also around 9,000 very small units in Ukraine.

Generally, the Group sources its milk directly from medium-sized farms.

Country	Slovakia	Netherlands	France	Portugal (Azores)	Portugal (Continent)	Ukraine
Average herd on farms from which the Group sources milk (<i>number of cows</i>)	150	70	45	30	55	>100: 70% of milk collected 1 to 2: 30% of milk collected

In Poland and the United States, Bel only buys milk from cooperatives or private companies. It can also use this mode of supply in other countries to adjust its purchases to suit its needs. In total, these purchases represent around 200 million liters of milk a year.

Bel Group also pays attention to the livestock farming practices of suppliers of the processed dairy raw materials (cream, cheeses, butter, milk powder, etc.) used in its cheeses.

Bel Group reference guides and performance indicators

External reference guides/tools

Netherlands

- Keten Kwaliteit Melk (Milk Quality Chain)
- Cow Compass: livestock farming practices management tool (health)
- EnergyScan: tool for assessing energy use in farming
- Annual Nutrients Cycle Assessment: fertilization management tool

France

- Best Livestock Farming Practices Charter
- CAP'2ER tool for assessing environmental impacts in livestock farming

Internal reference guides

Portugal

- Best farming practices management tool
- Bel Milk reference guide

Slovakia

- Producers' commitment to following good farming practices

Performance indicators

Due to the specificity of the implemented actions, the performance indicators vary according to the dairy production.

Bel's Vision of sustainable dairy production

As a major player in the dairy industry, Bel Group is aware of its responsibility to play an active role in promoting the development of more sustainable dairy production.

Sustainable dairy production begins on the farm, whether or not said farm has a direct relationship with the Group. It requires:

- Feeding of dairy herds that guarantees high quality milk and optimizes the farm's income;
- a controlled, reduced environmental footprint;
- good working conditions for the farm employees;
- animal health and welfare.

The Group's partners have very different business models – dairy farms of varying sizes, some that are entirely dedicated to livestock farming and some that are not, cooperatives, dairy processing companies – and operate in diverse geographical and economic contexts. In addition, the level of maturity of the various dairy industry operators is a very important factor that varies greatly from country to country.

Helping these partners to achieve these ambitious goals is a complex challenge for all of the Group's teams, who listen to them to help them put together appropriate action plans.

■ A differentiated approach according to supplier type

- Milk producers: Bel's milk purchasing teams are in regular contact with the producers from whom it directly procures milk, in order to help them improve and anticipate the issues and developments in the dairy industry.
- Other liquid milk suppliers: they are monitored by purchasing teams using the EcoVadis tool, following the same principle as suppliers in other purchasing families (see "Sustainable Purchasing policy").
- Dairy processing companies: buyers in charge of purchasing processed dairy raw materials monitor their CSR performance using the EcoVadis tool. Moreover, meetings with these suppliers include discussions on the best practices they implement with their own dairy producers.

Finally, Bel Group is a committed member of national dairy organizations in its two most important dairy-production regions – the Netherlands and France – which together account for more than 80% of its worldwide liquid milk collection.

In this context, the following paragraphs focus on the Group's initiatives implemented with dairy producers from whom it collects milk directly. The initiatives implemented in the Netherlands and France are also described in more detail.

■ Dairy herd feeding

In a context of structural rises and increased volatility in the price of raw materials used in dairy cow feed, together with the societal and environmental impacts of the production of these raw materials, managing the feed for their herds is becoming a critical issue for dairy livestock farmers. This feed is comprised of:

- Fodder: this accounts for the majority of animal feed. Securing the fodder supply is crucial for livestock farmers, especially since its management has a direct impact on the income generated by farms;

- Supplementary feeding, concentrates rich in proteins and energy: fodder alone cannot fully meet the cow's specific food needs for it to produce high-quality milk in sufficient quantities. The farmer can therefore use supplementary feeding (wheat, barley, soy or rape meal, beet pulp, etc.).

The French dairy industry, benefiting from a high level of crop production on its territory, places improving the feed self-sufficiency of dairy farms – *i.e.* a producer's ability to produce the largest possible proportion of the food intended for his animals – at the heart of the debate surrounding sustainable dairy production. In order to become more self-sufficient, livestock farmers seek to maximize the production of fodder on their farms (in France, 97% of fodder is produced on the farm⁽¹⁾ as well as the production of concentrates intended for animal feed.

Dairy production operators in the Netherlands, for whom imports of raw materials for dairy cow feed are more relevant than they are for their French counterparts, have undertaken to ensure that all imported soy meal is certified by the RTRS (Round Table on Responsible Soy) or equivalent, by 2015 at the latest. This product certification promotes the production of responsible soy and includes, among other principles, an end to the conversion of primary forest into arable land, the promotion of good practices and the guarantee of fair working conditions for soy producers.

Bel Group signed a three-year partnership agreement with WWF France in November 2012, to help it implement an improvement program to reduce the environmental impact of dairy production. During the first stage of this partnership, in 2013, a review was carried out of the main risks associated with animal feed for French and Dutch dairy cows (greenhouse gas emissions, water consumption, deforestation risk related to soy meal imports, etc.). In 2014, priorities and corresponding progress plans will be produced from this review.

■ Environmental footprint

The negative environmental effects of farming are frequently highlighted, but the services it provides are often ignored or underestimated. The services⁽²⁾ provided by the livestock farming industry are divided into four main groups: food production, local vitality, cultural identity (farm tourism, gastronomy, etc.) and contributions to the environment. On the latter point, livestock farming can play an important role in the diverse use of land and in maintaining permanent pastures, which are vast reservoirs of biodiversity and carbon sinks.

One of the main reasons these services are undervalued has to do with the absence of indicators recognized by the scientific community to measure them, and uncertainty about the right scale for calculating them (farm, territory, region, country, etc.).

(1) CNIEL data taken from REL 2008 restated by the IDELE for the Observatoire de l'alimentation des vaches laitières (dairy cow feed body).

(2) Source: Services rendus par l'élevage dans les territoires (services provided locally by livestock farming), Groupement d'Intérêt Scientifique Élevages Demain (Scientific Interest Group on the future of livestock farming).

However, at an international level, dairy producers and processors are working on a common framework, known as the “Dairy Sustainability Framework”, in order to highlight and bring to the attention of interested stakeholders the practices undertaken and progress made towards ensuring the responsible use of the planet’s resources and reducing pollution such as greenhouse gas emissions. Based on the consultation and contribution of a wide range of stakeholders, this framework, which was officially unveiled at the International Dairy Federation’s World Dairy Summit in Japan in October 2013, will involve a number of operators in overseeing its implementation and developing action plans.

In the Netherlands and France, dairy industry operators have signed up to collective initiatives.

In the Netherlands, producers and processors (The Dutch Dairy Association (NZO)) and the farmers’ federation (Dutch Federation of Agriculture and Horticulture (LTO Nederland)) have a shared vision of a sustainable dairy industry by 2020. Among their goals: cut their greenhouse gas emissions by 30% by 2020 from 1990 levels and achieve energy self-sufficiency.

In France, a few years ago, farmers took part in an active debate that led to the creation of the Best Livestock Farming Practices Charter, which includes an Environment component. More recently, the French dairy production carbon plan LIFE Carbon Dairy was launched in July 2013, with the support of the European Union. The objective is to reduce greenhouse gas emissions by 20% over 10 years.

The life cycle analyses the Bel Group carried out on its core products have shown the importance of the upstream dairy chain on its environmental impact. This stage accounts for 80% of the total greenhouse gas emissions of some of its products. Bel also strongly encourages the producers it works with to sign up to these improvement initiatives. For example, in France, all of its producers have signed the Best Livestock Farming Practices Charter.

In Portugal and Slovakia, where there are no collective initiatives, Bel is developing a tool inspired by the Best Livestock Farming Practices Charter. This structuring program, which touches on a range of key issues – animal feed, milking practices, milk quality, maintenance of facilities and milk tanks, etc. – will help strengthen the link between the producers and Bel’s dairy production technicians, who can then help them work toward more sustainable dairy production.

■ Animal health and welfare

Animal health and welfare are major concerns for consumers in a growing number of countries.

In the Netherlands, dairy production is characterized by a high concentration of livestock farms. Under pressure from civil society, the operators involved in this production have become increasingly aware over the last decade or so of a significant risk to their image,

particularly owing to farming conditions (larger herd sizes, dairy cows being kept indoors). Pratico, a group of companies belonging to the Nederlandse Zuivel Organisatie (NZO), has developed the “Cow Compass” tool to help farmers manage and improve their farming practices, especially as regards animal health and welfare, which contribute to herd performance. As part of this program, specially trained veterinary surgeons perform diagnoses of dairy farms. Bel asks its livestock farmers to sign up to the Cow Compass.

Furthermore, the Dutch dairy industry has defined “pasture grazing” in the Netherlands as dairy cows being put out to pasture for at least six hours a day and at least 120 days a year. Bel has opted to support the promotion of this practice, and it allocates part of the milk purchase price to encourage producers who graze their herds.

In France, the latest version of the Best Livestock Farming Practices Charter, which is currently being deployed, increases the extent to which animal welfare is taken into account by producers in their practices. In addition, on medium-sized family farms (45 dairy cows), grazing is practiced as a matter of course.

2013 Progress and Outlook

■ Bel Group helped its producers in the Netherlands and France promote good practices. This initiative will be continued in the coming years

In the Netherlands

Bel has continued its training and discussion workshops with dairy producers in order to promote good practices, particularly in terms of the energy consumption of dairy farms. Each workshop is held on the farm of one of its producers and an expert is invited to talk about a specific topic. The emphasis is placed on sharing good practices between producers. Since these workshops were launched, around 25% of the Group’s producers have taken part. One workshop focused on the EnergyScan online tool, which the Group provides to all producers to help them assess and manage their farm’s energy consumption.

Bel has helped develop the “Annual Nutrients Cycle Assessment” tool in the Netherlands, which will allow producers to obtain an individual picture of the mineral cycle (carbon, nitrogen and phosphorous) on their farm, in order to assess the efficiency of their manure and fertilization management process and implement improvements. The goal is to enable them to optimize the management of these minerals and thereby manage their impact on water, given that phosphorous and nitrogen are water pollutants. The “Annual Nutrients Cycle Assessment” tool has been presented to Bel producers and the goal for 2014 is to help finalize it and roll it out to the producers from whom the Group collects milk.

In France

Bel Group continued the development of and tested the CAP'2ER tool, which helps producers carry out an environmental diagnosis of their dairy operations and which will be incorporated into the LIFE Carbon Dairy initiative.

■ In 2013, Bel paid special attention to animal welfare

Animal welfare was the main topic at the seminar held by Bel milk purchasing managers in 2013. In 2014, these managers will examine the expectations of local stakeholders with respect to animal welfare in their respective dairy-production regions.

In the Netherlands

At end of 2013, 24% of Bel's producers had deployed the Cow Compass tool, and the target is 35% in 2015.

In 2013, 72% of Bel farmers graze their herds outdoors for at least six hours a day and 120 days a year. The Group's goal is to maintain this level, in a context in which this practice is declining owing to its impact on farming income and the working conditions of milk producers.

In France

In 2013, Bel Group carried out a study on the approach to animal welfare taken by farmers in the Group's various collection regions. In addition, its dairy production technicians were trained in and educated about animal welfare over the course of two days.

Furthermore, with a view to keeping up with industry developments, the Group is taking part in France's examination of animal welfare through projects led by the World Organization for Animal Health (OIE), which aims to define global guidelines for the welfare of dairy cows, as well as the ISO (International Organization for Standardization) and the European Commission. The Group will implement actions derived from these guidelines.

■ Outside the Group's two main dairy-production regions, improvement initiatives were implemented with producers in Portugal, Ukraine and Slovakia

In Portugal

In Portugal, which has no collective initiative, Bel Group developed a best practice management tool in 2012 that is inspired by the

French Best Livestock Farming Practices Charter. In 2013, 90% of the Group's producers in continental Portugal and 35% in the Azores had signed up to the tool. Going even further in terms of food safety, hygiene, milk quality, animal health and welfare and respect for the environment, the Group developed a new reference guide known as "Bel Milk". Bel Group set up a financial incentive to encourage producers to use it and the goal is to deploy it to between 25 and 50 farms by the end of 2014.

Moreover, Bel Group signed an agreement with a local company to collect recyclable waste from its livestock farmers (plastic, medicine packaging, etc.). It also launched a program to reduce the water and energy consumption of its collection centers (installing rain collectors and meters to monitor equipment operating times) and acquired a more environmentally-friendly collection truck (whose larger capacity and cleaner technology reduces the fuel consumption per liter of milk collected).

Finally, since 2013, Bel has invited all of its milk producers in Portugal to visit the Group's plants. As well as strengthening its relationship with them, the goal is to show them the level of care and hygiene taken in plants to ensure optimum food safety.

In Ukraine

Bel mainly sources from large farms (with more than 100 cows), which supply 70% of the milk it collects in Ukraine. The Group works with them as a priority to help them improve their technical and economic performance. However, it pays close attention to the very small units (with one or two cows) that deliver the remaining 30% and for which selling milk to the Group represents a key source of extra income.

In 2013, a partnership with Sumy National Agrarian University (SNAU) was set up to work with seven pilot farms to develop technical advice tools on a range of issues such as production costs, dairy production, and efficient food rations. A review of all of the tools developed is being carried out and will be made available to other dairy farms.

In Slovakia

In 2013, Bel's CSR program and best farming practices were presented to all of its Slovakian dairy producers.

With the help of a committee of producers, Bel Group defined best farming practices tailored to the local situation, following the model of the French Best Livestock Farming Practices Charter, as was done in Portugal.

In 2014, a tool for auditing these practices will be deployed to all producers for the first time.

2.3.2 Sustainable purchasing policy

The Group's international expansion means that the Group's buyers and suppliers operate in a wide variety of cultural and socio-economic contexts. Bel works with some 2,500 strategic suppliers of raw materials, packaging, industrial equipment, transport and logistics, and non-production goods and services worldwide and it is committed to promoting the application of Corporate Social Responsibility principles throughout its supply chain. It is important to ensure that, regardless of the local context, the Group's buyers share its commitments with suppliers and that the suppliers help the Group to achieve its CSR goals.

The Group's reference guides and performance indicators

International reference guides

- Universal Declaration of Human Rights
- International Labor Organization conventions
- The ten principles of the United Nations Global Compact

External reference guides

- EcoVadis tool: assessment of suppliers' CSR performance

Internal reference guides

- Code of Best Business Practices
- Sustainable Purchasing Charter
- Purchasing Ethics Charter for buyers
- Internal rules for managing suppliers according to their EcoVadis score

Performance indicators

Monitoring the performance of the suppliers' portfolio:

- Suppliers (excluding producers of liquid milk collected directly by Bel) whose CSR performance was assessed using Ecovadis (*number and % in value of the corresponding purchases*)
- Average score from Ecovadis assessments (*score out of 100*)
- Breakdown of suppliers' portfolio according to their overall Ecovadis score (%)
- Number of suppliers with a higher score after reassessment

The Group's Sustainable Purchasing policy is a long-term plan aimed at systematically integrating ethical, social and environmental factors into the process for selecting its suppliers and monitoring their performance. It is based on:

- Purchasing practices, implemented by buyers;

- Assessing suppliers' CSR performance and helping them implement improvement actions consistent with their commitments.

Bel's Sustainable Purchasing policy is coordinated and managed at Group level by the Sustainable Purchasing CSR Leader and is relayed by the Group's 85 central and local buyers.

2.3.2.1 Purchasing practices, implemented by Group buyers

The Group's population of 85 buyers comprises central buyers based at the Company's headquarters in France and buyers working in various subsidiaries, together with purchasing relays working in the 33 countries where the Group does business. It is therefore important to share with all of them a common set of principles and rules to be followed.

Bel's Code of Best Business Practices sets out the seven principles to be applied when conducting all of its business activities. It applies to all employees worldwide, for all of its activities, whether they are conducted internally or with its external stakeholders (such as subcontractors and suppliers).

The Purchasing Ethics Charter, established in 2005, specifies the behavior expected of all of the Group's buyers.

The central and local buyers are educated about the Group's vision of sustainable purchasing and the related tools as part of the orientation program they take when joining the Group, with specific approaches for each purchasing category. They play a key role in the process by assessing the risks associated with purchasing portfolios, monitoring the suppliers assessed using EcoVadis, incorporating CSR criteria into the supplier selection and management process, etc.

■ The Sustainable Purchasing Charter

The Sustainable Purchasing Charter is the key reference guide for the Group's purchasing policy. It sets out its commitments and defines its expectations of all of its suppliers, regardless of their purchasing category. It aims to encourage them to develop improvement initiatives consistent with the Group's commitments. It covers several areas such as working practices and respect for human rights, business ethics, respect for the environment and the monitoring of their own supply chain with respect to these issues. The Sustainable Purchasing Charter applies to all of the Group's current and future suppliers. Bel asks its buyers to:

- Give the chart to suppliers during consultations, calls for tender and at the start of business relationships, with the aim of securing their commitment to it;
- Obtain a concrete commitment to the Charter in the form of a contractual clause.

■ Specific expectations for each purchasing category

Moreover, specific CSR requirements can be incorporated into the specifications of the Group's calls for tender and contracts, according to the main issues or risks identified.

■ Subcontractors

Subcontractors enable the Group's brands to grow their presence in new geographical regions. Subcontracting accounts for around 7% of the total volume sold by the Group.

The Group's eight largest subcontractors (producing over 500 metric tons per year), which account for around 90% of subcontracted volume, have been assessed by EcoVadis. The rules for managing subcontractors based on the scores obtained are identical to the rules set up for suppliers (see below). In 2013, the average score obtained by these subcontractors was 43/100, which exceeded the average of all companies assessed by EcoVadis (41/100), and no subcontractors were deemed high-risk (with a score below 25/100).

Social, societal and environmental criteria are incorporated into prerequisites and specifications when approving new subcontractors. Bel addresses these issues with each of its subcontractors as part of its annual reviews, in order to make them aware of the importance it places on them. A CSR criterion is included in the annual supplier rating, which also covers subcontractors.

The Group's goal is to strengthen the support for its subcontractors and the development of their skills in these areas.

Finally, because of the very strong bond of trust, which binds the Group to its subcontractors (the products they supply carry its trademarks), Bel requires them to obtain food safety certifications recognized by the Global Food Safety Initiative (see "Ensuring the quality, safety and traceability of products").

■ Application of CSR weighting when selecting suppliers

In line with the prevailing view that applies to the Group's Sustainable Purchasing policy, Bel regularly educates its buyers and provides them with tools allowing them to gradually apply a CSR weighting when selecting suppliers. Where the competition is even, this decision favors the supplier closest to Bel's sustainability commitments. The EcoVadis assessment results are gradually being used in supplier selection and performance monitoring tools.

2.3.2.2 Assessing and supporting suppliers

■ Assessing suppliers' CSR performance

The risk analysis of the supplier portfolio allowed Bel to identify the purchasing categories and supplier types whose CSR performance should be analyzed.

Bel therefore requests a recent CSR assessment from all suppliers and subcontractors identified as priority partners: strategic suppliers and those chosen with respect to the volume of business generated with the Group, the potential risk associated with the products/services supplied or their geographical location.

Since 2009, Bel has used the EcoVadis tool to assess suppliers' CSR performance. The EcoVadis scoring system uses 21 indicators, divided into four subject areas: Environment, Social, Ethics, and Suppliers (Bel suppliers are thus assessed on their own supply policy). Suppliers are awarded a score for each topic and an overall score out of 100.

Thanks to the EcoVadis platform, suppliers also have online services they can use to find out the main CSR issues and regulations in their business sector, compare their position against industry practices, manage their corrective action plans and communicate effectively to highlight their best practices.

This assessment program incorporates CSR into dialogue with suppliers and allows the exchange of views on best practices.

Since 2009, Bel has assessed more than 400 suppliers identified as priority partners using the EcoVadis tool.

■ An ongoing improvement and monitoring program

Bel Group has implemented supplier management rules based on the EcoVadis scores obtained (see "2013 Progress and outlook") and it uses the platform that allows its buyers to monitor the performance of their supplier portfolio. Given the constantly changing nature of CSR reference guide and requirements, the Group requires its suppliers whose assessment is about to expire (after two years) to undergo a reassessment.

Suppliers identified as at-risk following the EcoVadis assessment are invited to implement and share their corrective action plans on the web platform made available to them.

■ Assessing sustainable purchasing policy

As well as using EcoVadis to assess the CSR performance of suppliers, Bel has decided to assess its own CSR performance every two years, using the same tool. Improving its score for the "Suppliers/Supply Chain" category reflects the progress made by its Sustainable Purchasing policy and the initiatives implemented.

2013 progress and outlook

■ Bel Group created a network of purchasing CSR correspondents

In order to enhance the deployment of the sustainable purchasing program, a Purchasing CSR Correspondent was appointed for each purchasing family (raw materials and ingredients, subcontracting, packaging, investment, transport and logistics, non-production goods and services, industrial purchases, IT purchases). The Correspondent relays the sustainable purchasing policy to the buyers and purchasing relays in his or her category on a Group-wide scope, and must then train and inform them. The Correspondent oversees the deployment of EcoVadis assessment campaigns for his or her purchasing category (identifying the suppliers to be assessed, helping suppliers in the assessment process) and ensures that best practices for his or her category are identified and circulated.

■ At the end of 2013, around 80 buyers had been trained in sustainable purchasing

Specific tools dedicated to buyers were updated and/or developed and circulated in order to facilitate the implementation of EcoVadis assessments: presentation brochures for suppliers, user guides for the EcoVadis platform, practical guides to help read EcoVadis scores prioritize actions, etc.

■ In 2014, Bel Group will supplement this training with a sustainable purchasing e-learning course

This course will be rolled out for all of the Group's central and local buyers. It will be listed in the "Campus" training catalog that is aimed at managers and can be accessed on the BE-learning training platform.

■ Bel Group extended the scope of suppliers assessed by EcoVadis, which now accounts for around half of purchasing sales (excluding collected milk)

In 2013, 119 central and local suppliers were assessed or reassessed. Suppliers assessed at least once since 2009 accounted for 48% of the Group's purchasing total in 2013 (excluding milk purchased directly from producers).

Proportion of suppliers assessed

	2012	2013	2015 target
% of the purchasing total (excluding collected milk) accounted for by suppliers assessed by EcoVadis	43%	48%	60%

Bel Group is pursuing its target of assessing a panel of suppliers representing 60% of its purchases (excluding collected milk) by 2015. It is gradually expanding the assessments to new purchasing families and furthering its knowledge of the CSR issues specific to certain activity sectors. In 2013, the Group called upon its major suppliers of IT (software, services) and marketing (communication consultancy, advertising space purchasing, promotion, market research, etc.) services to assess their CSR performance using EcoVadis.

■ The average score for suppliers assessed using EcoVadis improved in 2013

The overall score of assessed suppliers increased by more than one point compared with the period 2009-2012. The Group's goal is for the average score obtained by its suppliers to be at least 50/100.

Average EcoVadis scores

	2012	2013
Number of Bel suppliers assessed since 2009	346	403
Average score of Bel suppliers	42/100	43.3/100
Average score of companies assessed by EcoVadis in 2013	42/100	41/100

The average score obtained by the suppliers (43.3) is higher than that of the last 9,000 assessments carried out by EcoVadis in 2013, which stands at 41.

More than one third of the portfolio of suppliers assessed between 2009-2013 have already been reassessed at least once, whether at the Group's request or not. Of these 138 suppliers who were

reassessed, 60% saw their score increase. This illustrates the improvement initiative to which they are committed.

■ **In 2013, no assessed suppliers were deemed high-risk (compared with 1% over the period 2009-2012)**

Breakdown of suppliers assessed between 2009 and 2013 according to their EcoVadis score

	2013
■ Suppliers whose CSR program is a "medium opportunity" (score between 65 and 84)	5%
■ Suppliers whose CSR program is "under control" (score between 45 and 64)	34%
■ Medium-risk suppliers (score between 25 and 44)	61%

Overall, the performance of Bel's portfolio of assessed suppliers improved compared with the period 2009-2012:

- suppliers whose CSR program is a "medium opportunity": +2 points;
- suppliers whose CSR program is "under control": +3 points;
- medium-risk suppliers: 4 points.

■ **Improved monitoring and use of suppliers' CSR performance**

Bel Group simplified its rules for managing assessment scores, and emphasized the use of the scores in its tools used to select suppliers and monitor their long-term performance.

Rules for managing suppliers according to their EcoVadis score

	Year 1	Year 2	Year 3
Score	Bel actions with supplier	Reassessment	Monitoring actions
■ 85-100	Opportunity for closer collaboration	Every 24 months	Monitor the improvement of the EcoVadis score +
■ 65-84			Include CSR in the selection of its suppliers
■ 45-64	Areas for improvement highlighted		and the monitoring of their performance (calls for tender and annual supplier rating)
■ 25-44	Corrective action plan recommended	Every 12 months	End of business relationship considered if no progress has been made
■ 0-24	Corrective action plan required		

Finally, Bel incorporated a CSR criterion when assessing a number of major calls for tender launched in 2013. The suppliers consulted were asked to undergo an EcoVadis assessment and include the result of their assessment in their tender.

■ Strengthening the monitoring of suppliers of promotional items

Despite their very low percentage in its purchases (less than 0.2%), promotional items, which are primarily made to be inserted into consumer sale units, undergo enhanced safety and hygiene checks because they are usually intended for children and are in contact with the cheeses. In addition, their supply chain is complex, with the majority of the manufacturing plants based in China.

In 2013, Bel enhanced the monitoring of these suppliers: on-site CSR audits were carried out at the end of the year by an independent body on the main production sites used by these suppliers. They focused on their working conditions and respect for human rights, their best business practices, their own sustainable purchasing policy and the environment. In 2014, actions will be implemented with respect to the results and a control audit will be carried out on each site.

■ Greater focus placed on sourcing location

Bel's policy is to manufacture products as closely as possible to its consumers. Similarly, it strives to favor local procurement wherever possible, as it stimulates local economic growth while reducing costs and transport-related CO emissions and making the supply chain flow more smoothly.

Given the issues specific to its various purchasing categories, Bel cannot establish a uniform definition of a "local" supplier and currently has no reliable indicator for measuring progress.

However, actions are being undertaken in this field. Examples include:

- For packaging purchases: the Group implements its supply strategy as closely as possible to its industrial facilities for packaging that can be sourced locally (cardboard, paper, labels, etc.). When a new production site is opened, the Group usually calls upon certified suppliers before gradually transferring sourcing to local suppliers, as its market knowledge develops;
- For investment purchases: a mapping process was launched in 2013 to identify the origin of suppliers by geographical region. This analysis will allow the Group to ascertain the proportion of local procurement in its investment expenditure;
- For purchases of non-production goods and services: as part of the call for tenders issued to temporary work agencies in France in 2013, Bel consulted and selected a panel comprised of national and regional service providers.

2.3.3 Supporting the communities in which the Group operates

Bel's consumers, employees and civil society have a growing interest in its response to society's challenges. Expanding on its mission, "to share smiles with all families through the pleasure of dairy goodness", respect and support the communities in which the Group operates is firmly rooted in its commitments. These requirements are addressed through its local economic presence and through the actions of good citizenship and solidarity carried out by its corporate foundation or directly by the Group and its various entities.

Reference guides and performance indicators

External reference guide

- Corporate Philanthropy Charter (Admical)

Performance indicators

Bel Foundation

- Number of association projects supported
- Number of employee grants awarded
- Amount of donations (euros)

Group and local philanthropy

- Annual amount in financial donations made to non-profit organizations (euros)

2.3.3.1 Economic and social impact of the Group's Activities in the 33 countries in which it operates

Generally speaking, the Group's economic dynamism benefits many entities (partners, dairy producers, suppliers, local and regional authorities, etc.), as Bel invests heavily in the development of its business both within and outside France.

The geographical layout of its plants is designed to address the needs of its various consumer markets as effectively as possible. This policy promotes the creation of direct and indirect local jobs, while making Bel products more affordable for local populations.

All employees working on the Group's sites worldwide benefit from the Group's People First human resources policy, and thus have

access to training programs and a minimum level of Company benefits (see "Committed employer").

Finally, with the same desire to support local populations, Bel is currently testing new distribution models that help fight poverty and promote a certain type of entrepreneurship to its street vendor networks.

2.3.3.2 Philanthropic actions: the Bel Foundation

Families and children lie at the heart of the history of Bel Group. Founded in 2008, the aim of its corporate foundation is to support initiatives acting in the interests of children and their well-being, focusing particularly on food-related issues:

Major topics of association projects supported by the Bel Foundation since 2008

Support: the fight against malnutrition in children	Cultivate: Support for food crops and market gardening programs	Build: Creation of infrastructures directly connected to the nutrition of children and teenagers	Teach: Educational programs for understanding the keys to a healthy and balanced diet	Others
30%	19%	12%	32%	7%

The foundation is supported by Bel Group employees, who devote their own time: the Foundation's Project Selection and Monitoring Committee, which meets on average once a month, is comprised of around ten members, most of whom are employees. Each member of the committee thoroughly reviews a number of selected applications to check that the request matches the Foundation's criteria. Next, for each chosen project, an official agreement, a monitoring process and a review of the results obtained are established. Every year, Bel's corporate foundation reports on its activities in its progress report, available at www.fondationbel.org.

In July 2011, Bel signed the Corporate Philanthropy Charter established by Admical, an association dedicated to developing philanthropy in France. This Charter was designed so that companies and beneficiaries can gauge what ethical philanthropy can do for them.

■ The Bel Foundation supports associations and awards employee grants

Twice a year, Bel Group launches a call for projects to reveal initiatives supported by charitable associations acting in the interests of children, and select those that implement sustainable solutions in the countries in which it is already present.

Since 2010, the Group has also supported its employees' civic commitment through grants that help them set up projects with associations they are involved with on a personal level. Every year, ten or so grants for a maximum amount of €5,000 are allocated. The grant selection process is the same as that used to select the projects led by the associations.

In 2013, the Bel Foundation exceeded 100 projects supported since its creation, which represents more than €1 million in donations to charitable associations. For more details, refer to the Foundation's Annual Report.

Bel Foundation	May 2008 – December 2009	2010	2011	2012	2013	Total May 2008 – end 2013
Number of association projects supported	4	19	20	21	20	84
Number of employee grants awarded	0	10	11	11	12	44
Amount of donations by the Foundation (in €)	97,000	257,806	265,385	291,450	230,325	1,044,966

Geographical breakdown of the 128 projects supported by the Bel Foundation since 2008

	Greater Africa	Western Europe	Americas, Asia-Pacific	North and East Europe	Near and Middle East
Associations	49	25	6	0	4
Employee grants	4	20	5	15	0

2.3.3.3 Other philanthropic projects supported by Bel and its various entities

In addition to the initiatives implemented through Bel's corporate foundation, the Group directly support various philanthropic projects related to its activities.

■ Projects supported by the Group

The protection of biodiversity is a key issue for the Group's activities, which are closely linked to the living world. Since 2012, Bel has taken part in two WWF France conservation projects, as

part of the partnership it has forged with this organization (see "Taking the protection of biodiversity into account").

■ Local projects supported by the subsidiaries

The Group's various entities play an active role in the life of their respective local areas by supporting local initiatives. These initiatives are managed by the plants and subsidiaries with the goal of meeting the expectations of local operators (associations, public authorities, etc.) that they have identified and strengthening their ties with them. They can take various forms depending on the needs identified and may include financial donations, donations of products or volunteering by employees.

	2013
Amount in financial donations made to non-profit making organizations ^(a) (in €)	776,599

(a) Group scope excluding Turkey, Portugal and Iran.

In France, products are regularly donated by Bel Group warehouses to charities that work to improve precarious living conditions. This allows the Group to combat food wastage generated by products it can no longer sell but that are not beyond their expiry date, while helping disadvantaged people in the areas where its warehouses are located. In 2013, 74 metric tons of products were donated by warehouses in France.

2013 progress and outlook

■ In 2013, Bel's corporate foundation renewed its life for a further five years

■ In 2014, Bel wants to enhance the visibility of the Foundation and the projects it supports among its teams

In October 2013, the Group held an event at the Paris and Vincennes headquarters, at which a number of associations supported by the Foundation presented their projects. These actions will be repeated in 2014.

■ In November 2012, Bel signed a three-year partnership agreement with WWF France

This agreement includes financial support for two projects led by the environmental organization and relating to the protection of biodiversity (see “Taking the protection of biodiversity into account”):

- Participation in the “Fresh water and sustainable farming in France” program, which includes a conservation project at the Chérine National Natural Reserve;
- A project focusing on biodiversity protection and the development of responsible soy production, in Brazil's Mato Grosso region.

■ In 2013, Bel France employees took part in philanthropic projects

On November 20, the *Le Rire Médecin* association, of which Mini Babybel is a partner in France and whose mission is to improve the experience of hospitalized children, organized its first national public money collection. Under the impetus of the Mini Babybel team, Bel France's HR Department encouraged all of the entity's employees to volunteer for the collection. Fourteen employees from the marketing and sales teams collected around €950, which will fund 63 visits by clowns to hospitalized children.

2.4 Environmental footprint

2.4.1 Bel's Environmental Policy

In line with the growth of its business, especially abroad, Bel Group has set up its production sites as closely as possible to its consumers. The 27 plants and the employees who work in them share the same desire to reduce their environmental footprint, even though they face different issues (many of these plants experience water-stressed conditions), and environmental sensibilities that differ according to their stakeholders.

The Group's Industrial and Technical Department has devised Bel's environmental policy to help the plants and their teams grow the business while implementing measures to reduce their environmental footprint. The policy draws on:

- A dedicated organizational structure;
- Mobilized teams;
- Certified management systems;
- shared methodologies for optimizing environmental performance;
- Investments related to improvement programs.

Reference guides and performance indicators

External reference guide

- Standard ISO 14001

Internal reference guide

- The Bel Group's Environmental Policy

Performance indicators

- Number of ISO 14001-certified sites
- Amount of investment devoted to preventing environmental hazards and pollution
- Amount of provisions and guarantees for environmental risks

A dedicated organizational structure

The CSR Environment Leader, who is the Group's Environment manager, reports to the Group's Engineering, Safety and Environment Department. This person works closely with all plants and is directly involved in a number of major projects.

On every production site, the operational implementation of environmental measures is the responsibility of the Plant Director, who has an organizational structure dedicated to the environment and tailored to the size of his or her site, together with the expertise of the CSR Leader.

On every site, an Environment manager ensures that the necessary methodologies are deployed. This person is also the main contributor for the reporting of data used to establish the environment indicators specified in the Group's CSR reporting protocol.

■ Mobilized teams

Training and the exchange of best practices are the two main drivers for mobilizing teams.

The mobilization of employees on sites is essential for growing the Group's business while reducing its environmental footprint. For example, around ten people manage the WASABEL and ESABEL initiatives at local level (see below). Training programs dedicated to the environment are organized as part of ISO 14001 certification. In addition, as part of the Bel Employee Shopfloor Training (BEST) program for plant operators, a half-day module is dedicated to the environment. Finally, the internal BOOST program (see opposite) is accompanied by a large-scale training plan for operators. This program educates all staff about how to reduce losses, consumption and waste and the long-term nature of the savings made.

The sharing of best practices is encouraged, for example through Group and local newsletters, onsite posters, and events at which experts from various plants can discuss environmental issues.

■ Certified management systems

The Group's environmental management policy draws on the international framework of standard ISO 14001. The goal is for all of production sites to be certified by 2015. The certification is awarded by an independent third-party organization.

ISO 14001 certification involves all employees of the sites in question and is an effective means at their disposal to take into account, measure and reduce the impact of their activity on the environment.

This system, accompanied with a real desire to improve, allows an ongoing improvement initiative to be maintained on Group sites.

■ Shared methodologies for optimizing environmental performance

To support production sites in their water and energy consumption reduction programs, Bel has developed two methodologies:

- WASABEL – Water Saving At BEL, which aims to reduce water consumption at source;
- ESABEL – Energy Saving At BEL, which aims to reduce energy consumption at source.

These methodologies, which are based on a similar approach and are shared by all of sites, allow them to carry out a regular review of their water and energy consumption and put together action plans to reduce them.

A team reporting to the CSR Environment Leader is responsible for coordinating these methodologies and monitoring their deployment, which creates synergies across the sites. Furthermore, the definition of water and energy consumption standards for each of the two technologies used in the Group (dairy cheeses and processed cheeses) enables each plant to compare its performance with other sites that use comparable technologies, and to set consistent progress targets.

In addition to these two methodologies, the internal BOOST program helps reduce the environmental impact of industrial sites. The goal of this program is to lower all types of losses and increase productivity, while improving the efficiency of organizational structures and production lines. This helps reduce energy consumption, greenhouse gas emissions, waste, cleaning product usage, etc.

■ Investments that depend on their environmental impact

Since 2011, a specific assessment grid has been used to give all investment projects put forward by the plants and requiring a budget of more than €100,000 a rating which takes into account environmental, social, and societal factors. If the CSR rating is average, the application for investment must be accompanied by an improvement plan in order to be approved. If the CSR rating is low, the investment budget is not granted.

2013 progress and outlook**■ Continuation of Bel sites' certification policy in 2013**

The plant in Vale de Cambra, northern Portugal, and those in Lons-le-Saunier (France) and Chorzele (Poland) were awarded ISO 14001 certification in 2013.

Twelve Group plants are now ISO 14001-certified. The Group shall continue assisting each plant to enable them to be certified by 2015. However, in order to take account of local constraints, the Group decided to give three sites further time to obtain this certification.

Number of sites certified according to ISO 14001 standards	2011	2012	2013	2015 target
Bel sites ^(a)	9	9	12	27 (100%)

(a) Scope: 27 sites (industrial and R&D).

In 2013, therefore, 67% of the tonnage produced by the Group came from ISO 14001-certified sites.

■ In 2013, the last two sites that had not deployed the WASABEL and ESABEL methodologies joined up to the program. In 2014, the Group will continue its efforts to reduce water and energy consumption at source

These methodologies are thus now deployed on all 27 plants. In 2013, 18 sites underwent a follow-up audit.

A new component was added to these internal audits: the assessment of the local management team's ability to manage and coordinate the program and to mobilize all employees around the project (implementing communication tools, sharing project progress with the whole team, etc.).

The BOOST program is being rolled out gradually: 15 sites had implemented it at the end of 2013 and six more will join up in 2014.

■ In 2013, Bel launched an internal survey on waste management processes

The reduction and recovery of waste is a key objective (see "Reducing waste and discharges and managing environmental damage and hazards"). In 2013, Bel launched an internal survey to find out what practices are implemented by the various industrial sites and identify any support needs they may have.

■ In 2013, Bel invested more than €2,556,000 in projects specifically dedicated to protecting the environment. It will continue this investment policy in 2014

Moreover, in 2013, €329,000 was invested for other reasons but nonetheless helped protect the environment through the technological choices made.

In addition, the "CSR" assessment grid for projects was revised to make it reflect the Group's commitments more closely. This grid allows the Group to check that projects not specifically dedicated to protecting the environment comply with improvement commitments in this area. Twenty-five projects put forward to the investment committee were assessed using the grid. None of them needed any specific improvement plan to be approved.

Investment amounts (in thousands of euros)	Other investments			Total 2013	Yearly averages over the period 2009-2012
	Investments specifically devoted to environmental protection 2013	Business investments with a significant impact on environmental protection 2013	Maintenance investments with a significant impact on environmental protection 2013		
Reduction of energy consumption and protection of ambient air and climate	1,701	131	88	1,920	1,661
Wastewater management	609	39	71	719	952
Waste management	89	0	0	89	98
Reduction of hazards, protection of soil and water	142	0	0	142	836
Noise and vibration reduction	15	0	0	15	57
TOTAL	2,556	329		2,885	3,604

In relation to the average annual investments over the period 2009-2012, environmental protection investments decreased in 2013. Bel has maintained its efforts to reduce energy consumption, protect the air and climate and manage wastewater (the investment as part of the WASABEL and ESABEL action plans is counted under energy consumption reductions). A number of large investments in risk reduction were handled over the period between 2009-2012,

mainly for the French sites of Vendôme and La Ferté-Bernard, and no projects on the same scale were necessary in 2013.

Like last year, no provisions for warranties or environmental risks were recognized at December 31, 2013. No damages were paid during 2013 under court rulings regarding the environment, and no actions were brought for damage caused to the environment.

2.4.2 Using natural resources more responsibly

Three resources are key to conducting the Group's business: the dairy raw materials used in recipes, water and energy. Bel pays special attention to these resources, taking approaches that are original and different.

Moreover, it strives to reduce the quantity of materials used in packaging, as some of them are not renewable in origin (e.g. plastic), while others must be managed responsibly (e.g. forests for the production of cardboard and paper).

2.4.2.1 Dairy raw materials

The dairy raw materials used in Bel cheeses are valuable resources whose production has its own significant impact on other resources. Every year, the Group collects around 1.5 billion liters of milk and buy the equivalent of 600 million liters of processed dairy raw materials (cheese, butter, milk powder).

Reference guides and performance indicators

Internal reference guide

- Management rules and specifications relating to dairy raw materials, from purchase through to usage

Performance indicators

- Cheese yields (indicators adapted to various technologies) ⁽¹⁾
- Valorization of dairy by-products (whey derived from the manufacturing process, cheeses) (%)

Although all dairy by-products are valorized, Bel strives to reduce their volume in order to optimize its economic performance. It therefore monitors the ratio of the volume of valorized by-products against the total volume of finished products sold.

(1) These indicators are not presented in this document owing to the complexity involved in interpreting them, but they undergo an internal monthly monitoring process.

All by-products derived from the manufacturing process (dried whey extract, downgraded cheeses) are valorized, which means that no dairy raw materials are thrown away.

The Bel Industries Department's main activity is recycling to other agrifood industries the milk proteins derived from the manufacturing process and not used by the Group.

2013 Progress and Outlook

The optimization of the Group's consumption of dairy raw materials forms part of an ongoing improvement program and consists of valorizing dairy by-products (see above) and reducing losses under the BOOST program (see "Environmental policy").

Dairy by-product valorization	2011	2012	2013 ^(a)	Change 2011 2013
Volume of dairy by-products valorized/Volume of finished products sold (%)	23.5%	23.8%	31.7% ^(b)	+8.2 points

(a) Integration of cream in data collection from 2013.

(b) This figure is a minimum; one site didn't report any data for byproducts.

The rise of 8.2 points between 2011 and 2013 is explained by the integration of another by-product: cream.

2.4.2.2 Water

Sustainable water management is Bel's top priority, even though most of its plants are located in areas where this resource is currently available.

Reference guides and performance indicators

External reference guides

- Food and Agriculture Organization: availability of water by country
- Water Risk Filter: tool developed by the WWF

Internal reference guides

- Water performance standards based on technologies (dairy and processed cheeses)
- WASABEL methodology for reducing water consumption

Performance indicators

Water consumption

- Consumption of drinking water (*thousands of m³ and m³ per metric ton produced*)
- Water consumption in regions affected by water vulnerability, stress and shortage compared to the Group's total water consumption (*% and number of sites affected*)

Discharges into water

- Volumes of wastewater by treatment method (*thousands of m³*)
- Quality of purified water (different indicators – see page 55)
- Cost of wastewater treatment

Sludge treatment

- Dry matter, nitrogen and phosphorus (*metric tons*)
- Spreading scope (*ha*)

Since 2012, Bel has enhanced its monitoring process with the WWF's Water Risk Filter analysis tool, which allows the Group to ascertain the level of water stress in the regions where its plants are located. In 2013, three more sites were integrated into the "stress on the resource" category after a risk analysis was carried out. In addition, any site that suffers a temporary period of drought and exceeds an alert threshold is considered to be at-risk and is added to the list of sites to which priority action plans must be applied. In 2013, about half of Bel sites located in areas where water resources are available were identified as at-risk according to the Water Risk Filter.

In order to use water more responsibly, Bel is cutting its consumption and managing and reducing the discharges into water generated by industrial activities.

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

The reduction in water consumption achieved by the WASABEL program automatically leads to a reduction in wastewater and an improvement in its quality. The smaller the volume of water treated in treatment facilities, the smaller the concentration of organic matter flowing out of those facilities. The quantity of organic matter present in wastewater from sites and the wastewater temperature comply with applicable regulations aimed at minimizing the negative impact on the natural environment.

To avoid accidental discharges directly into the natural environment, the Group protects water bodies and runoff points for rivers adjoining the sites with special arrangements. Preserving the quality of surface water helps preserve water resources. The wastewater produced by sites is therefore treated either internally or by a third party. Where it is treated by a third party, the Group performs pre-treatment. Improvement, treatment and pre-treatment actions are carried out whenever they are deemed necessary (lack of capacity, lack of efficiency or downstream problem on the partner's facilities).

Bel's priority, however, is always to reduce water consumption at source through the WASABEL program.

■ Treatment of sludge produced by wastewater treatment facilities

The majority of the sludge produced by wastewater treatment facilities is recycled through appropriate channels. Some of this sludge is spread on farmland, mainly in France, in accordance with local laws. This has a real agronomic benefit because the sludge is rich in fertilizing properties. In order to avoid water and soil pollution, these sludge-spreading operations are strictly managed and controlled. They are subject to local permits, which specify the obligations that must be fulfilled (spreading plans and surface areas, agronomic monitoring, etc.).

2013 progress and outlook

■ In 2013, Bel reduced its water consumption and will continue to do so in the coming years

In 2013, 18.3% of the Group's total water consumption occurred in regions affected by water vulnerability, stress or shortage according to the FAO and the Water Risk Filter, with three more sites incorporated following the risk analysis performed using the WWF's Water Risk Filter analysis tool. The WASABEL action plans are implemented in these regions at a faster rate. In addition, seven other sites are located in regions that suffered a temporary period of drought and exceeded the alert threshold (with no consequence on resource availability).

The WASABEL and ESABEL best practices were integrated from the design stage of the new Brookings plant in the United States, which will be operational in 2014.

Food and Agriculture Organization and Water Risk Filter criteria	Level of water availability in the region	2013 water consumption	Number of industrial sites affected
Region with:	m ³ /inhab/year		
● shortage of the resource	less than 1,000	287,070	3
● stress on the resource	from 1,000 to 1,700	435,170	5 ^(a)
● vulnerability of the resource	from 1,700 to 2,500	18,091	2
Sub-total	less than 2,500	740,331	10
Availability of the resource	over 2,500	3,307,197	17
<i>of which sites identified as at-risk according to the Water Risk Filter</i>		1,655,651	7

(a) Includes three new sites located in areas for which the Water Risk Filter identified stress on the resource.

Food and Agriculture Organization and Water Risk Filter criteria	Breakdown in relation to the Group's total water consumption
Region with:	
● shortage of the resource	7.1%
● stress on the resource	10.8%
● vulnerability of the resource	0.5%
● availability of the resource	81.7%
<i>of which sites identified as at risk of periodic drought according to the Water Risk Filter</i>	40.9%

Between 2008 and 2013, the Group's sales increased by 23%, reflecting a rise in the volumes manufactured in its plants. Despite this growth, Bel Group reduced its total water consumption by 485,616 m³ (-10.7%).

Drinking water consumption	2011	2012	2013	Change 2011-2013	Change 2008-2013
thousands of m ³	4,350	4,136	4,048	-7%	-10.7%

Thanks to the action plans implemented on sites, the Group's water consumption is now 9.58 m³ per metric ton produced, a fall of 23.5% since 2008, and the Group's benchmark year. The target

for 2015 is to reduce electricity consumption ratios by 20% from 2012 levels. This represents a reduction of 36% from 2008 levels.

Drinking water consumption	2011	2012	2013	Change 2011-2013	Change 2008-2013	2015 target
m ³ /metric ton produced	10.93	10.05	9.58	-12.3%	-23.5%	8 (-36% vs. 2008)

■ In 2014, Bel Group will continue its initiatives to manage its wastewater more efficiently

Thirteen (13) sites treat their own wastewater. The 14 remaining sites have it treated by a third party. The pretreatment of the wastewater produced by the Tangier plant in Morocco will be improved with a biological treatment unit that has no oxygen

supply, using a process known as methanation. This unit is currently being installed and is scheduled to come online in 2014.

Bel's goal is to reduce the spreading of untreated water as much as possible, as the purifying efficiency in the soil where this occurs depends on weather conditions and there is a risk of "leaching" when it rains. The Group therefore favors wastewater treatment in treatment facilities.

Wastewater volumes (thousands of m ³)	2012 ^(a)	2013 ^(b)
Treated internally	2,132	2,140
Treated by a third party with other effluents	1,998	1,821
Spread untreated	59	62
TOTAL VOLUME	4,189	4,023
TOTAL VOLUME/TONNAGE PRODUCED (M³/METRIC TON PRODUCED)	10.2	11.3

(a) Data available for 23 sites which represent 88% of the total production of the scope of the CSR Report.

(b) Data available for 23 sites which represent 84% of the total production of the scope of the CSR Report.

Quality of purified water		2012 ^(a)	2013 ^(b)
Chemical oxygen demand (COD)	metric tons	115	104
	kg/metric ton produced	0.49	0.49
Suspended matter discharged	metric tons	45	52
	kg/metric ton produced	0.19	0.24
Total nitrogen discharged	metric tons	16	16
	kg/metric ton produced	0.07	0.08
Total phosphorous discharged	metric tons	14	7
	kg/metric ton produced	0.06	0.03

(a) Data available for 14 sites, which represent 57% of the total production of the scope of the CSR Report.

(b) Data available for 13 sites, which represent 50% of the total production of the scope of the CSR Report. All sites that carry out full treatment for discharge into the natural environment are included in these sites, except one.

Sludge spreading from wastewater treatment or untreated water plants	2011	2012 ^(a)	2013 ^(a)
Total dry matter (metric tons per year)	1,216	1,379	1,559
Nitrogen (metric tons per year)	86	119	132
Phosphorous (metric tons per year)	70	81	107
Spreading scope (ha)	1,374	1,069	928

(a) Data available for the eight sites performing sludge spreading.

From 2013, the spreading scope indicated is no longer the total surface area available but the surface area used.

Cost of wastewater treatment	2012	2013
In € thousands	3,874	3,928

2.4.2.3 Energy

Fossil fuels account for around 80% of worldwide primary energy consumption. At the current rate of exploration, oil and natural gas reserves accessible at competitive prices will diminish, which represents a significant threat to the profitability of Bel Group operations. Moreover, the extraction and combustion of fossil fuels emit greenhouse gas emissions responsible for climate change and thus represent a major environmental concern.

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

Reference guides and performance indicators

Internal reference guides

- Energy performance standards based on technologies (dairy and processed cheeses)
- ESABEL methodology for reducing energy consumption

Performance indicators

- Electricity consumption (MWh and MWh per metric ton produced)
- Consumption of oil and gas products (MWh LHV and MWh LHV per metric ton produced)
- Consumption of renewable energies for heat production (MWh and % of energy consumed)

In order to reduce its dependency on fossil fuels and limit the greenhouse gas emissions associated with their use, Bel has decided to place the priority on initiatives that reduce consumption at source. It is on the basis of this reduced consumption that The Group is examining the possible use of renewable energy sources, while continuing to take into account the sites' local issues (availability of resources, feasibility).

2013 progress and outlook

■ In 2013, Bel reduced its energy consumption and will continue to do so in the coming years

In 2013, 806,807 MWh of final energy (electricity, fuel, gas and biomass) were needed to run the production sites. This included 274,685 MWh in electricity and 489,435 MWh LHV in oil and gas products.

	2011	2012	2013	Change 2008-2013	Change 2011-2013	2015 targets
Electricity consumption:						
In MWh per year	264,725	273,392	274,685	+11.1%	+3.8%	-
In MWh per metric ton produced	0.665	0.665	0.650	-4.9%	-2.2%	0.628 (-8% vs. 2008)
Consumption of oil and gas products:						
In MWh LHV per year	521,335	503,969	489,435	-9.9%	-6.1%	-
In MWh LHV per metric ton produced	1.310	1.225	1.159	22.9%	11.5%	0.982 (-35% vs. 2008)

■ In the next few years, Bel will ramp up the use of renewable energy sources initiated in 2012

In February 2012, a biomass boiler was installed in the Cléry-le-Petit plant in France. It covers 75% of the site's heat needs and in

Change in consumption:

- Bel Group reduced its electricity consumption per metric ton ratios by 2.2% compared with 2011. Compared with 2008, the Group's benchmark year, this represents a reduction of 4.9%. The reduction in the electricity consumption ratio was achieved despite the integration of cold storage for finished products, which was previously contracted out (and thus outside the reporting scope), and by switching to electricity for the heating of some processes. The target for 2015 is to reduce electricity consumption ratios by 8% from 2008 levels;
- Bel Group cut its oil and gas product consumption per metric ton ratios by 11.5% compared to 2011. Compared with 2008, the Group's benchmark year, this represents a reduction of 22.9%. The target for 2015 is to reduce oil and gas product consumption ratios by 20% from 2012 levels. This will represent a reduction of 35% from 2008 levels.

2013 it alone accounted for 8% of the energy used for the Group's heat production.

In 2015, another biomass boiler will be installed in the Sablé-sur-Sarthe plant, also in France.

Other projects using biomass and biogas are under consideration on some of the Group's sites.

Renewable energy	2011	2012	2013	Change 2012-2013
Consumption of renewable energy for heat production (MWh)	0	30,307	42,687	+40.8%
Proportion of renewable energy in energy used for heat production (%)	0	5.7%	8%	+2.3 points

2.4.2.4 Packaging

Bel implements an ongoing improvement program for packaging solutions, with the goal of reducing their environmental impact throughout their life cycle, *i.e.* from the production of the raw materials used in their composition through to their end-of-life as waste. Naturally, the optimization of packaging systems must preserve the functionalities and qualities expected by consumers

and retail customers in terms of packaging quality, safety and practicality.

The reduction at source and selection of materials are two key parts of Bel's packaging eco-design process. The "CSR Packaging Passport" policy is detailed in the "Nutrition and responsible products" chapter.

2.4.3 Reducing Bel Group's greenhouse gas emissions

Reducing greenhouse gas emissions is Bel's second priority. GHG emissions are categorized into three broad scopes:

- **"scope 1", which corresponds to direct emissions** from burning the fossil fuels (oil, gas, coal) used in the Group's plants and the means of locomotion owned or controlled (boilers, burners, vehicles), together with refrigerant leaks from facilities;
- **"scope 2", which corresponds to the indirect emissions** associated with the electricity, heat and refrigeration bought by the Group;
- **"scope 3", which corresponds to the indirect emissions** associated with transport, packaging, raw materials (including upstream dairy supply), waste, employee travel, etc.

Reference guides and performance indicators

External reference guides

- International Energy Agency: emission factors associated with electricity generation, some refrigerant gases and fuels
- Decree defining the content of Greenhouse Gas (GHG) emission reports which are compulsory under article 75 of the "Grenelle II" law (France scope)
- Environmental standards applying to trucks

Performance indicators

- Greenhouse gas emissions scope 1 and scope 2 (*metric ton of CO₂ and kg of CO₂ per metric ton produced*)
- Greenhouse gas emissions avoided by consuming renewable energies (*metric tons of CO₂*)

A number of years ago, Bel carried out Life Cycle Analyses on its core products. Although it intends to update the results of these analyses using a tool developed with the French dairy trade organization (see "Making information more accessible for consumers"), it already knows that the comparative values observed will remain almost the same. Scope 3 emissions, *i.e.* those that it does not control directly, will continue to account for the largest proportion of its emissions:

- Indirect emissions associated with upstream agriculture account for up to 80% of the emissions produced throughout the life cycle of some Bel products. The Group therefore supports its dairy producers in their initiatives to reduce their environmental impact (see "Promoting more sustainable dairy production"). Where the purchase of pre-processed dairy raw materials is concerned, its leverage is not as great. However, the Group assesses the environmental performance of its suppliers using the EcoVadis tool (see "Sustainable Purchasing policy");
- The indirect emissions associated with the production of packaging materials (see "Developing more responsible packaging") and the direct emissions generated by Bel's in-plant cheese production are on a similar scale;
- The direct and indirect emissions generated by the transport and warehousing of products account for a highly variable proportion depending on the distance between the production site and the market of sale. In all cases, however, these emissions are lower than the other categories described above;
- The indirect emissions generated by the transport and warehousing of Bel products after they have been purchased and by their consumption are negligible in relation to the life cycle of the product.

The Group is not able to provide solid data on its scope 3 indirect emissions. This is why its reporting process covers its scope 1 and 2 emissions, on a worldwide scale, which makes it consistent with French carbon footprint reporting requirements.

■ Emissions associated with the manufacturing of products in Bel plants (scopes 1 and 2)

A number of factors must be taken into account when considering the emissions produced by Bel plants:

- Manufacturing processes: all of the action plans under the ESABEL program to reduce energy consumption (fossil fuels and electricity) at source automatically lead to a reduction in greenhouse gases;
- Country of operation: for equivalent electricity consumption per metric ton produced, the difference in scope 2 greenhouse gas emissions (associated with electricity generation) can vary by a factor of between one and ten from one plant to another, depending on their country of operation;
- The energy mix used by the site, especially its use of renewable energy where applicable: at Group level, more than half of emissions are produced by the consumption of fossil fuels and gas, and more than one third come from electricity consumption;
- To a lesser extent (just over 3% at Group level), refrigerant leaks (HCFC/R22 refrigerant, used mainly for the warehousing of finished products), are gradually being eliminated in accordance with European legislation. In addition, all new Group installations outside the European reporting scope are equipped with new fluids that emit fewer greenhouse gases in the event of a leak and are less harmful to the ozone layer.

It is by optimizing all of these factors that the Group can gradually reduce its ratio of greenhouse gas emissions per metric ton produced.

■ Transport-related emissions

Bel considers the optimization of every stage in the transport of raw materials and finished products as key to reducing not just its greenhouse gas emissions but other forms of pollution (traffic congestion, noise, etc.).

The locations of plants and logistics flows are designed to optimize distances both upstream (mainly for fresh milk) and downstream (as close as possible to consumer markets). Near dairy plants, the milk collection rounds are organized in such a way as to reduce the distances traveled and optimize the tanker filling rate. For example, in France, milk collection exchanges are organized with other dairies.

Reducing the emissions associated with the transport of finished products is a topic discussed with logistics partners as part of the Group's Sustainable Purchasing policy.

In every country, reduction initiatives are devised based on three focus areas:

- Optimizing truck and container fill rates;

- Optimizing transport flows and delivery frequencies;
- Studying alternatives to road transport that produce fewer greenhouse gas emissions.

It is extremely difficult to measure greenhouse gas emissions associated with the warehousing of products in warehouses that contain many other products. For this reason, the Group does not believe that it is able to implement improvements on the "warehousing" stage of the life cycle of its products.

■ Adaptation to the effects of climate change

In addition to ongoing programs to reduce the contribution of activities to climate change, business projections for the next few years take into account the new consequences brought about by climate change in order to reduce exposure to potential damage.

Bel is aware that adaptation is as important as alleviation, although the related benefits should not be analyzed on the same time scale. For example, analyses focus on existing physical assets, logistics chains, and the modification of water availability and the more frequent occurrence of "extreme" weather events liable to affect milk supply.

Finally, the Group is attentive to consumer trends that may change if consumers decide to avoid buying products they believe contribute to climate change.

2013 progress and outlook

■ In 2013, Bel reduced its greenhouse gas emissions and will continue to do so in the coming years

In 2013, the Group emitted 219,769 metric tons of CO₂ of greenhouse gas. Between 2011 and 2013, the Group's sales increased by 7.6%, reflecting a rise in the volumes manufactured in its plants. Despite this growth, the Group reduced its scope 1 and 2 greenhouse gas emissions by 13,625 metric tons of CO₂.

The initiatives the Group has carried out have allowed one site, initially subject to greenhouse gas emission quotas, to exit this system: the Michalovce site in Slovakia left the system in late 2012 after it resized its heat production to match its precise requirements. The procedure for exiting the quota system is underway for another site, that of Ribeira Grande in the Azores (Portugal).

Eventually, only the Sablé-sur-Sarthe site in France will be covered by the quota system, but the minimum goal is to not have to buy quotas despite the growth of this site's activity.

The target for 2015 is to reduce greenhouse gas ratio by 14% from 2012 levels.

Greenhouse gas emissions scopes 1 and 2	2011	2012	2013	Change 2011-2013	2015 target
Kg metric ton of CO ₂ /metric ton produced	586	541	520	-11.3%	465 (-14% vs. 2012)
Metric tons of CO ₂	233,394	222,556	219,769	-5.8%	-

Energy consumption (electricity, fuel and gas) accounts for more than 90% of emissions.

Greenhouse gas emissions	2012	2013
Scope 1		
• associated with fossil fuel and gas consumption	58%	56%
• associated with refrigerant leaks	3%	3%
• associated with fuel consumption	5%	5%
Scope 2		
• associated with electricity consumption	34%	36%

In addition, the use of the biomass boiler at Cléry-le-Petit in France avoided the emission of 12,292 metric tons of CO₂ in 2013, an increase of 41% in one year. This represents the equivalent of 5.6% of the Group's greenhouse gas emissions on a worldwide scope.

Greenhouse gas emissions avoided by consuming renewable energy	2011	2012	2013
Metric tons of CO ₂ avoided	0	8,715	12,292

2.4.4 Taking the protection of biodiversity into account

Bel Group and its growth are fundamentally and directly linked to the living world and depend on it functioning properly. For example, respect for livestock herds and the ecosystems in which they exist has a direct impact on milk availability and quality and dairy yields, which are key issues for the growth of the Group's business.

Biodiversity is a complex topic: the absence of commonly agreed tools and indicators makes it difficult to measure the Group's impacts and improvements accurately.

Involved in various inter-trade working groups, the Group lends its expertise to help define recognized, shared indicators.

Bel Group addresses the issue of biodiversity in its geographical plant location, supply and production systems.

In livestock farming

Agriculture and livestock farming in particular, constitute reservoirs of biodiversity of varying richness containing fauna, flora, soil microorganisms, etc. In many regions, cattle help enhance and maintain pastures and, in some cases, hedgerows that support ecosystems in a number of ways.

However, some livestock feed supplements, such as those based on soy, can cause land conversion and deforestation in Latin America and Asia. In partnership with WWF France, The Group is working on setting up a responsible soy production chain in Brazil and preserving water resources in France.

For the reasons explained in the chapter entitled "Strengthening the natural qualities of products", Bel has opted not to source its milk from organic dairy farms. However, it encourages responsible livestock farming practices (see "Promoting more sustainable dairy production").

Supplies

The main packaging materials used are cardboard and paper, which account for 81% of the Group's total packaging volume. Wherever possible, it favors paper and cardboard made from recycled fibers and/or certified virgin fibers from sustainably managed forests, in order to protect biodiversity in its supply zones (see "Developing more responsible packaging").

Finally, although the consumption of palm oil is minimal at Group and market level (9% of the fat purchased by Bel in 2013), Bel aims to discontinue its use by the end of 2014 at the latest.

Industrial operations

At present, all of the land owned, leased or managed by the Group is situated outside of protected areas.

Bel's sites are located in regions with very different ecosystems. 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. Land use is not considered a key issue for the Group, given that the space occupied by its plants is very small.

Finally, the protection of biodiversity on each industrial site involves reducing and controlling discharges into the natural environment (see previous pages). Moreover, in terms of renewable energy, the Group favors biomass sourced close to its plants.

Energy recovery from agricultural waste is also an area the Group is investigating.

2013 progress and outlook

■ Having acquired better knowledge of the relevant issues in 2013, Bel Group will continue its work with its dairy producers in the coming years

In 2013, with the support of WWF France, Bel mapped out the different feeding practices concerning the cows that supply milk in its two main supply regions (France and the Netherlands), in order to gain a deeper understanding of the associated environmental issues. This revealed that growing the feed supplements given to the cows that supply milk in France and the Netherlands causes the deforestation of around 8,200 hectares of land every year.

The Group already encourages French dairy producers to favor grassland livestock farming and/or use locally-sourced feed supplements. In addition, the primary dairy collection region, the Netherlands, applies the Dutch industry commitment to only importing soy meal certified by the RTRS (Round Table on Responsible Soy) – or equivalent – by 2015 at the latest.

■ In 2015, Bel Group will no longer add palm oil to any of its recipes

In 2013, Bel purchased 3,197 metric tons of palm oil (9% of the fat purchased by Bel in 2013). R&D projects are underway internally and with its suppliers to eliminate the use of palm oil in its products by the end of 2014.

2.4.5 Reducing waste and discharges and managing environmental damage and hazards

Given the nature of its business, the Group is primarily concerned with waste discharges into water and the management and treatment of wastewater and sludge produced by its treatment facilities (see “Using natural resources more responsibly”).

Nonetheless, the Group is particularly attentive to reducing the total quantity of other waste generated by its activities, sorting it and recycling it (into material or energy) through specific treatment channels.

Bel is very attentive to managing and reducing the severe impacts of its activities and to the risk of accidental pollution, in order to protect its heritage and that of the communities in which it operates.

Reference guides and performance indicators

External reference guides

- Local legislation on discharges into the air, water and soil
- Operating permits
- Local regulations on noise from industrial installations, measurement standards

Performance indicators

Waste

- Total waste production (metric tons and kg per metric ton of cheese produced)
- Monitoring by type of waste and method of recycling
- Cost of access to waste treatment channels, after deduction of waste recycled

Discharges into the air

- Discharges of nitrous oxide ($N_2O + NO_x$) (metric tons and kg/metric ton produced)
- Discharges of sulfur dioxide (SO_2) (metric tons and kg/metric ton produced)

Noise pollution

- Number of sites complying with standards

Management of waste, discharges and noise pollution

All hazardous waste is disposed of through appropriate channels and closely monitored by the sites. Although local regulations on its classification vary from one country to another, it accounts for a small proportion of waste – around 3%.

■ Packaging and waste

Packaging material losses from production lines are considered to be waste. As such, they are included in the waste optimization and reduction processes implemented by Bel plants.

However, packaging is only considered waste at the end of its life, after it has served a variety of purposes. Packaging, especially product presentation in individual portions, forms an integral part of Bel's vision of responsible products. This is why it devotes a significant portion of the chapter on “Nutrition and responsible products” to them (see “Developing more responsible packaging”).

■ Sites and waste

There are currently significant disparities between the Group's various sites concerning waste treatment. Some sites manage to recover all of their waste, recycling or incinerating it for energy production. This is the case for five sites in France.

Recycling helps to reduce the quantity of waste taken to landfill. Improvement in this area depends on the presence of appropriate local channels: the Group expects its sites to set up partnerships with local operators wherever possible, in order to develop waste sorting and recycling.

■ Discharges into the air (other than greenhouse gas emissions)

By reducing energy consumption, Bel reduces its discharges into the air, which are in proportion to the energy consumed. To go even further and reduce discharges into the air generated by heat production, it favors the use of natural gas over fuel wherever possible, as it emits less nitrous oxide, sulfur dioxide, carbon dioxide and dust. The Group uses 4.5 times as much natural gas as it does fuel.

In addition, all sites with drying activities to turn whey into powder have installed air washers to reduce dust discharges (sites in Michalovce (Slovakia), Sablé-sur-Sarthe and Mayenne (France) and Ribeira Grande (Azores)).

■ Noise pollution

Bel's facilities are designed to reduce their noise levels, which is very important for local residents where the sites 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. Measurements are also taken following exceptional events such as the removal or the commissioning of facilities likely to change sound levels (e.g. refrigerating units, cooling towers) or work to reduce noise levels.

Action to reduce noise levels is taken when the noise emergence exceeds local standards: as soon as possible if the noise is considered an inconvenience by residents, or when carrying out other work on the facility producing the noise if it is not.

2013 progress and outlook

■ From 2014, Bel Group intends to structure its approach more effectively to help its sites reduce their non-recycled waste

In 2013, the Group's activities generated 26,599 metric tons of waste.

Also in 2013, Bel launched an internal survey to find out what practices are implemented by its various industrial sites and identify any support needs they may have.

Waste generation (breakdown by type)	2013
Hazardous waste sorted and sent to the appropriate channels	3%
Non-hazardous waste:	
● sorted and sent for recycling	74%
● unsorted and incinerated for energy production	9%
● unsorted and incinerated without energy recovery	0%
● unsorted and sent to landfill (OIW)	14%

The 16.5% increase in the ratio of total waste production per metric ton produced was due to one-off waste production generated by the cleaning of wastewater treatment facilities and the treatment of earth contaminated by two accidental oil spills.

The total quantity of waste increased by more than 20% because of these exceptional events, the inclusion of the site of Koléa (Algeria) in the reporting scope (which was previously excluded), and the general enhancement of the reliability of its reporting process.

Monitoring by type of waste and method of recycling	2011	2012	2013 ^(b)	Change 2011 2013
Hazardous waste sorted and sent to the appropriate channels ^(a) (metric tons)	443	516	732	+65.2%
Non-hazardous waste:				
● sorted and sent for recycling (metric tons)	14,875	17,490	19,811	+33.2%
● unsorted and incinerated for energy production (metric tons)	N/A	1,422	2,280	-
● unsorted and incinerated without energy recovery (metric tons)	N/A	24	5	-
● unsorted and sent to landfill (OIW) (metric tons)	4,822	3,161	3,771	-21.8%
Proportion of waste sent to landfill (%)	22%	14%	14%	-8 points
TOTAL WASTE PRODUCTION (METRIC TONS)	21,509	22,613	26,599	+23.7%
TOTAL WASTE PRODUCTION PER METRIC TON PRODUCED (KG/METRIC TON PRODUCED)	54	58	63	+16.5%

(a) Waste produced by subcontractors operating on the Group's sites is counted if it is disposed of in containers on Bel's sites.

(b) The data for unsorted waste sent to landfill is available for 25 sites whose production accounts for 98% of the total production covered by the CSR Report scope. Other data on waste is available for 27 sites which account for 100% of the total production covered by the CSR Report scope.

■ In 2013, Bel spent more than €1 million ensuring that its waste was handled responsibly

Cost of access to waste treatment channels, after deduction of waste recycled	2013
<i>in € thousands</i>	1,312

■ Discharges into the air (other than greenhouse gas emissions)

Discharges into the air fell sharply between 2011 and 2013.

Discharges into the air		2011	2012	2013
Nitrous oxide (N ₂ O + NO _x)	metric tons	177	161	145
	kg/metric ton produced	0.45	0.39	0.34
Sulfur dioxide (SO ₂)	metric tons	139	117	86
	kg/metric ton produced	0.35	0.29	0.20

■ Noise pollution

Noise-reduction actions were implemented on one site in 2013. However, the overall situation deteriorated, mainly on the "night

noise emergence" criteria, as the ambient noise is often low. Corrective actions will be taken when the noise is perceived as a disturbance by local residents.

Noise pollution	2011	2012	2013
Number of sites ^(a) in compliance for the noise level at the boundary of the property and the emergence level for the most at-risk residents	17	21	19

(a) Scope: 27 industrial sites.

2.5 Nutrition and responsible products

2.5.1 Ensuring the quality, safety and traceability of products

Bel's products have gained the confidence of millions of consumers all over the world. The Group is aware that there is no such thing as "zero risk", but it is its responsibility to justify this confidence by taking the most stringent possible approach to the quality, safety and traceability of its products throughout their value chain. Its approach takes into account the complexity of its distribution chains and the changing expectations and concerns of consumers.

The Group is witnessing a significant increase in consumer demands, a growing media interest in food-related issues, and a web users' high level of activity in reporting food scandals, which can greatly impact the image of the products and companies in question.

Bel's commitments in terms of food safety and security thus go hand-in-hand with those it undertakes to provide the pleasure and nutritional quality expected by its consumers.

In accordance with the principles that govern its CSR program, Bel circulates transparent information on its approach to the quality, safety and traceability of its products and addresses the questions asked by its consumers.

Reference guides and performance indicators

External reference guides

- HACCP approach
- Global Food Safety Initiative (GFSI)

Internal reference guides

- Group Regulations manual
- Traceability manual and procedures
- Crisis management manual and procedures
- Storage and Distribution Best Practices Charter

Performance indicators

- Number of sites certified according to GFSI standards (Bel and subcontractors)
- Volume sold from sites (Bel and subcontractors) certified according to GFSI standards (%)
- Number of complaints^(a)
- Number of audits of our suppliers and subcontractors

Health, safety and traceability policy

Bel's health, safety and traceability approach is governed by a very strict regulatory framework. The organizational structure it has implemented at every level of the value chain and the processes it stringently applies are aimed at reducing all risks liable to harm food safety for Bel products or the image of its brands, or adversely affect its business and profitability.

■ Stringent regulations

In terms of food safety, European legislation – which is renowned as being among the most stringent in the world – applies to all operators, from the production of raw materials through to the consumer, or “from farm to fork”. All of Bel's European plants are thus subject to obligations to produce results by marketing safe, healthy products, as well as traceability requirements. In addition, with a view to ensuring harmonization and impeccable food safety, Bel applies these European rules – alongside specific local requirements – in all of its plants, regardless of the country in which they are located.

■ An organizational structure with relays throughout the Company

At central level, the Group's Quality and Regulations Department (DQRG) reports to the Industrial and Technical Department and is responsible for leading and coordinating all processes and ensuring that they are effective.

It recommends policies to put in place, ensures that systems and reporting are coherent at the different levels, provides assistance to the Group's entities and audits the organizations to assess how effectively their systems are working. It alerts the Chairman and Chief Executive Officer and the Management Committee

to any major situation relating to quality and regulations. At regional and country level, quality and regulations correspondents implement the policy, are in charge of reporting, and perform the local monitoring required to anticipate changes in local legal and regulatory contexts.

■ Managing food quality and safety

In order to meet these safety requirements, the Group draws on the training of its teams, the performance of self-assessments and the principles of the HACCP approach (Hazard Analysis Critical Control Points).

In addition, Bel uses international reference guides for food safety management recognized by the Global Food Safety Initiative (GFSI). Its goal is to ensure that all sites (Bel and subcontractors) that manufacture products bearing its trademarks are certified by 2015.

For all new sites (created, purchased or subcontracted), certification must be obtained within two years.

Bel's sites are certified by an independent third-party organization.

Furthermore, quality management is based on the international standard ISO 9001. Twenty Bel sites were certified at the end of 2013.

All Bel sites report to the Group's Quality and Regulations Department on a monthly basis. This reporting process includes quality complaints and incidents, monitoring of certifications and supplier audits. Finally, Bel has implemented a recall procedure that enables products for which a food safety and quality alert has been issued to be rapidly withdrawn from sale. In 2013, Bel carried out a voluntary product recall in Japan (see below) and blocked products before sale owing to non-compliance with local regulations (with no consumer health risk) in Canada.

■ Food quality and safety throughout the life cycle of products

Strict controls and full traceability are carried out at each stage in the life cycle of Bel products.

Aware that food safety is a shared responsibility, Bel works in close cooperation with all operators along the value chain (suppliers, subcontractors, logistics service providers and retailers) in order to deliver safe, healthy products to its consumers.

Food safety lies at the core of its system. Every stage of its product manufacturing process is managed thoroughly, from raw materials through to the “release” of the finished product.

The quality plans comprise four stages.

Selection of suppliers

All suppliers of raw materials are carefully chosen. They must be referred by the Group's Central Purchasing Unit before they can supply to manufacturing sites. The supplier referral process is long. It covers all aspects of food safety and includes a full audit. Bel group requires exhaustive data, particularly with respect to the technical, logistics and regulatory elements, together with certifications, for example on the origin of the products, the presence or absence of allergens, etc. Depending on the results

(a) This indicator is not presented in this document owing to the complexity involved in interpreting it, but it undergoes an internal monthly monitoring process.

of this approval audit and the sensitivity of the ingredients supplied, the supplier is rated according to the relative food safety risk. This assessment allows follow-up audits to be scheduled. The risk is reassessed after each audit.

Control of raw materials

All suppliers of raw materials are subject to very strict specifications. All raw materials used in products and all packaging undergo stringent quality controls and traceability. The first systematic inspection is carried out as soon as the material is received in the plant: the compliance of the ingredients and packaging with Bel's specifications is checked, especially with respect to transport conditions (e.g. temperature) and integrity.

All ingredients, both liquid and solid, are inspected again before being used in production, at microbiological, physicochemical and organoleptic level. The frequency of these inspections is based on the Group's HACCP assessment and is tailored to the raw material or ingredient in question.

Moreover, for especially sensitive and strategic raw materials, Bel carries out quality audits on its major suppliers. These audits are performed by its internal auditors according to applicable procedures and the audit plan defined annually by the DQRG and the operational teams in each region. The same applies to the Group's subcontractors whose products bear its trademarks. These audits allow the Group to ensure that its partners comply with its requirements in terms of food quality and safety. Their frequency assures that the level of service expected by the Group is maintained over time.

Milk is a very fragile raw material. The Group pays close attention to the quality of the liquid milk it collects and that is used in its cheeses.

To prevent all risks from the outset, particularly bacteriological risks, the dairy production technicians continually circulate to the producers who supply to the Group the best practices for producing high-quality milk (see "Promoting more sustainable dairy production"). Where the quality of the milk falls below the Group's standards, they propose and implement targeted actions with the producers in question, comprising:

- An audit of operations (sometimes attended by 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.

In some cases where the milk is of insufficient quality, it is not used.

Control on production lines

Stringent control plans are implemented in plants, which relate to products being manufactured, packaging, finished products and the production environment (air, water, machines, manufacturing

premises, staff, etc.). On the production lines, Bel's semi-finished products (works in progress) and finished products undergo internal procedures comprising requirements that go beyond the regulatory minimum, particularly with respect to pathogens. The analysis frequencies comply with regulatory specifications and HACCP risk assessments.

These inspections at every stage of the process thus cover the entire manufacturing chain.

Bel keeps all records of these inspections for each site, as they constitute proof of the analysis results.

All of these inspections are performed by the plant's analysis laboratory and, where necessary, by accredited independent external laboratories. The 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.

Bel Group regularly ensures that its formulas comply with the targeted nutritional profile labeled on the packaging.

Finally, the Group regularly monitors sensory profiles of its products to ensure that they meet the consumer expectations identified through studies carried out by the marketing teams.

Downstream control of production sites

Audits are performed on the distribution chain in order to ensure that cold chain and transport and conservation conditions of Bel products are respected. For more than five years, Bel has gradually shared its Storage and Distribution Best Practices Charter with its distributors (importer customers) in its various regions of sale. This Charter aims to enhance optimum product quality and conservation. It is tailored to the retailer's context further to an inspection or audit on said retailer. It touches upon the following issues: storage temperature, facility characteristics, hygiene and cleanliness, storage practices, handling of products, traceability and transport. The retailer is provided with a poster to communicate these best practices to all employees. The Charter is being rolled out on a gradual basis. To date, it has been adopted by 30 distributors.

■ Full product traceability

The monitoring initiatives that Bel is implementing provides dual traceability across the entire value chain. As well as being able to identify all raw material suppliers involved in the manufacture of a given product, Bel is also able to identify all product batches in which a given ingredient is used.

These monitoring initiatives also allows the Group to store and manage information and data flows relating to food safety, promptly submit data requested by the authorities, identify risks, isolate individual production runs, and optimize the efficiency of product withdrawals and recalls.

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

This allows the Group to pinpoint the storage location of any product at any time, right up to the end customer, across all of its distribution and sales networks.

Bel's procedures provide for traceability tests at various stages; from the identification of its raw materials, to its manufacturing processes, to its downstream production sites. All Group suppliers of raw dairy materials and ingredients are assigned codes and traced continuously. The Group performs regular tests in order to ensure that they are able to provide additional traceability data within 24 hours of its request.

■ Listening to consumers and clients

In order to increase the satisfaction levels of consumers and clients and respond to their needs, the Group actively listens to their expectations:

- The websites and web pages set up for Bel brands on social networks allow clients and consumers to leave comments and feedback;
- Marketing teams carry out annual preference mapping surveys and studies with consumers to optimize the sensory aspects of Bel products;
- Comments, feedback and complaints can also be submitted through distributors or through any of the consumer service centers set up in certain countries. The corresponding contact details are included on packaging. The goal is to have them included on all packaging in the long term;
- Bel conducts satisfaction surveys among clients and sales partners. Moreover, client satisfaction is tracked on a monthly basis based on the complaint rate per product tonnage.

Some of these procedures have been formalized as part of food safety and food quality management systems (ISO 9001 and FSSC 22000 certifications).

As a supplier of products to other companies, Bel also complies with the audit requests of these companies (SEDEX, for example).

2013 progress and outlook

■ Within its quality/regulatory network, Bel Group has improved communications and the sharing of best practices

Bel has set up quarterly meetings that bring together local regulatory correspondents from across the globe in order to monitor the implementation of its strategy in each of its subsidiaries. During these meetings, regulatory updates and new policies are presented. Regulatory correspondents are made aware of any aspects in which improvements can be made in terms of management and implementation. These meetings are also an opportunity for people to share information about challenges or issues that are specific to individual countries. At least once a year, the Group carries out an evaluation of these meetings/training sessions in order to determine the extent to which the issues discussed have been understood. Bel also produces a weekly newsletter for the network of regulatory correspondents and other internal departments. The purpose of this newsletter is to consolidate and synopsise the monitoring of regulations/quality/safety on a global scale.

In 2013, Bel organized a global conference on quality/regulatory issues, as it does every two years. It brought together plant quality correspondents, regional quality correspondents and regulatory correspondents as well as the DQRG (quality and regulations) Department. This two-day conference gave the Group the opportunity to evaluate its progress on ongoing issues and to present future plans. It also allowed participants to interact on a personal level, to share common challenges relating to plant quality and find corresponding solutions. During the seminar, all plant quality and regional quality correspondents received training on the Bel Group Food Defense policy and the tools used to assess the risk of malicious acts.

■ Bel Group carried out 81 audits on its suppliers and subcontractors

In 2013, 73 suppliers and 8 subcontractors were audited. None of these audits revealed the existence of a non-conformity that would lead to questioning the Group's business relationship with any of its suppliers or subcontractors. However, 53 audits did result in the drafting of corrective action plans as part of its strategy of continuous improvement. In keeping with its audit procedures, and given that the minor non-conformities that were observed did not pose a risk to the food safety of products supplied, the audited suppliers and subcontractors in question have made commitments to the Group in respect of these corrective actions and the timeframe in which they will be implemented. Subsequent audits will allow the Group to verify that these commitments have been met.

■ Bel Group progressed with the certification program of its sites

The Group's goal for 2015 is to have all of its products manufactured in certified sites based on the standards of the Global Food Safety Initiative. In 2013, 82% of the product volume sold by the Group was manufactured at certified sites, representing a 4-point increase compared with 2012.

Certification	2011	2012	2013	2015 target
Number of Bel ^(a) sites certified according to GFSI standards	14	15	20	28 (100%)
Number of Bel ^(a) sites + subcontractors ^(b) certified according to GFSI standards	24	30	32	48 (100%)
% of sales volume from certified sites (subcontractors included)	-	78%	82%	100%

(a) Scope: 28 Bel sites (27 production and R&D sites, and Bar-le-Duc production unit).

(b) Scope: 28 Bel sites and 20 subcontractor sites.

■ Bel Group reviewed the crisis management procedure

In 2013, Bel expanded its risk management team and reviewed its crisis management procedure in order to facilitate the following:

- Quick decision-making based on a full and thorough analysis of the risks involved;
- Communication, on both internal and external levels;
- Feedback, in order to promote a culture of continuous improvement and learn from previous events.

Within the DQRG Department, Bel updated and streamlined its Crisis management manual on quality and food safety. This new initiative was first tested in July 2013 within the scope of the Group's voluntary recall – as a precautionary measure – of Kiri products in Japan following two identical successive complaints relating to the presence of foreign bodies that were clearly visible to the consumer when they opened the product. After investigation, it was established that these were small fragments of metal resulting from the very exceptional malfunction of the unit that was used to measure out portions. The unit was replaced and corrective measures were implemented.

■ Bel Group strengthened checks aimed at detecting the presence of foreign bodies in its products

Complaints relating the discovery of foreign bodies in its products account for between 5% and 6% of all complaints received. Although this figure is low, the risk is that it could have a major impact on the reputation of products and the Company (all types of foreign body are taken into account: fibers, hair, metal fragments, etc.)

In addition to applying the procedures already in place for detecting foreign bodies in the majority of the Group's plants and with a view to continuously improving its processes, Bel has decided to reinforce its metal detector – or X-ray – equipment systems in all plants.

■ In 2014, Bel Group will work hand in hand with its distribution partners in Sub-Saharan Africa on issues relating to quality and food safety

Quality and food safety are at the heart of the responsible partnership project initiated by the Group with its distributors in Sub Saharan Africa in 2013. Within this context, Bel will provide its partners with tools (training, checklists, etc.) to help improve practices relating to the handling, transportation, and storage of products.

■ In 2013, the Little Chute site in the US was awarded the title of Dairy plant of the year by industry magazine Dairy Foods

The magazine's readers selected Little Chute from a list of 13 agrifood sites in the US. In so doing, they acknowledged the operation's FSSC 22000 certification for food safety and more specifically, the processes that had been put in place on-site. Every department, i.e. almost 200 employees, actively contributed to the process of obtaining this certification.

2.5.2 Improving the nutritional quality of products

When consumed in reasonable quantities, cheese can contribute to a healthy and balanced diet. It is compatible with every one's dietary requirements, including those taking care of their weight or heart⁽¹⁾. It is also an important source of calcium, an essential ingredient for growing children. Chronic disease, excessive weight, obesity, malnutrition and nutrient deficiencies are issues that affect different parts of the globe in different ways. Bel sells more than 480 recipes in almost 120 countries. The majority of products (57% of turnover) are presented in individual portions, which have become a benchmark format for consumers. The nutritional intake per portion is therefore adjusted in order to address the specific needs of target populations, as well as the diversity of consumers and their specific requirements. This model, which is unique to the Group – it is the leading global manufacturer of individual branded cheese portions – is one of the key advantages of its nutrition policy.

Reference guides and performance indicators

External reference guide

- Recommendations of the World Health Organization

Internal reference guide

- Position paper listing the rules to be followed in terms of nutritional profile when launching a new product or reformulating an existing one

Performance indicators

Monitoring of nutrients contained in recipes and changes made to them

- Fat content (g/100 g of cheese)
- Sodium content (g/100 g of cheese)
- Calcium content (mg/100 g of cheese)
- Vitamin and mineral content (vitamins, zinc, etc. per 100 g of cheese) for fortified recipes

■ A nutrition policy founded on scientific basis

Bel's nutrition policy is based on the institutional recommendations of the World Health Organization, various national public health policies, and a scientific bibliography on specific topics. The Group also engages with international nutrition experts (researchers, pediatricians, nutritionists, sociologists, etc.) who are met on a one-to-one basis or during meetings of its independent scientific committee, which take place every year. This committee is made up of five members. It includes experts from GAIN (Global Alliance for Improved Nutrition), with whom the Group has been partnering since 2009. GAIN and other organizations advise the Group on

its choice of micronutrients for fortifying recipes aimed at specific target populations. This is the case in Vietnam in particular, where the Group has co-funded a nutritional study on calcium and vitamin D levels in women and children. Based on this report, which highlighted deficiencies in this population, the Group fortified The Laughing Cow recipe with these two nutrients.

At local level, the Group also has partnerships with national associations. In France, for example, Bel has partnered with the AFPA (French association of ambulatory pediatricians) for the second year running and has availed of their expertise in childhood nutrition.

Understanding the factors that determine eating habits is also a key element of the Group's nutrition policy. Bel supports the FFAS (French foundation for nutrition and health), which focuses on scientific research projects that study the relationship between food and health as well as the factors that determine dietary behavior. The Group has also engaged in research projects with universities in different parts of the globe, particularly in order to gain a better understanding of the nutritional and behavioral impact of portioning in consumers' diets.

In the US, for example, a team led by Professor Brian Wansink carried out a study on working women and children aged between three to six years on the satiety levels of different snacks incorporating Mini Babybel cheese. This study showed that a snack based on raw vegetables and a Mini Babybel is more filling than a less balanced snack based on potato chips or crackers. It also has fewer calories, which can have beneficial effects in terms of the number of meals eaten and calories consumed. These results were presented at the Annual Meeting of the American Dietetic Association in 2011.

■ Definition of nutritional profiles

Based on institutional recommendations and consultations with its stakeholders, Bel is working on the optimization of the nutritional content of its products. The Group's focus is on the three nutrients present in cheese that have a significant impact on public health: fats, sodium, and calcium. The target levels of these three nutrients vary according to local health issues and the positioning of Bel products.

Bel is already working on a number of product reformulation plans based on these three nutrients. Priority plans must be implemented by 2015, they concern:

- certain products aimed at and consumed by children – given that diet plays a crucial role in the growth and development of young children;
- certain products that offer a nutritional benefit, such as low-fat products, for example.

(1) Dairy products nutrition & health – Major studies, Best of 2012, Special cheese edition, CNIEL.

Bel's priority for products that are aimed at adults and often consumed on a less frequent basis is to provide clear and transparent information to help them make their choices. It also offers low fat versions of four of its main brands: The Laughing Cow, Leerdammer, Mini Babybel, and Boursin.

In addition to these three nutrients, The Group is fortifying certain products with vitamins and minerals (zinc, iodine, vitamins A and D, etc.) in order to address specific dietary requirements.

■ Formulating/reformulating recipes

Bel's R&D teams are focused on continuously offering new types of cheese that differ from others on the market in terms of their nutritional benefits, taste, and texture. The process involved in reformulating a recipe can sometimes take several years. For example, reducing the fat and sodium levels in The Laughing Cow cheese by an additional 5% in Europe took several years and several trials, despite the fact that these levels had already been reduced by 11% and 32%. This new recipe of the product will be available in 2014.

■ Validation of recipes by consumers

The work Bel puts into creating or reformulating recipes takes into account customer expectations in terms of taste, texture, appearance, etc. The reformulation of a recipe in a way that affects the characteristics of a product carries with it a real risk of rejection, or of the consumer switching to other offerings on the market that are less beneficial from a nutritional point of view. It is therefore essential to ensure that consumers like the reformulated recipe at least as much as the original. In 2013, marketing teams carried out nearly 200 surveys among over 60,000 consumers across all regions in order to make sure that the new recipes met their expectations. When developing a new product, the Group does not launch it on the market until 70% of the consumers surveyed have confirmed that they like the product. When reformulating an existing product, it is not launched unless the majority of those surveyed find the new recipe at least as good as the original.

■ Responsible communications and promotion of healthy eating

At Group level, an internal team of dieticians and nutritionists are responsible for defining and coordinating nutrition policy. Implementation of this policy at local level is the responsibility of a network of 20 in-country nutrition correspondents. In particular, these nutrition correspondents are tasked with creating a communications plan, sharing best practices, and most importantly, gaining an in-depth understanding of the nutritional context at a local level in order to ensure that the Group's nutrition policy can be adapted to local circumstances.

Moreover, Bel is convinced that training its marketing teams in the basics of nutrition is essential to their ability to responsibly incorporate a nutritional dimension in their brand strategies. In

2011, a dedicated training course was set up for this purpose and is now taught on an annual basis to managers from around the globe.

Given that the consumer is the primary stakeholder affected by the nutritional profile of the products they purchase, Bel is very focused on the nutritional information conveyed on its packaging and on its sites (see "Making information more accessible for consumers").

Responsible Communications Charter states that communications should not encourage children to consume food to excess, or to eat in an unstructured way. On the contrary, communications should lead by example (see "Developing responsible advertising and promotional campaigns"). In addition to the Group's focus on responsible communications, it believes that it is important to promote the benefits of healthy eating, especially given that almost 400 million people consume Bel products every year. Raising awareness about healthy eating and encouraging consumers to adopt healthy eating practices is therefore an integral part of the Group's nutrition policy.

With the support of the Group's nutritionists and Nutrition correspondents, Bel brands are rolling out a number of nutritional awareness initiatives to their consumers.

In Morocco, for example, The Laughing Cow has been running a special nutrition workshop for over a year. This quarterly event is aimed at sharing information, advice and feedback with mothers on the subject of nutrition and healthy eating in children. These workshops, run by nutrition experts and coaches, cover a variety of topics from balanced breakfasts, to teaching children how to enjoy healthy food, to the relationship between nutrition and physical and mental development. In total, almost 1,000 women took part in these workshops. A communications campaign is also carried out in various print media before and after the event. The information covered by the workshop is also made available to the public in order to raise the awareness of mothers who were not able to attend.

2013 progress and outlook

■ The Group has initiated a number of studies aimed at improving its understanding of the factors that determine eating behavior

Bel Group launched a research project with François Rabelais University in Tours, France. The purpose of the project is to gain a better understanding of the role of individual portions in the consumption of cheese by children between three and six years of age both at home and in the school canteen. The results of the study will be presented at a conference to be held at the annual AFPA meeting in May 2014.

In 2014, a scientific study will be carried out on the benefits of individual cheese portions in the control of nutritional intake in working women, particularly in terms of fat content and calories.

■ In 2013, an independent scientific committee was tasked with reviewing the internal rules on nutritional fortification

A wide range of opinions was taken into account in preparing the future position paper aimed at developers and marketing teams on the protocols to be followed when fortifying products. This includes identification of requirements, objectives and partners, definition of quantities and types of fortifying agents to be used, and final assessment of the impact of nutritional fortification.

■ In 2013, Bel Group continued to reformulate recipes

Since 2011, 58 recipes have either been reformulated or are currently being reformulated in order to optimize their nutritional content. In 2013, this included the following:

Reduction in fat content

- According to the World Bank, almost 11% of Moroccan children under the age of five are obese. The adoption of healthy eating habits and a reduction in the fat levels of food products is therefore a priority here. As a result, the fat content of the Les enfants cheese was reduced from 23 g to 19 g per 100 g;
- In the Ukraine, the fat content of The Laughing Cow products "Smetankovi" and "Droujba" was also reduced from 24.2 g to 19.5 g per 100 g;
- In Algeria, the fat content of the Regal Picon cheese was reduced from 25 g to 20.5 g per 100 g.

Reduction in sodium content

- In Western Europe (excluding Spain), Asia and Sub-Saharan Africa, Bel has reduced the sodium level in The Laughing Cow Light from 760 mg to 590 mg per 100 g of cheese. In the UK, this Light variant of The Laughing Cow cheese is a best seller;
- In Western Europe, North Africa, and Asia, the sodium level in Toastinette Hamburger cheese slices for hamburgers was reduced by 25% and now accounts for 920 mg per 100 g.

Increase in calcium content

- In Algeria, the calcium content of Regal Picon cheese was tripled, increasing it from 200 mg to 600 mg per 100 g;
- In the Ukraine, the calcium content of The Laughing Cow cheese portions now exceeds 600 mg, increased from 379 mg to 670 mg of calcium per 100 g of cheese.

■ In order to advance its plans to reformulate its recipes, the Group has updated and improved its internal tool, the Bel Food Profiler, which will be approved by an independent scientific committee and rolled out for use in 2014

This tool helps to analyze the nutritional profile (protein, fat, sodium, calcium, etc.) of each Bel recipe and will allow identification of those recipes that need to be reformulated, from the point of view of WHO recommendations. The design of this tool took into account consultations with international experts from various countries (US, Vietnam, South Africa, Morocco, etc.).

■ Bel Group continued to provide training in nutrition to marketing teams

To support the rollout of its nutrition policy, the nutrition training that Bel initiated in 2012 for its marketing teams was reviewed in order to better meet the expectations of participants. By the end of 2013, 39% of all relevant marketing managers had received training. The goal is for all 269 marketing managers to have received training in nutrition by the end of 2015.

■ Bel Group shared its progress with its stakeholders

Bel created a special brochure explaining the nutrition policy of the Group. It was distributed internally and externally, most notably at the International Nutrition Conference held in September 2013. 4,000 copies were distributed to researchers, medical practitioners, public service representatives and industry professionals attending the conference.

An extract from a scientific article on the value of individual cheese portions in the nutritional education of children, co-written by Dr. Dominique-Adèle Cassuto and the Group's Nutrition manager, was distributed to 2,000 experts at the *Journées Francophones de Nutrition* (French speaking Nutrition Days) conference held in December.

For the second year running, Bel Group exhibited at the annual AFPA congress. Held in May 2013, the congress also provided an occasion to introduce the Group's nutrition policy to experts in childhood nutrition.

■ In 2014, Bel Group will have its nutrition policy audited

Led by an external consultant, this study will allow the Group to compare its business with 22 of the world's largest agrifood companies and identify new areas for improvement.

2.5.3 Developing more responsible packaging

Portions of cheese carefully protected in individual packaging in a way that is original and practical forms the basic DNA of the Group's business model – the triangular portions of The Laughing Cow and numerous other local processed cheese brands, the little square portions of Kiri, round cheeses of Mini Babybel, mini cubes of Apéricube and rectangular portions of Boursin.

A large proportion of Leerdammer sales is in the form of individual slices, complete with resealable packs to conserve freshness.

Reference guides and performance indicators

External reference guides

- European Directive 94/62 EC
- Ecodesign packaging policy – France: Guidelines from the CNE (French national packaging council)
- Environmental claims associated with product packaging: Guidelines and recommendations from the CNE

Internal reference guides

- CSR Packaging Passport
- The Group's Development Charter
- Help manual for the ecodesign of packaging
- Position paper on packaging renovation

Performance indicators

Reduction at source

- Weight of packaging materials used (metric tons and kg/metric ton of cheese produced)

Choice of materials

- % of certified-origin cardboard (corrugated cardboard and compact cardboard)
- % of cardboard made from recycled materials (corrugated cardboard and compact cardboard)

consumer, and by offering them in a form adapted to consumer needs (see "Innovating to make products more accessible");

- To adjust the energy and nutritional values of portions based on the target population (see "Improving the nutritional quality of products");
- To be a source of information for consumers – nutritional content, composition and analysis, expiry dates, recycling instructions, etc. (see "Making information more accessible for consumers").

By minimizing the risk of cheese wastage, individual packaging plays a fundamental role in Bel Group's goal to conserve natural resources. The wasting of cheese entails not only the wasting of all the resources that went into the production of that cheese's ingredients but also those resources employed to produce the cheese in plants, to conserve it, and to transport it to the consumer.

According to the Food and Agriculture Organization⁽¹⁾, wastage in the milk and dairy products sector represents, depending on the geographical region, between 10 and 25% of production.

In developed countries, where waste mainly occurs at the point of consumption, packaging in individual portions permits:

- Portions which have been handled but not consumed to be conserved, especially in the restaurant and catering sector;
- Unconsumed portions to be kept in perfect condition once the box has been opened, thus avoiding the need to discard remaining cheese.

In developing countries, where a significant proportion of the Group's sales take place, wastage generally occurs in advance of the consumption phase. Packaging in individual portions also allows optimum preservation of the cheese right up to the point of consumption, often over long periods and despite frequent breaks in the cold chain.

In 2013, at the Group's request, Ifop (French market research and polling company) carried out a study entitled "Food wastage" (study no. 712190) in order to evaluate the perception among French cheese consumers of wastage risk associated with various different packaging types. Results showed that individual cheese portions have a clear advantage when it comes to preventing food wastage. After reasons of practicality, this was the second most popular reason for buying cheese in this form. For 58% of consumers, individual packaging is the format least associated with wastage, because of its association with conservation. This is a good deal ahead of any other form of packaging, with 75% of people surveyed stating that they never wasted cheese that has been packaged in this way.

2.5.3.1 The role of portions in the prevention of food wastage

Bel's packaging, particularly packaging into individual portions, is a major contributor to its forward progress, and the following commitments:

- To deliver products that are healthy and reliable (see "Ensuring the quality, safety and traceability of products");
- To make products more accessible by preserving and protecting them right up to the point of consumption, as decided by the

(1) FAO study entitled "Global food losses and food waste" carried out by the international "Save Food!" initiative for the Dusseldorf Interpack fair, 2011.

2.5.3.2 CSR packaging passport – a continuous process of improvement

The relative contribution of packaging to Bel products' overall environmental footprint remains marginal, compared to that associated with the production of the raw dairy materials used in the production of the cheese. This fact is supported by the Life Cycle Analyses performed by the Group on its products⁽¹⁾. In actual fact, packaging materials represented between 5 and 10% of greenhouse gas emissions, and between 10 and 20% of water consumption⁽²⁾.

The development of innovative packaging formats is at the heart of the Group's performance strategy. Bel has numerous teams working on packaging in its R&D centers as well as in its Purchasing Department and across all production sites. The R&D Department supports all relevant teams *via* the continuous improvement process, the CSR Packaging Passport, to ensure long-term environmental optimization of packaging.

The CSR Packaging Leader ensures that all progress plans are closely monitored, including packaging renovation activities and knowledge growth, as well as lobbying and responsible communications. They also encourage the sharing of best practices, and track changes in corresponding performance indicators.

■ Renovating the packaging systems to improve their environmental performance

Bel is continuously improving packaging solutions with the aim of reducing their environmental impact throughout their life cycle, from the moment their constituent raw materials are produced right through to the point where they become waste. The environmental optimization of its packaging systems must, of course, preserve the functionality and characteristics expected by consumers and distributors in terms of packaging quality, security, and practicality.

Reduction at source and choice of materials are the two key elements of the Group's ecodesign packaging policy.

Breakdown of packaging materials used by the Group (by weight ^(a))

Compact cardboard and paper	39%
Corrugated cardboard	42%
Plastics	10%
Aluminum	7%
Other	2%

(a) Estimated 2013.

Reduction at source

Reducing the amount of packaging used by the Group has been one of Bel's main priorities for a number of years. Actions to reduce at source involve all packaging materials; however, given that the greatest share is represented by cardboard, this is the material on which the Group mostly focuses its attentions.

More specifically, the corrugated cardboard logistic units used to transport Bel products represent a greater potential for reduction at source than the compact cardboard boxes containing cheese portions; these have already been optimized and meet a complex set of specifications.

Bel has been working for a number of years on the optimal thickness of the aluminum wrapping used to package and protect portions. The nature of this material means that a very thin layer can be used (around 10 microns). As such, even though the majority of individual cheese portions are wrapped in an aluminum

foil, the total tonnage of aluminum used is relatively low compared to other materials. Additionally, given the very fine layers already achieved, the possibilities for further reduction are minimal.

Efforts to reduce at source also extend to the plastics used mainly in pots and cartons. Optimization mainly focuses on the thickness of film wrapping and on slicing techniques, as limited by technical constraints (protection, sealing, opening and resealing, etc.) and technological constraints (tools available in plants and with suppliers).

The red wax packaging around Mini Babybel cheeses is not considered to be packaging as per the meaning of European directive 94/62 on packaging and packaging waste, and is therefore not included in the figures given in this section. It is, however, part of the ecodesign packaging policy, specifically in terms of reducing the quantities used. In 2013, nearly 7,400 metric tons of wax were used.

(1) LCA carried out in 2009 on a range of products and packaging formats within the five core brands, across different production sites.

(2) The percentage varies according to the product analyzed and the format.

Choice of materials

The environmental footprint of a piece of packaging implies more than the mere fact that it ends its life as waste. Packaging materials have already had an impact on the environment even before they arrive at plants. This impact varies from one material to another – high water consumption for cardboard, high energy consumption for aluminum, depletion of fossil fuels for plastics, etc.

Optimizing packaging by simply reducing quantity rather than changing the materials used allows changes in environmental footprint to be assessed easily. On the other hand, when one material is substituted for another, evaluating the environmental footprint of the packaging can become difficult given the substantial differences in the impact of various materials and the different quantities required in order to meet specifications. In-house, Bel performs *ad hoc* life cycle analyses so that it can choose materials based on their environmental impact.

In terms of the material used most, cardboard, Bel plans to encourage the following practices as soon as possible:

- Use of recycled fibers. However, it should be noted that, for certain uses which require very strong, resistant materials (processing by machines, transport, etc.), cardboard made from virgin fibers is preferred as the use of recycled fibers would require significantly more material to achieve the same result;
- Use of materials sourced from responsibly managed forests, in ecological terms as well as social and economic terms. Bel gives particular preference to certified materials.

Improved recyclability is a key factor in the choice of packaging materials.

Bel gives preference to recyclable materials wherever possible, while remaining aware that, in certain countries where Bel products are sold, the infrastructure required to collect and recycle household waste is not yet in place.

Bel takes a keen interest in these collection and recycling infrastructures and is often directly involved in their development. In France, for example, Bel is working in partnership with Eco-Emballages, a company that manages and operates the sorting and recycling of household packaging waste in France on a project to improve the recyclability of the packaging for Leerdammer slices, within the framework of a recycling experiment relating to plastic packaging (see below).

Given the consumer's integral role in the recycling process (by means of sorting household waste), the Group pays particular attention to the need to provide them with the relevant information (see below).

Any packaging offcuts resulting from the manufacturing process in plants are systematically sorted and sent through the corresponding recycling channels as soon as the latter are available in the relevant country. For example, at Group level, almost all aluminum offcuts are collected and sent for recycling. This corresponded to a total of 401 metric tons in 2013 (see "Management of waste, discharges and noise pollution").

■ Growing the Group's knowledge base

Bel's continuous improvement process, the CSR Packaging Passport, involves a number of stakeholders, both internal and external.

- In the R&D centers, the teams actively monitor technological and scientific opportunities in order to improve the environmental footprint of packaging, and work on numerous research projects, often involving universities and other partner research institutions;
- In the plants, applications development teams, along with engineering teams and industrial equipment suppliers, are continuously optimizing the packaging systems and processes for cheese;
- Buyers keep a close watch on possible improvements offered by suppliers;
- The marketing and sales teams contribute to packaging strategy by providing information on the expectations of consumers, on one hand, and clients and distributors on the other;
- The logistics teams work with service providers to improve the fill rate of containers and trucks, which is closely linked to volumes of packaging and to packing.

The CSR Packaging Committee, chaired by the CSR Packaging Leader, brings together representatives of all internal stakeholders. The committee has met every quarter since 2009 in order to share knowledge and best practices and to manage the CSR Packaging Passport process.

Training workshops have been organized under the leadership of the CSR Packaging Leader, and a certain number of tools have been placed at the disposal of all or some of those involved:

- The Development Charter states that all packaging developments, whether in the context of a product renovation or launch, must meet a set of functional specifications which – apart from the environmental aspect – define the main functions required of the packaging;
- The Help manual for the ecodesign of packaging describes the regulatory context in which the Group operates and the main questions teams should be asking themselves when creating or renovating product packaging;
- The position paper on packaging renovation prohibits downgrading of the packaging/product weight ratio.

When deemed appropriate by the CSR Packaging Leader, life cycle analyses are carried out in order to further the understanding of the environmental impact associated with the Group's packaging and to inform its choices in terms of development.

■ Communication with stakeholders

Bel Group wants to ensure that its efforts and progress in terms of ecodesign packaging are visible to the various stakeholders involved.

Even though the available space on packaging is limited, given the limited size and the volume of information already present (nutritional information in particular), the Group tries to include information that encourages consumers to sort their packaging waste where this is feasible.

Wherever possible, the Group features recycling information on packaging in countries where the necessary infrastructure exists (see "Making information more accessible for consumers").

In France, this approach is supplemented by an information sheet detailing recommendations for recycling packaging. The sheet is entitled *Allez Zou ! C'est parti pour le tri !* (Let's go! It's recycling time!), and was devised with the help of Eco-Emballages. It is available to consumers on the French multi-brand site www.nos-bel-idées.fr.

■ Responsible lobbying

Bel Group's goal is to better understand and anticipate developments in the area of packaging and the environment, whether in terms of regulation, standards, technology, etc. It is also to make its voice heard and share its experience as a food manufacturer for whom individual packaging and the fight against food wastage are of fundamental importance.

Bel consistently aims to reflect the vision of the European Parliament⁽¹⁾, i.e. the Group "emphasizes the fact that optimization and effective use of food packaging can play an important role in the prevention of food wastage".

In France, Bel Group is a member of the *Comité national de l'emballage* (National Packaging Committee), whose role is to consult with businesses, and which brings together the various parties involved in the packaging value chain – suppliers,

manufacturers, distributors, and consumer associations. The Group also participates in the ANIA (French national food industries association) working group dedicated to packaging.

2013 progress and outlook

■ In 2013, Bel Group continued to take action to reduce packaging at source

Bel's policy to reduce packaging quantities was sustained in 2013 by a certain number of initiatives aimed at reducing it at source. For example:

- Bel discontinued the Boursin Salade presentation platter, which resulted in a reduction in plastics of 58 metric tons;
- In the Netherlands and France, Bel has been able to reduce the thickness of certain Leerdammer sliced packs to save 50 metric tons of plastic;
- In Turkey, two specific initiatives have allowed the Group to save 35 metric tons of plastic: the replacement of the Karper 6-portion round plastic container with a cardboard container, and the creation of a new box specifically for the 18-portion version. This reduction at source was accompanied by a reduction in environmental impact linked to the changing of materials identified during the life cycle analysis carried out in 2012;
- Optimization of the pallet wrapping used in Slovakia resulted in a saving of 12 metric tons of plastic;
- Thanks to changes in manufacturing molds, the pots and covers of numerous products in the restaurant range (The Laughing Cow, Boursin, Cantadou and Maredsous brands) were optimized to save more than 10 metric tons of plastic.

In 2013, Bel's cheese production grew by 4% and packaging consumption increased proportionately to reach 66,000 metric tons.

Consumption of packaging materials	2012 ^(a)	2013	2015 target
Metric tons	63,500	66,000	
Kg per metric ton produced	169	169	164

(a) The increased reliability of reporting has allowed clarification of the figure for 2012 in retrospect.

Despite the numerous reduction actions at source carried out between 2012 and 2013, the average ratio of consumed packaging has not fallen, remaining at 169 kg per metric ton of cheese produced.

(1) Article 30 of resolution adopted January 19, 2012.

Despite the many initiatives carried out in 2012 and 2013 to reduce packaging at source, the average ratio of packaging consumed did not decrease, and remains at 169 kg per metric ton of cheese produced.

This is largely explained by the development of the product portfolio and the increase in certain products (brands and formats) where the ratio of packaging weight to cheese weight is less favorable. The Group has noted for example, that, mainly for reasons of employee stress during handling, distributors tend to prefer smaller-sized groupage crates where the ratio of packaging weight to cheese weight is generally higher.

The goal is to reduce consumption of packaging materials by 3% per metric ton between 2012 and 2015. This is the equivalent of 2,000 metric tons of material saved on a like-for-like basis.

■ **In 2014, Bel Group will launch an ambitious project to optimize its groupage boxes and transport crates for The Laughing Cow and Kiri brands**

This project will contribute significantly to the achievement of the Group's goal to reduce packaging consumption by 2015. The project will be cross-disciplinary and will involve all internal stakeholders – marketing, manufacturing, and logistics, as well as external stakeholders – suppliers, logistics partners, and clients.

■ **In 2013, Bel Group significantly increased the proportion of certified corrugated cardboard and maintained the proportion of recycled cardboard**

Consumption of certified, recycled cardboard

	2012 ^(a)	2013	2015 target
% of certified cardboard	16%	23%	-
% of certified corrugated cardboard	31%	44%	50%
% of cardboard based on recycled materials	74%	73%	-
% of corrugated cardboard based on recycled materials ^(b)	79%	77%	-

(a) The increased reliability of reporting has allowed clarification of the figure for 2012 in retrospect.

(b) In Europe, Bel uses 83% recycled fibers in its corrugated cardboard. It believes it would be difficult to achieve a proportion higher than this. Bel's ultimate goal is to achieve comparable levels in all the Group's regions. In 2013, the proportion of recycled fibers in the corrugated cardboard used was either maintained or increased in the great majority of regions, with the exception of Egypt for reasons of quality. In actual fact, the slight reduction in the overall ratio was due to a change made to a significant portion of the corrugated cardboard used in this specific plant. In order to tackle an issue relating to the resistance of packing materials observed during transport, the short-term solution devised by the supplier was to switch to a more solid virgin cardboard.

■ **In 2013, Bel Group continued to improve the recyclability of its Leerdammer packs**

This R&D work formed part of the project being carried out in France by Eco-Emballages to extend the inclusion of recycling instructions to plastic packaging other than bottles and flasks. The work focused on both the pack itself and its cover. The result was a mono material PET film that ensured sufficient barrier properties, allowed for satisfactory sealing of the pack and was, as expected by consumers, easy to open. By regularly sharing its findings with Eco-Emballages over the course of this project, the Group contributed to the development of market standards and the long-term optimization of recycling for this major packaging group (thermoformed, rigid plastic packaging).

■ **In France in 2013, Bel Group contributed directly to the collection and recycling of 11,500 metric tons of packaging by contributing financially to the Green Dot initiative**

■ **In 2013, Bel Group increased the engagement of all teams**

The emphasis was placed on information and on training of all persons involved by means of the CSR Packaging Passport. 50 individuals from the Research, Development (central and regional), Manufacturing, Purchasing, and Marketing Departments attended a 1-day training course. The goal of the training was to share information relating to the Group's goals, ongoing projects and the tools at people's disposal, and to allow each individual to identify the way in which they could contribute to the achievement of the Group's goals.

The CSR Packaging Leader also engaged the manufacturing teams; particularly in the Group's key plants so that, together, they could identify constraints and pathways to progress.

■ In 2014, Bel Group plans to increase the presence of recycling information on its packaging

As part of the application of the Group consumer information policy, Bel will ensure systematic placement of recycling instructions on packaging in France.

In 2014, in collaboration with the marketing teams, Bel will improve its knowledge of the various recycling processes for household packaging in the major countries in which Bel brands are sold. This will allow it to optimize the information communicated to

consumers in relation to recycling and, more generally, will feed into its reflections on the strategies to be employed in recycling its packaging.

■ At the end of 2013, Bel Group became a member of EUROPEN ⁽¹⁾

Bel Group recently joined EUROPEN⁽¹⁾, the European organization dedicated to packaging and environmental issues, thereby lending a more international dimension to its lobbying activities in relation to packaging, as well as its interaction with stakeholders.

2.5.4 Innovating to make the Group's products more accessible

On a global scale, the Group's goal is to increase sales by addressing a growing number of consumers, offering reasonably priced products and formats that have been adapted to meet their expectations. Bel's business model, based on the individual portion and its broad-ranging brand portfolio are two major factors in service of this goal, allowing it to sustain its growth.

The individual portion format, in certain cases, makes the sale of single units possible. For example, in Senegal, a portion of The Laughing Cow sells for 100 CFA francs (or €0.15).

As well as this individual-portion business model, the Group has also put structures in place in order to stay better connected to the needs of its consumers, whether in terms of pricing, nutritional needs, or distribution networks.

Vision of accessibility

2.5.4.1 Staying close to Bel markets

In order to remain as close as possible to families wherever they are in the world, and to provide them with products that meet their expectations, Bel locates its production sites as closely as possible to its markets. This also allows the Group to better manage production costs.

In addition, the goal of the BOOST program currently being deployed across all its plants (see "Environmental policy") is to increase productivity, thereby helping to make Bel products accessible despite the rising cost of raw materials.

2.5.4.2 Developed and developing countries

Making products more accessible also means changing the way the Group presents itself, in order to be more in touch with its consumers. With that in mind, in 2013 Bel reviewed the way its marketing teams are organized. Now, they are arranged into two sections – developed countries and developing countries.

This allows the Group to be more agile in terms of adapting its offering to the habits and desires of these different consumers, and to maximize the synergy between local brand strategies.

By leveraging a number of elements in developing countries, including local production, Bel can sell its products at an accessible price based on the buying power of the corresponding population. It has therefore adapted recipes for its core brands – Kiri and The Laughing Cow – as well as specific variants sold under local brand names. For example, the Jibnet Abou al Walad cheeses sold in the Near and Middle East are priced 15% lower than Kiri or The Laughing Cow.

Reference guides and performance indicators

External reference guide

- IFC (International Finance Corporation) Report: Accelerating Inclusive Business Opportunities (2011)

Internal reference guides

- Sharing Cities program
- Sharing Cities toolkit and roadmap

Performance indicators

- Volumes sold by street vendors within the framework of the Sharing Cities program
- Number of cities covered by the program
- Number of street vendors in the program
- Number of trained street vendors
- Number of street vendors with health micro-insurance

(1) www.europen-packaging.eu

2.5.4.3 Bel Access – an incubator for innovative projects targeting lowest income populations

In some circumstances, it is a case of overcoming one major obstacle, “the last mile”, to reach out to consumers generally difficult to access, due to dispersion and/or the lack of an advertising infrastructure. For this very reason, Bel created a new Department in 2011. The main activity of Bel Access is to test out innovative new distribution models based around street vendors, usually women, to overcome that final obstacle. The goal of Bel Access, positioned as a project incubator at the heart of the Group, is to find the right balance between maximum social impact and the economic viability of projects.

Moreover, working closely with the Group’s operations and marketing teams focusing on developing countries, Bel Access develops products specially designed to respond not just to the tastes of low-income populations, but also to their nutritional needs.

■ Goodi project in Vietnam

In 2012, Bel Access took control of a project targeting the lowest-income populations of Vietnam, a region where the Group had already been active for a number of years. The project involved the development of Goodi, a product from The Laughing Cow brand aimed at children.

■ Sharing cities

In 2013, Bel initiated a program called “Sharing Cities”. The program included a roadmap and toolkit and was created in order to support the Group’s local entities in their implementation of “inclusive” distribution models, *i.e.* models that actively involved

low-income populations in the distribution chain (street vendors, female small business owners, etc.).

Apart from the social benefits, this model also allows the Group to make Bel products accessible to consumers who, for a variety of reasons, do not have access to more traditional distribution networks.

2013 progress and outlook

■ In 2013, the Sharing Cities program was created and presented to the relevant local entities

There are two pilot projects ongoing in Vietnam and the Democratic Republic of the Congo, and a new project has also been launched in the Ivory Coast. Already, the project has enabled almost 2,100 street vendors – mostly women – to sell around 24 metric tons of The Laughing Cow outside the traditional networks.

In Vietnam, approximately 300 people have been given access to training programs and micro insurance schemes. To date, 60 vendors have completed training and 71 have taken out a health micro insurance policy. Between now and 2015, the Group hopes to extend the Sharing Cities program to five cities where it is active and to thereby make 150 metric tons of its products accessible *via* a network of 5,000 street vendors.

■ Goodi will be launched in the Vietnamese market in 2014

Bel Access is also offering the Group’s local entities its expertise and support in the deployment or co-development of new accessible recipes adapted to local nutritional needs.

2.5.5 Strengthening the natural qualities of products

The growth in the world’s population is accompanied by even faster growth in the rate of urbanization. The need to reconnect with nature is becoming increasingly important in societies where more than one person in two is a city dweller. This need is clearly reflected in the search for healthy, nutritious food perceived as being more “natural”. This desire for the natural often stems from certain consumers’ rejection of specific ingredients, in favor of products that they consider natural, and this, despite the lack of scientific data to support claims against their safety, and despite the fact that their use has been authorized by local regulations.

Bel products are sold in more than 120 countries around the world and must satisfy a number of very different requirements – a long shelf life, for certain regions far from production sites; ability to withstand the lack of a cooling system, for regions where distribution cannot guarantee a break-free cold chain; creamy

texture and attractive color palette, etc. The Group strives to meet all of these needs, creating a great number of recipes, sometimes with the assistance of additives.

Reference guides and performance indicators

Internal reference guide

- Position Paper “Renovation/Innovation on the use of additives” setting out the rules to be followed in terms of additives when launching a new product or reformulating a recipe

Performance indicator

- Number of additives per recipe

Meeting the “natural” expectations of consumers

Studies carried out among consumers of Bel products have allowed it to understand how this desire for the natural can be applied to the Group's brands. Two main themes emerged from these studies – a desire for additive-free food and a rejection of genetically modified ingredients. As regards the latter, Bel has already decided to use only “conventional” raw materials and ingredients (see below).

2.5.5.1 Reducing the use of additives

An additive is a substance not consumed normally as a food or as an ingredient in food, but which can be included in a product to perform a specific technical function. Additives can be sourced from a variety of different origins – mineral, vegetable, animal, from the conversion of natural substances, or processes of synthesis and fermentation. Therefore, it's worth noting that some substances considered additives are actually from a natural source.

Even though there is no scientific data to cast doubt over the additives used by the Group, a growing concern has been noticed amongst consumers in certain countries on the subject. A TNS (Taylor Nelson Sofres) study carried out in Europe and the United States in 2012 showed, for example, that more than 70% of consumers would like to see information relating to the natural origin of ingredients on food packaging, as well as the absence of colors and preservatives.

When there is no specific function to justify the need for additives, Bel Group's products do not contain them. This is the case for Mini Babybel Original and Boursin Garlic and fresh herbs, for example. Bel has also identified and initiated priority projects to reduce the number of additives in its flagship recipes. These complex projects involve everyone, from R&D and applications development, to marketing and manufacturing. Reducing the number of additives in a recipe can have a significant effect on texture and taste. It is therefore essential to ensure that consumers enjoy the reformulated recipe at least as much as the original.

2.5.5.2 No ingredients from genetically modified plants

Since the advent of genetically modified plants, and in order to satisfy the expectations of consumers, the Group's position has been to favor supplies of “conventional” raw materials and ingredients. This means that the raw materials and ingredients used in its recipes do not contain GM organisms, or contain only an incidental and unavoidable quantity of less than 0.9%, as defined by European Union regulations.

Also, as determined by the EFSA (European Food Safety Authority) notice of July 19, 2007, even if the feedstuffs consumed by certain animals contain GM organisms, products originating from said animals (meat, milk, eggs, etc.) will not contain any trace of genetically modified DNA.

2.5.5.3 Traditional milk and organic milk

The number of food crises that occurred over the last few years (mad cow disease, avian flu, etc.) has reinforced a general lack of trust in food safety, and “eat organic” has become a standard precautionary principle among a growing number of consumers. However, it's important to note that the “organic” notion has more to do with a specific source than with an area of expertise. Therefore, those markets containing the least processed foodstuffs are those seen by the average consumer as having the most legitimate organic offering. It would be incredibly difficult, if not impossible, to ensure that all ingredients going into the recipe for Bel processed cheeses meet the necessary requirements to be deemed totally organic.

For pressed cheeses and fresh and processed fresh cheeses, a simple change to the way the milk is sourced (*i.e.* from traditional milk to organic milk) would greatly affect product pricing, making it far less attractive. This change would also mean almost doubling milk storage locations and production chains in order to avoid mixing the two different types.

For these reasons, Bel has decided not to position ourselves within the niche sector of organic cheeses. Additionally, offering organic products would require a supply, which is currently unavailable, and one which is incompatible with Bel Group's business model, where manufacturing in large volumes allows the Group to offer its products at an affordable price to the largest possible number of consumers. This model is the basic foundation of its plans for growth.

2013 progress and outlook

■ A program for reformulating recipes to reduce the number of additives was pursued and will be continued in the years to come

Since 2011, operations teams have been identifying the brands and markets in which the reduction of additives is a core desire for consumers. This list is updated regularly and new projects added to it. Since 2011, 30 recipes have either been reformulated or are currently being reformulated in order to reduce the number of additives they contain:

- In Western Europe, Sub-Saharan Africa, the Middle East, and some Asian countries, two additives have been removed from The Laughing Cow Light, which now contains three additives. This is the best-selling The Laughing Cow variant in the United Kingdom;
- In Slovakia and the Czech Republic, two additives were removed from the Kiri Crème product, which now contains four additives;
- In the Ukraine, The Laughing Cow now contains four additives instead of five.

In 2014 and the years to come, Bel plans to continue this reformulation process in order to reduce the number of additives even further.

2.6 Responsible communication and consumption

2.6.1 Making information more accessible for consumers

Bel's consumers are increasingly in touch with and eager for information about the food they and their children eat. This information relates not just to the nutritional content and ingredients it contains, but also to where it is sourced, its impact on the environment, etc. Likewise, public authorities, representative organizations (NGOs, consumer associations, etc.), and distributors constantly encourage the Group to provide greater transparency of information in relation to its products, viewed as a measure of trust and credibility.

Bel plans to make clear, relevant information on its products accessible to consumers and to all stakeholders who want it. The first way to do this is on packaging. This option has the advantage of making the information available at the moment of purchase. However, the surface area available limits the amount of information that can be conveyed. This is why the Group has put time and effort into developing other resources (websites, mobile apps, brochures, consumer departments, etc.) to provide access to more detailed, educational information.

Reference guides

Internal reference guides

- Code of Best Business Practices
- Group consumer information policy

Nutrition

- Group nutrition database
- Group nutritional labeling policy

■ Shared rules

Bel's consumer information policy (packaging and non-packaging) sets out the rules to be applied in accordance with its Code of Best Business Practices. "The Bel Group commits to providing consumers with information relating to the composition of the products it sells, in accordance with local regulations. Depending on the country in question and changes to legislation, this information may be supplemented by information relating to the environmental and societal effects of the products. The Group may also decide to supplement this information with more precise or educational information by means of other resources, such as promotional materials, websites, etc." As such, three areas of information were identified as priorities in terms of consumers.

Nutritional information and contextualization of Bel Cheeses

Bel wants to be transparent about the nutritional profile of its products. For a number of years, a nutritional information panel has been placed on all packaging. In some countries, this means enforcing stricter regulations on ourselves than local regulations do. More recently, most of this information has also been made accessible on the Group's brand websites.

Bearing in mind the nutritional benefits of the individual-portion model, which allows for controlled calorie intake, the Group bases nutritional information (calorie content, nutrient content, percentage of recommended daily allowance, etc.) on the recommended number of units (one portion or two portions) and the standards followed in the country where the product is being sold, where permitted by the size of the packaging.

Raising awareness and encouraging consumers to adopt healthy eating practices forms an integral part of Bel Group's consumer information policy. Wherever relevant, Bel offers a contextualized view of food intake along with advice on how to adopt healthier eating habits. These are aimed at children in particular and are preferably featured on product packaging, where permitted by the size of the packaging.

For those working in the restaurant sector, it is very important to be able to devise balanced menus following the recommendations of the GEMRCN (French nutrition body regulating the restaurant sector). Bel Foodservice, the Commercial Catering Department of the Group, has therefore made a complete listing of the nutritional values of its products available on its website. The Bel'Info Nutrition initiative also allows these professionals to get in contact by mail or phone with a dietician who will provide them with personalized answers, advice, support in the creation of menus and information on nutrition and relevant regulations. The quarterly "Bel'Diet" newsletter keeps dieticians up to date with the latest news in nutrition and cheese products. At the current time, it has almost 1,000 subscribers.

Dialogue with consumers

This is a clearly identified area for improvement. Bel wants consumers to have easy access to clear, detailed information on its products. That's why, in addition to the information on its product packaging, Bel wants to develop consumer contact points. These contact points will be indicated on product packaging and will be a source of more detailed information on products and brands. They will provide information to consumers in their own language and receive feedback in return.

Dedicated consumer departments are already in place in some countries, namely France, the UK, Germany, the USA and Canada. All of the products sold by the Group in these countries have the contact details for the relevant department on their packaging.

Environmental information

Bel, as a Group, is very open to providing information on the possible impact its products may have on the environment. However, it feels that it is important to provide this information according to a set of shared rules, in order to avoid skewing competition in favor of one or more products. As such, the Group does not feel ready to communicate this information in a meaningful and reliable way to consumers (impact on water resources, greenhouse gas emissions, impact on biodiversity) ⁽¹⁾.

It is, however, offering its expertise as part of an interprofessional French dairy working group in order to create a shared reference guide of environmental impacts which will be easy to use and will allow all those involved in the dairy sector to communicate reliable information.

Moreover, Bel is convinced that consumers' understanding of environmental indicators is an essential factor in increasing their interest and changing their buying habits. As the surface area available on most of its packaging is limited, the Group believes that this is not the best place for this information and prefers other resources better adapted to communicating educational information (websites for example).

However, the Group already provides basic information on its packaging where relevant. This includes recycling information for consumers in countries that have the relevant infrastructure, information on the quality of cardboard (certifications, use of recycled materials), etc. (see "Developing more responsible packaging").

2013 progress and outlook

■ In 2013, Bel Group clarified its consumer information policy

Under the leadership of the Marketing-CSR Leader, a multidisciplinary team formalized the Group's consumer information policy (packaging and non-packaging). This sets out rules to be followed to ensure the relevance and coherence of the information

rolled out in different countries for the same brand. The policy applies to product packaging as well as other resources, such as websites.

■ In 2014, Bel Group plans to adopt a standardized packaging design that will guide its consumers towards the information they want

In order to help consumers find this information and understand it easily, Bel plans to create a set of designs to be used across all brands. Changes to packaging will be rolled out gradually between now and 2016.

■ As of 2014, Bel Group plans to increase the number of packaging with contact points for its consumers

As part of the information resources available to consumers, Bel's goal is to include a set of contact details on all packaging by 2016. Consumers can use this resource to ask questions and express their opinions in their own language.

■ In 2014, Bel Group will continue to encourage consumers to recycle packaging

Actions will be focused on countries that have a system in place for managing household waste.

At the end of 2013, 31% of the self-service range in France carried recycling instructions (Eco-Emballages Green Dot symbol). The goal is to reach 60% by the end of 2014.

■ In 2014, Bel Group will update the life cycle analyses of its core products

As regards environmental information, in 2013 Bel continued its involvement in the work initiated in 2012 by the interprofessional French dairy group to put in place a shared reference guide for the calculation of environmental impact. One of the limitations of this exercise is that, to date, only the methods used for calculating greenhouse gas emissions have been internationally recognized. Those relating to water and biodiversity are still being defined. Bel Group plans to use this tool to update the life cycle analyses of its core products.

(1) Impacts as defined in the food sector reference guide (ANIA) accompanying the BP X30-323 guide from Afnor (French standardization body).

2.6.2 Developing responsible advertising and promotional campaigns

Every year, the Group's brand advertising is seen by hundreds of millions of people worldwide. Due to their positioning, some of these brands are consumed by children in particular. This means that Bel has a particular responsibility, in terms of the content and format of its promotional materials. Respecting the principles of responsible advertising is essential for retaining the trust that consumers have in Bel brands. This also means that these brands are given a very real opportunity to promote healthy eating habits to children and young people (see "Respect for children's rights").

Reference guides

External reference guide

- Charter of advertiser commitments for responsible communications (France)

Internal reference guides

- Code of Best Business Practices
- The Bel Group's Responsible Communications Charter
- The Group's validation procedure for communications

Vision of responsible communications and advertising

Bel's Code of Best Business Practices sets out the principles of responsible communications.

As well as the nutritional and environmental information the Group seeks to communicate to consumers (see previous pages), it is also important for it to respect certain principles when formulating and validating advertising and promotional campaigns. One of the most important elements of responsible communications is to promote healthy eating habits among children and young adults.

■ Responsible Communications Charter

Since 2008, the Responsible Communications Charter has defined the framework for all communications through any medium, for the Group and for all its brands. The marketing teams in all subsidiaries are invited to share this Charter with the service providers tasked with devising brand communications. The Responsible Communications Charter is available on www.bel-group.com.

This Charter is complemented in France by a public agreement with the UDA (French advertisers association). Since the end of 2007, Bel France has been a signatory of the Charter of advertiser commitments for responsible communications, and each year it takes stock of its progress in terms of the five commitments contained in this Charter.

■ Validation process

In 2013, Bel was challenged by a number of web users on a controversial question featured on Apéricube packaging. The aforementioned question had, in fact, been removed from packaging in 2010; the incident underlined the importance of a formalized validation process.

Bel has now further strengthened the validation process for communications. In the long term, this process will apply to all Bel brands, media communications, multi-region promotional activities managed centrally, and communications carried on product packaging (with the exception of the information contained in the section "Making information more accessible for consumers", which will be subject to a separate validation process). Communications are therefore subject to approval by Legal, Regulations, Nutrition, and Marketing-CSR Departments. The process is also a way to raise awareness of responsibilities among marketing teams and agencies.

■ Responsible promotions

Promotional items destined for inclusion in consumer sales units are subject to particular scrutiny in terms of safety and hygiene. Bel Group also pays particular attention to the conditions under which these items are manufactured, mostly in China (see "Responsible Purchasing policy").

■ Environmental footprint of Point of Sale (POS) advertising

In some countries, the products are promoted in stores as part of temporary promotional displays which attract the attention of consumers, thereby generating additional sales. Without eliminating this attractive display format for products, the Group wants to limit its environmental impact as much as possible.

Bel France has developed the concept of a CSR POS label, based on the European energy label model, with categories running from A to D and focusing on the following four criteria: the number of materials used, the type of materials used, POS sustainability, and the CSR performance evaluation of the POS provider by EcoVadis. To take this a step further in 2014, recommendations will be featured on all POS displays in order to encourage distributors to sort and recycle components.

2013 progress and outlook

In 2013, efforts were focused mainly on coordinating and raising awareness among teams in order to move towards a more responsible marketing model.

Marketing-CSR correspondents were appointed in major countries. They will ensure that the process currently being developed is put into practice (validation of communications, responsible communications, etc.), the overall goal being to move towards a more responsible marketing model.

Training will also be provided for marketing teams. At the end of 2013, a pilot training course in responsible marketing was organized for the marketing team at the German subsidiary. One of these training sessions deals specifically with ways of implementing more responsible consumer promotions. In 2014, this training will be made available to other subsidiaries, the goal being to train all the Group's marketing teams between now and 2015.

2.6.3 Involving brands in actions of good citizenship and solidarity

Bel believes that the involvement of its brands in actions of good citizenship and solidarity which are consistent with their values is a great way to reinforce consumer connection with the brand.

These actions can allow consumers to get involved in causes that are important to them simply by buying Bel products. A study⁽¹⁾ carried out among more than 8,000 consumers from 16 different countries showed that, on average, 50% of consumers buy one brand that supports a particular cause, and that 72% would recommend a brand that supports a cause.

Reference guide

Internal reference guide

- Social role statement of core brands

Vision of brand engagement

The "social role" of a brand refers to the way in which that brand involves itself in the challenges facing society. Bel Group believe that this involvement only makes sense if it reflects the values and positioning of the brand, and forms part of a long-term commitment.

From 2014 onwards, Bel wants to encourage more systematic involvement of its brands in citizen and solidarity initiatives. Local marketing teams will be charged with selecting the most relevant brands to support actions of good citizenship and solidarity. They will also identify those organizations that are most aligned with the social role of brands as defined at Group level, and will take the first steps to long-term partnership agreements.

2013 progress and outlook

■ In 2013, Mini Babybel continued its commitment to helping children, a commitment which will be continued in the years to come

In the UK, Mini Babybel continued the partnership first started in 1999 with Comic Relief, and its "Red Nose Day". The funds raised

by this charity appeal – the largest in the country – go to help numerous charity organizations working with people in need in the UK and Africa. This long-term partnership has enabled Mini Babybel to collect almost €1.2 million for Comic Relief since 1999. The slogan for Red Nose Day 2013 was "Do something funny for money" – a perfect fit for the irreverent, fun-loving brand identity of Mini Babybel.

In France, Mini Babybel completed its second year of partnership with the association *Le Rire Médecin*. Created in 1991 by American Caroline Simonds, *Le Rire Médecin* is the largest association of clown doctors in France. Their goal is to bring a smile to the faces of hospitalized children by putting on clown performances in the pediatric wings of France's hospitals. Through this partnership, Mini Babybel raises awareness among its consumers and employees for an association whose values are the same as its own: happiness and sharing. In 2013, the partnership allowed for 2,500 visits to sick children, largely thanks to a large-scale national fundraiser, the association's first, which took place in November. An initiative led by the Mini Babybel team also allowed Bel France employees to raise donations, resulting in almost €1,000 in additional funds for the association (see "Supporting the communities in which the Group operates").

■ In 2013, the commitment of local Lebanese brand Picon was recognized

The work of Picon in its support for the Arcenciel association has been recognized with two awards at the Dubai Lynx Awards – Gold prize in the "branded content and entertainment" category and Bronze in the "corporate reputation section of public relations" category. Conducted in Lebanese schools with the support of the Ministry of Education, the aim of the project is to turn children into "Happiness Heroes" in their local community, by making them aware of the challenges faced in terms of solidarity, ecology, health and citizenship. The project will be carried out again in 2014.

(1) Fifth Edelman Goodpurpose study exploring consumer attitudes in relation to societal issues and their expectations of brands.

2.6.4 Safeguarding consumer data and privacy

In order to meet expectations and build close relationships with its consumers, Bel Group keeps track of some of their personal information. It is important for consumers to know that any information they communicate to the Group and its brands remains strictly confidential.

Bel is committed to respecting its consumers' right to privacy and ensures that, whenever it collects or stores their personal information, it is done in a completely transparent, totally secure way. This is the second principle of the Code of Best Business Practices. This principle is also set out in the Responsible Communications Charter and is the subject of a dedicated procedure detailing the principles that the Group wants all its subsidiaries to apply, with a special emphasis placed on its responsibilities towards children.

Reference guides

External reference guide

- European Directive 95/46 of October 24, 1995 with regard to the protection of natural persons, their right to privacy with respect to the processing of personal data, and the free flow of said data

Internal reference guides

- Code of Best Business Practices
- Responsible Communications Charter
- Group procedure with regard to the processing of the personal data of consumers

Approach to the protection of personal data

Bel's procedure with regard to the processing of consumers' personal data sets out the seven principles that guide its actions across all subsidiaries. It conforms with European Directive 95/46 of October 24, 1995 with regard to the protection of natural persons, their right to privacy with respect to the processing of personal data, and the free flow of said data. This is the minimum level of protection that Bel wants all its subsidiaries to apply, all over the world:

- **Legitimacy:** Data must be collected for specified, explicit and legitimate purposes. Sensitive information should not be processed;
- **Relevance:** Data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or further processed;
- **Accuracy:** Data must be accurate and, where necessary, kept up to date;

- **Transparency:** During the collection of personal data, consumers must be given all information relating to the collection and processing of their data, particularly the purpose of collection and the recipients of the data;
- **Retention:** Data may be retained in a form that allows identification of the data subjects for a maximum period of three years from the date of the most recent contact with the consumer;
- **Consent:** The data subject must have given consent for the processing of their data;
- **Confidentiality and security:** The confidentiality and security of personal data must be ensured by the implementation of specific technical and operational measures.

Bel places a special emphasis on its responsibilities towards children. It believes that it is important for parents to be informed of the relationship between their children and its brands. As a standard, the Group also requests the address of a parent or guardian for website users under 12 years of age in order to send them a copy of the subscription email sent to their child. Parents or guardians can have access to their child's personal data and request its removal from the database at all times by simple request.

2013 progress and outlook

■ Bel Group formalized the Group procedure relating to the processing of consumers' personal data and brought it into effect at the end of 2013

In 2013, the Group procedure was formalized by the Legal Department and presented to the central marketing teams.

In 2014, local procedures will be put in place in all countries in order to ensure that these principles are applied across all subsidiaries. Each country's Marketing CSR correspondent, with the assistance of a local lawyer, will be responsible for ensuring that local processes conform to the Group procedure and the individual country's laws. In particular, they will be responsible for ensuring that all contracts agreed with service providers hosted on or using the Group's websites to collect personal data contain a clause relating to the processing of personal data. They will also ensure that all consumers have access to the local procedure governing the processing of personal data regardless of the medium used (mail, phone, Internet).

A toolkit has been created to assist the Marketing-CSR correspondent in the implementation of this procedure. This includes a standard sample clause to be included in contracts agreed with service providers and a sample webpage covering the processing of personal data to be included on local sites.

2.7 Committed employer

2.7.1 Bel's employees: key figures

As of December 31, 2013, the Group numbered 10,830 employees across the globe, in over 33 countries.

■ Workforce

Over the last few years, changes in activity, technologies and structures have led to the continuous adaptation of Bel's business

and resources to maintain its competitiveness. It is by supporting its employees as much as possible and implementing measures to develop their professional skills that will allow the Group to meet the challenges in its economic environment and ensure its development.

Workforce ^(a) by operational region	2011 ^(b)	2012 ^(b)	2013 ^(c)
Western Europe	4,858	4,244	4,233
North and East Europe	1,743	2,229	2,153
Americas, Asia-Pacific	888	830	831
Greater Africa	3,079	3,150	2,218
Near and Middle East	177	180	1,395
TOTAL	11,441	10,633	10,830

(a) Permanent and temporary contracts on December 31.

(b) Scope of 2011 and 2012: 29 countries, with the exception of Syria, Iran, Mexico and Argentina.

(c) Scope of 2013: 33 countries (including Vietnam and Syria), including one person in Argentina. In 2013, Egypt changed from the Greater Africa zone to the Near and Middle East zone, which explains the changes.

The following employee report for 2013 relates to all employees in all Group subsidiaries across the globe, with the exception of Vietnam (165 employees) and Syria (9 employees), which the Group chose to exclude from the indicators in order not to adversely affect the reliability of the consolidated figures. Conversely, Iran, not included in the 2012 report, was included in 2013. The coverage rate of social reporting is therefore over 98%. One person in Argentina (subsidiary in liquidation on December 31, 2013) is also included in the social data.

The year 2012 saw the publication of the first social reporting covering the entire Group. The 2013 financial year allowed the

Group to significantly improve the reliability and robustness of this reporting process. The Group has chosen not to publish the 2012 data again as it has adjusted the definition of the indicators, and the figures do not seem sufficiently comparable; many changes can be explained by the increased reliability of the Group's data.

■ Employee distribution by status

The definition of a "manager" is based on a standardized grading system at all subsidiaries: grades 1 to 7 and the members of the Executive Committee are considered as managers, whether they lead teams or not.

	Number of men	Number of women	% of women
Managerial employees	1,019	684	40%
Non-managerial employees	6,254	2,699	30%
TOTAL EMPLOYEES	7,273	3,383	32%

■ Male/female distribution of managers by grade

Grade	Number of men	Number of women	% of women
Executive Committee	9	0	0%
1	14	1	7%
2	58	19	25%
3	85	38	31%
4	180	104	37%
5	275	177	39%
6	242	193	44%
7	156	152	49%
TOTAL	1,019	684	40%

■ Age

As of December 31, 2013, the median age of employees increased to 41 (42 for women, 40 for men).

Age	%	Number of men	Number of women	Total
55 and above	10%	641	403	1,044
45 to 54	25%	1,669	1,000	2,669
35 to 44	35%	2,505	1,145	3,650
26 to 34	26%	2,025	712	2,737
25 and under	4%	333	123	456

■ Hiring and departures

Bel encourages, as soon as possible, the internal mobility of employees (see "Grow further together"). However, in 2013, the Group recruited 891 new employees. The number of departures was 892, including 182 redundancies. In the case of redundancies for economic reasons, the Group assisted the employees concerned as much as possible, using external service providers to help them find employment.

In 2013, Bel created a voluntary redundancy scheme at the Leitchfield plant in the USA, taken up by 30 employees, in order to rebalance the manufacturing workforce following the installation of new equipment and changes in sales forecasts.

In 2014, Bel will be opening a new plant in the USA, which will create around 250 jobs.

	2012 ^(a)	2013
Number of people employed	970	891
Number of departures ^(a)	1,084	892
Of which are redundancies	170	182

(a) These figures do not include 401 departures and redundancies in Syria in 2012, following the interruption of industrial activities, as Syria was excluded from the report in 2012.

In France, a GPEC (Temporary Management of Jobs and Skills) Committee was set up in each establishment. A three-year plan allows the Group to manage jobs and skills with employees and successfully manage its activities in France. Completed in 2011, the plan will be relaunched in 2014.

In the USA, the "lay-offs" are not included in the "hiring and departures" figures. This is because they are a specific type of permanent contract, which can be suspended at any point, depending on the manufacturing cycle. In 2013, 72 people had their contracts suspended and 88 people were recalled following a suspension.

■ Rate of job insecurity

Although on a worldwide scale, this rate hides major local disparities. In Iran, for example, short-term contracts are the common mode of employment.

Generally speaking, to adjust its production level to fluctuations in demand and to not overload its permanent teams, the Group is required to use temporary or short-term contracts. It ensures that this rate of job insecurity does not increase on a structural level.

Bel Group endeavors to use temporary agencies that observe the same social responsibility principles as it does. It therefore assesses its main agencies using the EcoVadis tool (see "Responsible purchasing policy") and, for the first time in 2013, EcoVadis scoring was integrated into the selection criteria for call for tenders when selecting a panel of temporary employment agencies in France.

Rate of job insecurity ^(a)	2013
Western Europe	12.7%
Greater Africa	22.9%
North and East Europe	17.1%
Americas, Asia-Pacific	1.8% ^(b)
Near and Middle East	34.9%
Group	17.7%

(a) Proportion of temporary or short-term contracts compared to all equivalent full-time contracts.

(b) The "lay-offs" in the USA are not included in this figure.

■ Being an intern at Bel

When Bel Group uses interns, it fully defines the temporary role that they are going to perform. Taking an internship at Bel is, for the intern, a genuine stage in their training pathway. It is also a way for the Group to attract future talent. Nearly half of junior posts are taken up by former trainees and apprentices.

In 2013, Bel was one of the 23 winners of the StageAdvisor survey conducted on the Internet site JobTeaser.com. More than 7,000 interns responded to this study relating to 75 companies. Bel came in the top 5 in 9 out of the 17 areas assessed by the respondents: recognition, friendliness, management and support are some of the assets highlighted by the participants.

2013 progress and outlook

■ In 2013, the Group's social reporting became more reliable thanks to the increased efforts of its local HR teams

Bel has also adjusted the scope of the reports by including Iran, which was excluded in 2012, and by choosing to exclude Vietnam and Syria, for which areas of progress for reporting were identified. These changes mean the Group cannot make comparisons with the 2012 reporting.

■ Bel Group has developed a monitoring and development tool for employees at all its subsidiaries

In 2013, Bel initiated a project aiming to simplify and harmonize all HR processes within the Group, throughout the world. To achieve this, a unique tool for all its subsidiaries was developed.

In addition to the benefits provided by this tool, this is a major overhaul of its human resources management processes, which affects recruitment, training and performance measurement, as well as talent management, mobility and remuneration.

In order to best meet employee requirements, Bel has redefined its processes in workshops involving head office and local HR teams. Managers and operational teams were also called upon to contribute to this development process.

The tool, which will be gradually implemented in 2014 and 2015, crystallizes Bel Group's ambition to improve performance management within the Group. In terms of its rollout within the teams, the managers will be assisted by the HR teams and take e-learning courses.

From the beginning of 2014, an initial module will be used by employees for their annual appraisals. A new appraisal form will enable the appraisal to be more focused on the employee's training and development plan.

Over the long term, rollout of this tool will improve the Group's capability to support employees in their development and strengthen individual monitoring. This project will also mean more fluid and reliable data.

2.7.2 Social Charter and global employee opinion survey

The People First Social Charter, translated into 18 languages, defines the commitments that Bel is making towards its managers and employees, as well as the commitment that the Group wishes to see from its employees in return. This Charter covers four priorities:

- Enjoy our workplace: create conditions which make Bel a safe and pleasant place to work.
- Empower everyone: create a suitable working environment which enables every employee to contribute to the Group's success in a committed, responsible and autonomous way.
- Grow further together: develop all talent through experience and training, and encourage a fulfilling professional career.
- Share success: implement a transparent, fair, and competitive compensation policy which enables employees to receive a fair return on the value they contribute to creating as the Company's principal stake holders.

The Social Charter is available on the Group's intranet and as a hardcopy version at several industrial sites. It is given to new employees in several countries such as Greece, Czech Republic, Italy, Slovakia, Turkey, Belgium, Netherlands, Egypt, Morocco and also Switzerland.

Bel Group is responsive to the expectations and opinions of its employees. It conducted its second global opinion survey in 2013, the first having been performed in 2011.

The results are analyzed and shared with the teams so that progress since the first survey and after implementation of the action plans can be gauged and new ways of making improvements can be identified.

This poll has also enabled Bel Group to assess employee perceptions of each of the central themes in the People First Social Charter, using four indicators calculated from a selection of questions.

80% of the 10,830 employees in 33 countries (as well as one person in Argentina) responded to the 2013 opinion survey, *i.e.* 7 points more than the first survey in 2011. This higher participation rate is indicative of employees' desire to communicate and express their perceptions on subjects which concern them.

■ Commitment rate

Committed employees are the Group's most precious asset in meeting its sustainable growth objectives.

The commitment rate of employees is calculated using the responses to six specific questions.

The commitment rate of all employees has greatly improved over two years; the threshold is now over 50%.

Employee commitment rate	2011	2013
Total	45%	51%
Of which are managers	50%	60%
Of which are non-managers	44%	49%

The indicators used in the 2013 global opinion survey relate to all the subsidiaries in the Group and in 2011, all of the Group subsidiaries with the exception of Algeria.

■ Results of the global opinion survey

More than half of employees have a positive perception (answering "agree" and "strongly agree" to the questions asked) of the areas covered by the "Enjoy our workplace" and "Empower everyone" themes.

Global opinion survey			
Employee perception:	Positive perception	Neutral perception	Negative perception
Enjoy our workplace	56%	31%	13%
Empower everyone	52%	36%	12%
Grow further together	38%	41%	22%
Share success	38%	39%	23%

However, the two other central themes “Grow further together” and “Share success” have lower scores and have progressed little in two years.

The target for the next survey in 2015 is to obtain, in all areas, a score of 50% or above. However, in terms of specific local contexts, the action plans put in place will not be the same in all countries in which the Group operates.

Global opinion survey

Employee positive perception:	2011	2013
Enjoy our workplace	56%	56%
Empower everyone	48%	52%
Grow further together	37%	38%
Share success	36%	38%

2013 progress and outlook

From the global opinion survey conducted in 2013, Bel Group identified three strong points.

- The pride of employees in belonging to the Bel Group, which is consistent with the commitment rate. 64% of the participants confirmed that they are proud to belong to the Group, and 66% would recommend Bel to a friend looking for a job (up 6 points compared to 2011);
- The role of management in performance management;
- The seriousness with which the Group deals with the subject of employee safety at work (see “Ensuring the health and safety of every one”).

In the coming months, Bel will implement action plans to respond to the identified areas that need attention.

- A feeling that employees’ opinions are not sufficiently taken into consideration in the decision-making process (see “Empower everyone”);
- A feeling of a lack of communication and transparency in relation to career development procedures (See “Grow further together”);
- A feeling of a lack of internal and external fairness in the salary system (see “Share success”).

2.7.3 Ensuring everyone’s health and safety

Bel has always considered health and safety for everyone as a priority in all its industrial and subsidiary sites and during business travel. The international development of the Company may have a direct impact on the safety of some employees who work or travel in higher risk countries. This further reinforces the Group’s responsibility in this area.

In all Group zones, nearly three out of four employees mentioned its seriousness in relation to safety in the global opinion survey. This year it was once again the highest score registered in all areas of the survey.

Global Opinion Survey

	2011	2013
% of “Agree” and “Strongly agree” answers to the question “Bel takes the subject of safety at work very seriously”	72%	74%

*Reference guides and performance indicators***External reference guide**

- Standard OHSAS 18001

Internal reference guides

- The Group's Health and Safety manual and policy
- The Group's ten Health and Safety Standards
- "18 Health and Safety fundamentals" internal audit grid

Performance indicators

- Responses to questions in the global opinion survey

Monitoring accidents

- Bel FR: frequency rate of accidents requiring medical treatment, with or without lost workdays, of anyone at Bel sites
- FR1: frequency rate of Bel employee accidents with lost workdays
- Severity of Bel employee accidents

■ Organization

The Health and Safety Director of the Group is in charge of the health and safety of all people at Group sites, particularly all employees who work in plants and tertiary sites and the sales personnel who travel up and down the roads. The Health and Safety Director is attached to two Departments: to the Human Resources Department and the Group's Engineering, Safety and the Environment Department. He belongs to the CSR Leaders network and work directly with all the sites in the Group.

The implementation of health and safety measures for everyone working at an industrial site is the responsibility of the Site Director, who relies in most cases on a Safety Manager. At tertiary sites, the HR teams currently hold this responsibility.

The Safety correspondent and the local HR teams are involved in collecting information for the indicators relating to accidents at works on a monthly basis.

■ Health and safety certification

The Group's policy and initiatives linked to employee health and safety management are based on the international reference guide of Standard OHSAS 18001. All manufacturing sites should be certified by 2015. For all new sites (creation or purchased), this certification should be effective within two years of being integrated into the Group. Site certification is performed by an independent third-party organization.

OHSAS 18001 certification covers all employees at the sites concerned and is an effective lever for measuring and reducing the impact of activities on employee health and safety. This system, along with a genuine desire for progress helps to maintain a dynamic continuous progress momentum on sites.

At tertiary sites, the Group has not chosen this certification.

■ Our health and safety policy

Bel has constructed guidelines around "18 fundamental principles" which must be implemented at all its industrial sites and which undergo internal audits.

Furthermore, the Bel Behavior Based Safety program for improving health and safety trains the employees at industrial sites with Safety Behavior Visits (SBV). The SBV involve observing an employee at their workstation and then talking to them about situations or positive actions and the risks revealed during this sequence. Bel has already begun this initiative in France, Spain, Poland, the Netherlands and Belgium. The purpose of this initiative is to make two Safety Behavior Visits per employee every year, which is a commitment to progress and contributes to the development of the "safety mindset" in all employees.

Created in 2011, the aim of the "Have a Safe Trip!" program is to protect the health and safety of travelers and expatriate workers and strengthen communication on this subject. A personalized letter was therefore sent to all travelers and expatriates in the Group to remind them of the safety procedures and the content of the "Have a safe trip!" program. This communication was reinforced by an article in the Group's internal electronic newsletter.

In terms of health and safety, a distinction should be made between the continuous improvement policy which includes various initiatives and the occasional programs which the Group implements to respond to the challenges of the geographical context in which some of its employees are working. In Egypt, where almost 1,000 employees work for Bel, in response to the recent political events, crisis management committees were created in 2013 to support, sometimes on a day-to-day basis, changes in the local situation and the safety of people on the ground, and decide whether to continue its activities or not. The Group also employed the services of an external company to perform a safety/security audit to assess its capacity to respond to an incident.

■ Occupational illnesses and uncomfortable working conditions

In France, all sites have already undergone, in partnership with employee representatives, a consultation on uncomfortable working conditions. A three-year agreement was signed at the end of 2012. It defines the action plan for the prevention of exposure to noise (particularly noise studies and making molded ear plugs available to all employees) and preventing manual handling, uncomfortable postures and repetitive actions through ergonomic studies on all workstations.

Bel's aim is to reduce the exposure of all employees across the world to these uncomfortable conditions, like manual handling of loads, uncomfortable postures, work patterns – night work, repetitive work, etc. – and the working environment (noise basically). Hearing protection was made mandatory from 80 decibels at all sites across the globe, whereas in France, the legislation only makes it mandatory from 85 decibels and recommends them from 80 decibels.

In order to prevent occupational illnesses, medical examinations have been made mandatory in some cases.

For example, in Slovakia, mandatory medical examinations for all employees take place:

- When the employee joins the Group and leaves it;
- Following a change in job or change in working conditions;
- Every two years for employees working in a dangerous environment;
- Every year for employees working during the night.

In Poland, medical examinations are mandatory for all employees, and an occupational doctor is present at the plant at least twice a month.

Lastly, for sales personnel, the main risks are road accidents: road accident prevention training is performed regularly in several countries (France, Germany, Belgium, etc.).

Beyond these clearly identified areas which have been covered with the employees concerned, the Group has not identified other occupational illnesses linked to its activities (the subject of stress is covered in the "Enjoy our workplace" section).

2013 progress and outlook

■ In 2013, Bel Group continued its health and safety certification policy

There are currently five OHSAS 18001-certified plants in the Group. Bel will continue to support its plants so that they all are certified by 2015.

Number of certified sites ^(a)	2011	2012	2013	2015 target
OHSAS 18001	3	5	5	27 (100%)

(a) Scope: 27 sites (industrial and R&D).

■ In 2014, Bel Group will further mobilize its employees on health and safety conditions

Three flagship projects will be launched in 2014 to reinforce the health and safety conditions of employees throughout the world:

- Bel is creating a more solid and homogenous network of health and safety correspondents than currently exists: the first seminar bringing together all of the Group plant safety correspondents will be organized. Its purpose is to build a community of safety ambassadors within the Company who will encourage the sharing and replication of good practices for accident prevention. This seminar will also be the opportunity to train all of these safety correspondents in how to carry out internal safety audits. The purpose of this is to initiate a cross-referencing audit procedure between plants in the Group. This new dynamic will further reinforce risk prevention, the sharing of good practices and internal emulation;
- Bel is going to mobilize all employees: an initial Group Safety Week will be organized in 2014. Tools will be created by the Group Safety Network to enable all the subsidiaries, particularly the small ones, to raise awareness among their employees more effectively;

- Bel will improve communication on the subject of health and safety by using new technologies: a shared, dedicated health and safety network will be created, as well as a discussion group on the internal corporate social network.

■ In 2014, Bel Group will strengthen health and safety measures at its tertiary sites

During the first week of December 2013, at the Group's head office in Paris, Bel raised awareness of health and safety issues among all employees. It presented employees with short films raising awareness of the different types of risks.

In 2014, Bel will set Group standards for tertiary subsidiaries (office-based and sales teams), particularly in regard to the layout of offices and working conditions: work station ergonomics, temperature, noise, ventilation, etc. A communication plan shall be implemented to prevent accidents in the offices: brochures, posters and information inspired by existing best practice in plants will be distributed in offices.

■ Bel Group will continue its actions to reduce the accident rate on sites and on the road

The Group has monitored the accident frequency rate of Bel employees and any person present on the Group's sites, including visitors and temporary staff, with or without lost workdays (requiring

medical attention) since 2012. This indicator exceeds the French regulation requirements for mandatory monitoring of the FR1 accident rate, limited only to accidents involving lost workdays with employees. This demonstrates the Group's strong commitment to health and safety.

	2011	2012	2013	2015 target
TF Bel accident frequency rate ^(a) Accidents with and without lost workdays for all persons present on Bel sites	N/A	12.4	12.8	7.5
TF1 accident frequency rate ^(a) Accidents with lost workdays for Bel employees	5.7	5.6	5.8	-
Severity rate of accidents ^(b) Bel employees	0.3	0.2	0.2	-

(a) Number of accidents per million hours worked.

(b) Ratio of number of days not worked (calendar or working days according to the sites), expressed per thousand hours worked.

In spite of implemented efforts, the Group saw a slight increase in work accidents in 2013. A closer study of the data showed that the increase in accidents is related to several factors:

- An improvement in accident reporting, resulting in an increase in the number of accidents reported by subsidiaries;
- A drop in vigilance and an increase in dangerous behavior, which may be caused by an increased perception of safety resulting from visible safety investments;
- An increase in the temporary workforce at some sites. This population is particularly vulnerable because they only have a short period of time to adapt to their job post, understanding the risks and taking on board the safety measures. In 2014 Bel will strengthen the Behavior Based Safety training for temporary staff.

No fatal accident was recorded in 2013.

■ In 2013, Bel Group strengthened the Have a Safe Trip! program aimed at travelers and expatriates

■ In 2013, more than 3,400 safety behavior visits were carried out. Bel Group will be carrying out more in 2014

After France, Belgium, and Spain, this approach was extended to the Netherlands and Poland in 2013. Also in 2013, nearly

360 employees received training on Safety Behavior Visits (SPV) and more than 3,400 visits were carried out. Bel has set a target of a minimum of 75% of the Group's plants to have rolled out the Safety Behavior Visits by the end of 2014.

■ In 2014 Bel Group will analyze the noise pollution at all its French plants to identify areas for improvement

■ In 2014 Bel Group will extend the road safety training to all relevant Group subsidiaries

■ In 2014 Bel Group will provide health and safety support to its partner distributors in Sub-Saharan Africa

Bel believes that it is its responsibility to share its health and safety expertise with its business partners. As a result, the Group has placed health and safety at the center of a responsible partnership project started in 2013 with distributors in Sub-Saharan Africa who will be supplied with tools (training, communication tools) to improve their personnel safety practices.

2.7.4 Enjoy our workplace

Bel ensures that the working environment within the Group is conducive to the well-being of each of its employees worldwide. Well-being at work is difficult to measure because it is based on many factors: material conditions, job content, employee relations (managers, colleagues), organization of work, etc.

More than one in two employees has a positive view on the topics covered by the axis "Enjoy our workplace", according to the global opinion survey conducted in 2013.

Performance indicators

Performance indicators

Stress at work

- Answers to the Global Opinion Survey questions

Private life-working life balance

- Answers to the Global Opinion Survey questions
- % of employees benefiting from at least three weeks paid annual leave
- Illness absenteeism

Employee benefits

- % of employees with health coverage
- % of employees with death and disability coverage

■ The Principles followed by the Group

Bel adheres to the United Nations Global Compact and give particular importance to the principles of the Universal Declaration of Human Rights and to the fundamental conventions of the International Labour Organization (ILO).

It is the Group's responsibility to ensure compliance with current national laws and regulations concerning labor rights, including within all of its subsidiaries.

■ Reduction of work stress

Management of work stress is an important point to monitor. The last opinion survey showed that the stress level is considered to be acceptable by less than one in two employees.

Global opinion survey

	2011	2013
% of "Agree" and "Strongly agree" answers to the question "My stress level is acceptable"	43%	42%

All managers have a direct influence on their teams; the Group asks them to be attentive to the workload and the organizational structures they put in place in order to cope with it. In addition, they must consider their own behavior as a fundamental factor in reducing the stress that their teams may feel. Work stress reduction measures were put in place in different subsidiaries, for example:

- In the United States, the Employee Assistance Program (EAP) for employees who are struggling, offers support and advice in different areas (psychology, finance, work stress, etc.);

- In Portugal, at Vale de Cambra, a psychologist meets employees once a week for an hour and a half. At Ribeira Grande and Covoada, preferential rates were negotiated with a psychologist's practice to allow employees to access these services if needed.

■ Private life-working life balance

The last opinion survey showed that Bel Group must be vigilant with regard to its employees' private life-working life balance.

Global opinion survey

	2011	2013
% of "Agree" and "Strongly agree" answers to the question "The balance between my private life and my working life suits me"	56%	50%

Bel believes that one way of reducing work stress is to allow employees to have sufficient time outside work to promote a better private life-working life balance. It therefore encourages its subsidiaries, especially those in countries without working time

legislation, to grant a minimum of three weeks paid annual leave to all their employees. This measure is being rolled out gradually: the Group wants all of its employees to benefit from it.

	2013
Employees benefiting from at least three weeks paid annual leave	98%

Some of Bel Group subsidiaries have implemented measures that provide a better private life-working life balance:

- The Czech Republic subsidiary grants its employees an extra five days of holiday in addition to the legal minimum;
- The subsidiary Bel Nordics allows its workers to work one to two hours less per day during August, with the hours being made up during the other months of the year;
- In Slovakia, all managers who registered a sick leave benefit from an additional day of holiday every six months;
- In Italy, employees can take up to four days paid leave (in addition to paid holiday) to look after their children in case of absence due to illness.

In addition, transportation is often a reason for fatigue. When the nature of the role allows, Bel encourages managers to support

their teams in working from home (telecommuting) under certain conditions. Working from home has been implemented in France, Germany, the United Kingdom, Belgium, the Netherlands, Poland, and is in a trial phase in Italy and Spain.

■ Illness absenteeism

Absences cause organizational problems and have a significant impact on the employees present, as well as on the operation and performance of teams.

There are many causes of absenteeism. Bel ensures that working conditions do not become a factor in absenteeism. It considers an illness absenteeism rate of 2.5% to be a warning threshold that must not be crossed.

	2013	Warning threshold
Illness absenteeism rate (hours of absence due to illness/theoretical working hours)	2.29%	2.5%

In France, all employees benefit from a return-to-work medical examination after absence due to illness. This is obligatory after an absence of 30 days or more. In addition, all employees over 55 years and who so request may take a paid day of absence for a social security health check.

At the Cléry-le-Petit and Pacy-sur-Eure sites, interviews are undertaken by managers following sick leave of more than 10 consecutive days. Employees also receive an interview following a third consecutive period or a prolonged period of sick leave.

This initiative aims to support the employees' return to work and their continuing employment.

■ Employee benefits

All employee benefits offered to employees contribute to their and their family's current and future well-being. The Group has gone beyond the minimum base set by international laws and regulations; it wants to ensure that all its employees worldwide receive employee benefits that match Group standards.

The aim is that all Group employees benefit from health, death, and disability coverage. This measure is being rolled out gradually: the target is that by the end of 2015 at least 95% of all Group employees will benefit from this coverage.

	2013	2015 targets
% of employees with health coverage ^(a)	94%	95%
% of employees with death and disability coverage ^(a)	86%	95%

(a) Employees with permanent contract and temporary contract.

2013 progress and outlook

■ In 2013 in France, the Group continued to raise awareness of psychosocial risks among its employees

In order to detect and prevent psychosocial risks, Bel is setting up group prevention initiatives (organization, working conditions) and, if applicable, providing care for the employees affected. In 2012, a leaflet was made available to all employees to encourage them to talk about difficult situations at work and to inform them of who they could speak to if they found themselves in such a situation.

In 2013, a training day on psychosocial risk prevention was organized as part of the *Manager de Proximité* program for technicians and supervisors and the *Cadres et management* program for managers. This awareness raising has, in particular, provided the opportunity to explain the procedure that should be followed if it is noticed that an employee is having difficulties.

■ In 2013, Bel Group signed an agreement for a harmonized healthcare expenses scheme for all employees in France

In France, Bel Group signed an agreement with all the trade unions in September 2013, in order to implement a harmonized healthcare expenses scheme for all employees. This agreement falls within the regulatory framework that has recently developed and allows the Group to offer full fairness in its coverage for all employees and shows its desire to make employee benefits a major priority within its social policy.

Following six months of work and negotiations with the trade union organizations, the new scheme will be available to everyone from January 1, 2014. It is:

- Harmonized: for all employees (non-managers, workers, technicians, and managers);
- Flexible: it gives employees the choice between two levels of coverage and between two types of membership (single or family);
- High-performance: the level of cover chosen is offered at the best cost.

In addition, the insurance scheme covering risks linked to incapacity, disability, and death will be financed exclusively by Bel

from January 1, 2014. The increased takeover of financing by Bel and by the governing committees is part of the desire for continual social progress.

■ In 2013, Bel Group conducted its first audit on the employee benefits in place in all of its subsidiaries. It will be renewed regularly

The employee benefit schemes in place in subsidiaries are compared to the minimum standards that the Group wishes for all employees throughout the Group (for example: putting in place a death and disability coverage providing at least twice the annual salary). The first audit took place in 2013. It will be completed in 2014 by comparison of the employee benefits schemes of each subsidiary with the local practices in their market. It has been followed up by an action plan to improve the employee benefits offered to employees in the different subsidiaries.

■ In 2013 in France, Bel Group organized the Management Foundations ("Assises du Management") to identify areas of progress in its plants

The results from the first opinion survey helped to identify an expectation of recognition from employees. The Human Resources Department and the France Industrial Department wanted to give plant managers and technicians the opportunity to have their say within the Management Foundations in order to provide a roadmap that meets employees' expectations.

Intersite roundtables were organized and the participants worked on four questions:

- What external conditions impact Bel?
- What are our strengths?
- What are our weaknesses and points for improvement?
- What are our future areas for action?

These discussions led to the identification of four priority themes for French plants: Communication and sharing, Line management and skill management, Recognition, promotion and remuneration, and Well-being at work. The material collected and the priorities defined were shared with management during feedback meetings held at each plant. This occasion was used to draw up a report on all actions already taken and to define concrete, immediate, or

future actions. For example, on the topic of communication and sharing, the sharing meetings of industrial strategy and HR for each site were instigated. On the topic of line management and skills management, a skills reference for the production technicians was developed.

■ Bel Group has set up an activities program at the headquarters for sharing good times

The Cheese up! Activity program at headquarters offers employees activities every week: presentation and tasting of products, themed meetings with the teams, theatre courses, etc.

2.7.5 Empower everyone

It is important that each employee has a defined space of action in which they can count on the trust of their superiors to be able to act and contribute to the Group performance in an autonomous, responsible, and committed way.

Trust – without which empowerment is impossible – is achieved through human relationships. In addition to team involvement, the Group believes that “Empowering everyone” has a direct impact on its capacity for innovation by encouraging its employees to put their ideas into practice.

In 2013, the global opinion survey revealed that 65% of employees felt they made a significant contribution to Bel’s success, up four points from 2011.

To strengthen this empowerment, Bel is developing a top-down communication culture so that its employees clearly understand their missions and the objectives associated with them, as well as a bottom-up communication culture that allows them to express themselves and to share their ideas.

During the last two years, Bel has reviewed its organization, paying particular attention to empowering employees: clear roles and responsibilities, delegation in decision-making processes, a suitable number of managerial levels, short communication channels, etc.

Global opinion survey

	2011	2013
% of “Agree” and “Strongly agree” answers to the question “I can take the initiative in my work”	44%	60%

“Empower everyone” is the area in which employees perceived the most significant improvement between 2011 and 2013. The role of management in performance management was emphasized as a strong point. However, the survey also revealed that employees felt their opinion was not taken into consideration in the decision-making process.

Performance indicators

Our performance indicators

- Answers to the Global Opinion Survey questions

Individual performance review

- % of managers who have taken an individual performance review (annual basis)
- % of non-managers who have taken an individual performance review (two-yearly basis)

Staff representation

- % of employees with access to a personnel representation system

■ Performance review

Bel wants all its employees to benefit from clear and constructive feedback on their performance and areas for improvement, and to understand their career development options. Performance reviews are ideal for listening and exchanging ideas between employee and manager, and provide a good opportunity for discussing these topics. The Group ensures that both managers and non-managers benefit from these reviews.

Some entities, such as Bel Germany and Bel France, decided to expand this initiative with the start of mid-year reviews. These reviews provides an opportunity to take stock of the achievements and highlights of the first half of the year by measuring the progress towards the targets set for the current year. They are a chance for the manager and the employee to discuss how they work together and for mutual improvement on the effectiveness of their collaboration.

Bel believes that discussions between employees are also a means of progress. Furthermore, since 2012, all managers and supervisory staff are trained on how to give and receive effective feedback not only to their teams but also to other employees, customers, and partners.

Bel Group offers all grade 1 to grade 4 managers (496 employees) personnel development training based on an assessment of their managerial skills, not only by their managers but also by their peers and their direct reports.

Global opinion survey

	2011	2013
% of "Agree" and "Strongly agree" answers to the question "My line manager gives me qualitative information feedback that helps me to improve"	47%	47%

■ Sharing Information within the Group

Bel ensures that information and key decisions are shared, in order to promote better understanding of these by its employees throughout the world and at all levels.

A dedicated department steers the central internal communication process in coordination with all entities, which have their own communication tools. Various channels provide dissemination of information:

- Service meetings between employees and managers;
- A Group intranet, a quarterly internal magazine translated into 13 languages for all employees, a two-monthly e-newsletter in French and in English for all employees with a computer;
- Almost 40 topical and/or local in-house newsletters and magazines;
- A company social network that allows employees with a computer to build and encourage communities. Everyone can have their say, whether by posting information, a document, a video, a photo, etc., or by commenting on posts;
- An Internet platform dedicated to top-management, with the aim of building links within this community;
- An annual international convention for top-management.

■ Social dialogue

Bel is convinced that a structured social dialogue provides leverage for improving Company life by contributing to the development of more favorable social conditions for employees and by supporting organizational changes.

In its Code of Best Business Practices, the Group recognizes its employees' right to be represented – within the framework of the laws and regulations that apply to them – by their trade union(s) within collective bargaining on working conditions. The employee representative body in the Company, elected or designated by the employees, can take different forms according to the country: Works Council, workforce delegates, Committee for Health and Safety at Work (CHSW), etc. For example:

- In Belgium, there are two personnel representative bodies, for which members are elected for four years by all employees

(employees and workers): a Committee for Health and Safety at Work and a Works Council;

- In Poland, the Works Council represents all workers. This body meets the Plant Director as well as the Human Resources Manager each quarter to discuss current topics;
- In Portugal, there are trade unions that are consulted as part of Company-wide agreements and which have decision-making power at industry-wide agreement level;
- In the United States, workers at the Little Chute plant are represented by the Teamsters Union;
- In Egypt, since 2012, all workers are represented by a union;
- In Iran, there is an employee committee made up of two workers representatives, one supervisor representative, and two management representatives. This body is responsible for studying employees' questions and comments.

In 2013, 91% of employees had access to a personnel representation system.

2013 progress and outlook

■ In 2013 Bel Group reviewed its skills assessment model for managers

This new model specifies what the Group expects from its managers for optimum management of performance, increased efficiency, and the best listening to their teams. The Group expects its teams to work with a broad vision, required for taking into consideration not only the financial challenges but also the social, societal and environmental challenges involved in every managerial decision.

In 2014, this assessment grid will underpin individual performance reviews.

■ **In 2013, nearly three quarters of managers (annual basis) and more than half of non-managers (two-year basis) benefited from an individual performance review**

	2013	2015 targets
Eligible managers ^(a) who have taken an individual performance review (annual basis)	72%	100%
Non-managers who have taken an individual performance review (two-yearly basis)	52%	80%

(a) The eligible managers are the managers with permanent contract who are part of the workforce and present within the Group for the full year 2012 or who entered before July 1, 2012 and left after July 1, 2013.

■ **Bel Group has continued to roll out the “Give and receive effective feedback” training course**

At the end of 2013, 52% of the 2000 employees concerned had taken this training course. All supervisory staff will have taken it by the end of 2014.

■ **In 2013, Bel Group signed collective bargaining agreements with its labor-management partners in three countries**

In France, the Group signed 12 agreements with labor-management partners, including two agreements for compulsory annual pay negotiations (employees/workers and management),

three training agreement protocols with personnel representative bodies as part of the exercise of their mandate, a profit-sharing agreement, a health-care expenses agreement, an insurance agreement, a Works Council budget agreement, and a production contract.

In the United States, a collective bargaining agreement covering work, remuneration, and employee benefit conditions was signed in October 2013.

Germany signed three agreements in 2013: an agreement relating to the new rules on working hours for managers and non-managers, a profit-sharing agreement, and an agreement relating to allocations for childcare expenses for children from 0 to 3 years of age.

2.7.6 Grow further together

“Grow further together” aims primarily to develop employees’ skills with suitable training programs.

It also offers them attractive career opportunities, in a fair and equitable manner, which satisfies their aspirations for development as well as its need for skills.

“Together” implies that diversity of teams, gender equality, and the mixture of talents are some of the keys to the Group’s success.

These ambitions are not recognized by employees as much as the Group would like. In effect, the opinion survey revealed a lack of communication and transparency on career development within the Group.

Performance indicators

Performance indicators

Training

- % of employees who attended at least one training course during the year
- Average number of training hours per employee
- Answers to the Global Opinion Survey questions

Internal mobility

- Answers to the Global Opinion Survey questions

Equal opportunities

- Pay parity: average ratio of women’s salary to men’s salary (at equivalent country and grade)
- Employment rate of people with disabilities (Indicator limited to certain countries)

■ Training

To allow all employees to progress, Bel offers both Group programs and local actions (group or individual).

The training programs are designed according to the needs identified during performance reviews. The training offered enables better mastery of a task or development of skills for a new role. Therefore, employees are not only trained for the requirements of their current positions, but for their future career development as well.

All Group training provides an opportunity to share the Company culture, its values and its commitments.

In addition, a three-day induction seminar including a plant visit is proposed to new managers. The Company's University "Campus" offers managers a selection of training programs. Created to support development and to allow the achievement of medium-term strategic objectives, these customized programs are carried out in partnership with business experts as well as service providers who have been rigorously selected. They are based on four areas:

- Business culture, commitments and basics;
- Interpersonal and managerial skills;
- Business knowledge and expertise.

Some Group training courses are obligatory for their target population.

Bel supports General Managers and Plant Managers with training programs called "Be GM@Bel" (currently rolled-out) and "Be PM@Bel" (to be rolled-out in 2014). The content is designed

to expand their knowledge of the organization and the Group's strategic challenges, with an important focus on the industrial sector for General Managers and on the business sector for Plant Managers. Finally, individual and group coaching sessions complete this training schedule. It develops the leadership of these managers, according to the skills model established by the Group.

In addition, employees equipped with a computer can create their own individual training program based on the topics that interest them and the skills that they wish to develop, by accessing the Group's e-learning platform launched in 2013.

The Group adds local actions to these initiatives. For example, in Spain, short-term in-house training sessions known as Micro-training allow the sharing of knowledge and expertise in IT and finance. These weekly training sessions can be followed by videoconference. At the end of 2013, around 40 micro-training courses had been given to nearly 300 participants.

In plants, employees receive continuous on-the-job training called "workstation training". In addition, training modules for tasks linked to production and industry are rolled out through suitable courses using simple and informative communication *via* a dedicated website. For example, the six informative modules of the BEST (Bel Employee Shopfloor Training) program deal with the technical and social realities of an agrifood industrial site: from cheese production to good environmental practice including quality, hygiene, safety at work, Group knowledge and communication. BEST was rolled out in France in the six plants as well as in Spain, the Netherlands, and Portugal. In these four countries in 2013, 222 people received the in-house BEST diploma certifying completion of the six modules. The program will be rolled out in Morocco in 2014.

Global opinion survey

	2011	2013
% of "Agree" and "Strongly agree" answers to the question "I have access to the training that I need to develop my skills"	38%	41%

■ Internal mobility

The Group, which is present in approximately 30 countries, offers many opportunities for career development and internal mobility.

Mobility, especially international mobility, is a key lever for career management and also allows skills transfer.

Therefore, the Group tries to match available vacancies with each employee's skills and aspirations.

The organizational structure and tools are in place to improve the visibility of career development policy:

- A Mobility Committee, covering all businesses and geographic regions and bringing together the regional and Group human resources managers, meets every three months. In addition, there is a monthly Mobility Committee in France;
- Annual individual reviews that form part of the Annual Report from the Human Resources Department and help to identify mobility ambitions;
- Notification of the positions to be posted on the intranet platform;

- Communication tools that strengthen the visibility of career pathways within the Group (see below).

From 2014, the Group will measure the rate of managers' internal mobility. The aim is to maintain an internal mobility rate for managers above 15% – i.e. one move every six years on average.

Global opinion survey

	2011	2013
% of "Agree" and "Strongly agree" answers to the question "I have enough opportunities for development and for professional mobility to make progress within my career"	30%	31%

■ Equal opportunities

Through the signing of the United Nations Global Compact in 2003, the Code of Best Business Practices, and the People First Social Charter, the Group has formalized its commitment to non-discrimination.

There is no process dedicated to diversity because equality of opportunity is an integral part of its managerial approach: equality of treatment is promoted by performance assessment and professional development processes, which are based on objective and fair criteria (see above).

For Bel, the policy of non-discrimination starts at recruitment and continues throughout the employee's career in the Company.

In employee recruitment for 2013, 28% were women.

The Group has noticed a lower rate of female employees, particularly in management posts. It has asked each entity to set objectives in terms of male/female distribution of their workforce, according to the cultural contexts in which it operates and the diversity of its businesses. However, the salary fairness objective between men and women is shared by all entities.

A European Union Report ⁽¹⁾ published in December 2013 mentioned an average salary gap between men and women of 16.2% in the European Union. At Bel, 5% is considered as the threshold that should not be exceeded.

	2013
Average ratio of women's salary to men's salary (at equivalent countries and grade) ^(a)	0.96

(a) In order to obtain representative data, only the grades with at least eight men and eight women were taken into account for each country.

Maintaining employment of seniors and allowing them to add value and share their experience is an opportunity to capitalize on expertise. In Spain for example, an Innovation and Seniority Committee was put in place: it holds an Annual Meeting that brings together all employees with over 10 and 25 years of service, during which the best innovations are rewarded and made known to all employees in the subsidiary.

■ Disability

Promoting access to the world of work for people with disabilities is one of the Group's priorities.

Bel restricts monitoring of the employment rate of people with disabilities to certain countries (France, Turkey, the Czech Republic, Germany, Slovakia, Ukraine, and Spain) where it can monitor this indicator.

The reporting scope therefore does not reflect the voluntary approaches taken in all subsidiaries to integrate employees with disabilities. For example, in the Netherlands, a collective bargaining agreement concerning employment of people with disabilities was signed.

France

In France, for over six years the Group has promoted direct employment of people with disabilities and subcontracting to the protected sector. In 2013, 25 Work Aid Establishments and Services (ESAT) worked for the Group.

(1) Report on the application of Directive 2006/54/EC of the European Parliament and of the Council of July 5, 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation.

	2009	2010	2011	2012	2013
Employment rate of people with disabilities in France	3.69%	4.35%	5.18%	6.40%	5.65% ^(a)

(a) 2013 estimation.

In France, five of seven industrial sites have an employment rate of over 6% for people with disabilities. In compliance with French legislation, which imposes an employment rate of 6% for people with disabilities – via direct employment or subcontracting, the Group contributes to the Agefiph ⁽¹⁾ to compensate for the fact that it has not yet reached 6% on two of its industrial sites, the Research and Development site and at Group Head Office.

2013 progress and outlook

■ In 2013, Bel created a platform that combines all of the Group's online training

The BE-Learning platform allows employees to receive distance training at all times. Alongside the training courses, employees

can freely and autonomously access over 50 different resources (not counted as training): videos, virtual library, etc. The variety of topics covered by the resources – leadership, diversity, emotion management, innovation, etc. – allows each employee to create their own individualized program, according to the topics that interest them and the skills that they want to develop.

Since the launch of the platform in April 2013, more than 430 hours of online training have been undertaken.

Having been reserved for employees enrolled on a specific training course in 2013, in 2014 the BE-Learning platform will be open to 4500 Group employees who have a computer and an Internet connection.

■ In 2013, 67% of Group employees took part in at least one training course during the year

	2013	2015 target
% of employees who attended at least one training course during the year ^(a)	67%	75%
Average number of training hours per employee	20	-

(a) The number of employees who attended at least one training course during the year can include employees who had left the Group before 12/31/2013.

■ Bel Group will progressively extend the Career Paths tool to new functions

In 2011, the first opinion survey showed that only 30% of employees were satisfied with their career opportunities within the Group. To respond to their request for transparency, Bel has progressively implemented Career Paths, an informative tool that shows the possible pathways between the posts of a sector, as well as examples of career pathways within the Group. This tool – aimed at managers – allows them to understand the way in which careers are constructed at Bel. Therefore, employees with the support of their managers and HR supervisors have available the resources to best manage their career development. After implementing a pilot in 2012 for the Bel France sales and marketing teams, the project was rolled out at the Group Supply Chain function level at the end of 2013. In 2014, Career Paths will be extended to the Group industrial and marketing functions.

■ In October 2013, Bel Poland received Human Resources Professional Management certification

The Polish Labor and Social Affairs Ministry awarded Bel Poland the Human Resources Professional Management certification. This special prize aims to recognize corporate human resources management and in particular the contribution to employees' personal development and opportunity creation.

■ At the end of 2013, the level 1 to 2 manager population included 21% women

Improving women's access to senior positions was identified as a priority for progress.

In spite of its ambitions, the Group did not make progress on this point in 2013. The drop observed corresponded to one employee retiring and two employees choosing to leave the Company. However, the target remains at 30% of grade 1 and 2 managerial positions to be filled by women by 2015.

(1) Association de gestion du fonds pour l'insertion des personnes handicapées (French non-profit organization that helps disabled people find employment).

	2012	2013	2015 target
Proportion of female managers (levels 1 and 2)	24%	21%	30%

10 employees, including eight women, took part in the EVE management seminar in 2013 on the topic of female leadership.

Following this event, the participants worked together to identify paths of progress based on three key priorities:

- Raising employee awareness: In order to complete the resources already available (four 45-minute sessions are dedicated to diversity on the e-learning platform), the internal and external good practices will be shared and awareness raising actions on gender equality will be implemented, in offices and in plants;
- Identify the major obstacles to women accessing certain senior positions;
- Adapt the HR process from 2014: For example, ensuring that candidates are systematically identified in employee succession plans.

■ At the end of 2013, the employment rate for people with disabilities in France is 5.62%

Since signing the partnership agreement with Agefiph in 2011, Bel has implemented many actions in France to promote employment of people with disabilities. Therefore, a disability network was created. Their role is to support the people concerned and to raise awareness among employees of the reality of disabilities. This can be seen by the events organized within plants and at Group Head Office: poster campaigns, awareness raising workshops led by the disability network or by people with disabilities from outside the Company, a photography exhibition, a tombola in partnership with the French Handisport Federation as part of the Paralympic Games in London, quizzes and entertainment, etc.

Communication actions are also directed towards candidates with disabilities: Since November 2011, Bel has participated in more than 10 employment forums, disability cafes, or jobdating events following which it recruited two people with disabilities.

The Group is also building a network of partnerships with local organizations such as CAP EMPLOI, with whom it has put in place the integration initiative “one day, one job”, which involves presenting the Group’s professions to people with disabilities seeking employment. The Group also works with the Work Aid Establishments and Services (ESAT). For example, in 2013, a cafeteria service, a cheese shop and a concierge service reopened their doors at Head Office with four people with disabilities employed.

■ Other countries

For the first time in 2013, Bel has extended its reporting scope of the employment rate for people with disabilities to six countries in addition to France. For example, in Slovakia, 20 people with disabilities work in the Packaging Department of the Michalovce plant.

Employment rate of people with disabilities ^(a)

Ukraine	5.28%
Turkey	2.72%
Germany	2.50%
Czech Republic	2.10%
Spain	1.60%
Slovakia	1.35%

(a) The definition of disability varies according to local legislation.
The rates are calculated on full-time equivalent.

2.7.7 Share success

Bel wishes to acknowledge and reward its employees for the value they create, firstly by providing them with fair, equitable and transparent compensation, and secondly, by giving them a range of employee benefits (paid holidays, social-security cover, etc.) detailed in the “Enjoy our workplace” section.

The Group’s salary policy is set by the Human Resources Department, with the support of the Appointments and Compensation Committee dependent on the Board of Directors.

Providing better visibility on the fairness of the pay system was again identified as a point for improvement during the global opinion survey.

Reference guides and performance indicators

External reference guide

- Market surveys conducted by outside firms

Performance indicators ⁽¹⁾

- Number of subsidiaries whose pay scale is supported by market surveys
- % of employees with a collective wage system based on the overall performance of the subsidiary or Company

■ External competitiveness

To attract and retain talent, the Group must fundamentally align itself with the compensation conditions of different markets ensuring competitive salary positioning and social benefits offered to employees. The Group therefore asks all its subsidiaries

Compensation Policy

Bel Group's compensation policy is based on five principles:

- External competitiveness (fixed and variable salaries and employee benefits);
- Internal fairness;
- Recognition of individual and group performance;
- Transparency;
- Employee benefits (see "Enjoying the workplace").

with more than 15 managers to carry out a salary survey at least every two years in order to have the average data of the market by grades.

	2013	Target
Number of Group subsidiaries whose pay scale is supported by market surveys ^(a)	100%	Remains at 100%

(a) Scope: 23 subsidiaries of more than 15 managers.

■ Internal fairness

Bel wants to ensure consistency within the Company and to guarantee non-discrimination in terms of compensation, particularly between women and men (see Male/female salary comparison).

This consistency also means that the Group offers equal pay for equal responsibilities.

Human resources teams from all entities are responsible for ensuring non-discriminatory salary practices.

■ Recognition of individual and group performance

The recognition of individual performance is based on merit. The variable compensation for level 1 to 6 managers (81% of managers) represents between 8% and 30% of their fixed compensation.

For non-managers, the Group strives to practice a fair salary policy comparable to the high standards of the profession in the countries where it operates. In addition, the Group believes that recognizing group performance reinforces the feeling of belonging and of pride within teams. It would like its subsidiaries to progressively adopt compensation systems taking into account their overall performance or that of the Group.

	2013	2015 target
% of employees having a compensation system based on the overall performance of the subsidiary or Group	59%	65%

(1) The Group does not believe that the average salary per employee indicator is representative of its salary policy. Indeed, its fluctuations can be solely due to the geographical development of the workforce.

Finally, Bel encourages the implementation of specific actions: prizes, celebrations, etc.

For example, in the Netherlands, employees can nominate teams who have carried out particularly impressive work. Non-financial rewards such as participation in additional training are therefore linked to the value of the team's work.

In addition, most regions and functions award prizes every year to recognize teams' initiatives.

2013 progress and outlook

- **Bel Group has implemented an initiative to allow employees to better understand the components of their compensation**

- **At the 2014 annual top-managers convention, Bel Group will reward remarkable actions led by the teams**

The awarding of the internal Bel Awards will take place during the annual Group top-managers convention. This initiative, already carried out in 2013, aims to recognize and share remarkable actions that contribute to the Group's success. All employees are invited to participate – individually or in a team – in the seven categories proposed, among which two fit into the CSR program: "People First" and "Growth with Purpose".

2.8 Note on methodology

Choice of indicators

The CSR key performance indicators were defined by the CSR Leaders for the Group's activities and the social, societal and environmental challenges arising from this. Firstly, they enable the operational guidance by local managers and centrally by the Group's Management Committee (in the form of a scorecard) of the advancement of each area of progress defined by the Group. They also enable the Group's CSR performance to be reported transparently in this report and in other media (registration document, Business Report, Group websites, brochures, etc.).

The Bel Group's CSR 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). It contains information from the GRI guidelines on Sustainable Development reporting (see cross-reference table on the preceding pages) and is also based on the 10 principles of the United Nations Global Compact. Finally, the calculation, measurement and analysis methods used all comply with appropriate national or international standards, where these exist.

CSR Reporting Protocol

The Bel Group's CSR Reporting Protocol, which is available in French and English, is the reference guide for all Group employees involved in CSR reporting. It sets out all the Group's CSR key performance indicators and describes the procedures to be followed for collecting and reporting them. It is circulated, read and applied at all levels of data compilation and reporting. It is revised and validated every year to take changes in the Group into account. The protocol is given to all employees involved in CSR reporting.

It is also used as a reference guide to check external data, in accordance with the decree implementing article L. 225-102-1 of the French Commercial Code (Grenelle II law). This document is made available to stakeholders who request it, in order to facilitate comprehension and the transparency of the key performance indicators presented.

Organization of reporting

The Group CSR and Finance Departments are responsible for the reporting process and centralization of indicators. They ensure compliance with the reporting schedule and, together with the functional departments, organize external communication of the data, particularly within the framework of the Bel Group's registration document. They check the overall consistency of the reporting and are the main contacts for external auditors.

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

Consolidation and internal control

The 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 (highlighting and justifying year-on-year variations, calculating ratios to compare the performance of different entities, etc.). Any significant variations identified are examined in detail with the data contributor and may be corrected.

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

Reporting tools

In 2013, the data was reported and consolidated using several collection systems under the responsibility of the CSR Leaders who coordinate them. The environmental indicators from the industrial sites and the social indicators, which constitute the majority of indicators, are reported using an Excel tool during annual reporting campaigns (monthly for certain indicators). Some data comes from the Information Systems ruled out in the Group (e.g.: SAP, Magdalena) or dedicated software (e.g.: EcoVadis tool, Acciline, MySponsorTool).

Reporting period

The data collected covers the period from January 1 to December 31, 2013.

Depending on the indicators, this involves:

- Annual consolidation of data from January 1, 2013 to December 31, 2013;
- Data measured at December 31, 2013. If the history is available, the data is given for the last three financial years.

Scope of reporting

The CSR reporting scope encompasses all Bel Group subsidiaries and entities over which it had operational control during 2013, more specifically, the Group's entities consolidated in the Annual Financial Report.

Specific features of the scope for the 2013 reporting

The reporting of ISO 14001 and OHSAS 18001 certifications concerning all of the Group's industrial and research sites with the exception of Iran, *i.e.* 27 sites. Cléry-le-Petit and the Bar-le-Duc manufacturing workshop are considered as the same single site.

Reporting of certifications according to GFSI standards involves all the Group's industrial and research sites with the exception of Iran. Cléry-le-Petit plant and Bar-le-Duc production unit are counted as two distinct sites as they have both their own certification: thus, the reporting scope includes 28 sites. Subcontractors manufacturing the products within brands are also included in the scope.

Environmental reporting covers all of the Bel Group's industrial and research sites, with the exception of Iran, *i.e.* 27 sites, its collection centers, warehouses, and the Group's headquarters. Water and energy consumption and waste production of the exclusively tertiary sites (offices) of subsidiaries are not taken into account; this data is considered to have a negligible impact on the Group's total consumption and emissions.

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

Subcontracted production activities are not counted.

When sites are excluded from the scope because there is no data available, this is mentioned in the document. Indicators about volumes of wastewater, discharges into water and waste sent to landfill are published on limited scopes. The indicator of byproducts valorization excludes Chorzele plant (Poland).

The emission factors connected to the consumption of electricity, fuel oil, gas, chlorofluorocarbons, petrol and diesel are those of the ADEME (French Environment and Energy Management Agency). The emission factors connected to the production of electricity are updated annually by the CSR Leader based on the data published by the International Energy Agency for the international scope and by the ADEME for the France scope.

For the greenhouse gas emissions from the Group's own fleet of vehicles, the fleet includes vehicles on long-term leases.

The reporting on the quantities of packaging material used is an estimate on the Group scope of metric tonnages delivered in 2013, obtained from Bel's Information Systems (SAP and Magdalena) and/or suppliers' data and/or, in certain cases, estimates of unit weights. The indicator covers packaging used between January 1, 2013 and December 31, 2013. All packaging materials consumed by the Group are included in the indicator except the packaging for plants in Syria, Iran, Turkey, Portugal and Ukraine. Packaging consumed by subcontractor manufacturers is not included in the indicator. The verification operation for packing reporting has allowed the Group to clarify the 2012 data in retrospect.

The social reporting involves all Bel Group subsidiaries with the exception of Vietnam (165 persons) and Syria (9 people), *i.e.* 31 subsidiaries. One person present in Argentina (subsidiary undergoing liquidation at December 31, 2013) is also reported in the social data. 2012 was the first social reporting published on a Group scale. 2013 allowed the Group to make significant improvements in reliability and robustness of its reporting. The Group has chosen not to publish the information for 2012 because the compatibility of figures did not seem to be sufficient; many developments were explained by an increase of data reliability.

Concerning the indicator "number of employees who attended at least one training course during the year", the 2013 data can include employees who had left the Group before December 31, 2013.

Reporting on work accidents covers all the Group's industrial and tertiary sites apart from Vietnam (165 persons) and Syria (9 persons).

- TF Bel: this indicator, evidence of the Group's commitment to take all its impacts into account, is difficult to compile in an exhaustive manner. The data concerning temporary employment agencies and subcontractors can be difficult to access;
- Frequency rate: the data published incorporates the accidents reported monthly by contributors. This data is not updated at the end of the year so all work accidents can be included, even those they were not recognized as work accident by local health insurance.

2.9 Report of the Statutory Auditors, designated independent third-party entities, on the review of environmental, social and societal information published in the Group Management Report

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the Management Report and in the documents addressed to shareholders. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2013

To the attention of the shareholders,

In our capacity as Statutory Auditors of Fromageries Bel SA and designated as independent third-party entities, whose certification request has been approved by the French National Accreditation Body (COFRAC), we hereby present you with our report on the social, environmental and societal information presented in the Management Report prepared for the year ended December 31, 2013 (hereinafter the "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (Code de commerce).

Responsibility of the Company

The Board of Directors of Fromageries Bel SA is responsible for preparing a Management Report including the CSR Information provided by article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by Fromageries Bel SA (the "Reporting Criteria"), some of which are presented throughout the Management Report and which are available on request from the CSR Department at the Company's headquarters.

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 standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, our responsibility is:

- To attest 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 (Attestation 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 Reporting Criteria (conclusion on the fair presentation of the CSR Information).

Our work was carried out by a team of eight people between November 2013 and February 2014, i.e. a period of around eight weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

Bel Group conducted the following procedures in accordance with professional standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the conclusion on the fair presentation of the Information, with the ISAE (International Standard on Assurance Engagements) 3000⁽¹⁾.

1. Attestation of completeness of the CSR information

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

Bel Group has 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.

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

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

Bel Group has verified that the CSR Information covered the consolidated scope, *i.e.*, the Company and its subsidiaries within the meaning of article L. 233-1 of the French Commercial Code 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 methodological note available in the paragraph 9 of the “Corporate Social Responsibility” section presented in the Management Report.

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

2. Conclusion on the fair presentation of the CSR information

Nature and scope of procedures

Bel Group conducted around twenty interviews with the people 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 Reporting Criteria with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector’s best practices;

(1) Information selected as the most important is:

Quantitative indicators:

- Workforce – total and by operational region and by status
- Male/female distribution of managers by grade
- TF1 accident frequency rate
- TF Bel accident frequency rate
- Severity rate of accidents
- Illness absenteeism rate
- % of employees who attended at least one training course during the year
- Average number of training hours per employee
- Number of people employed and number of redundancies
- Volume of dairy by-products valorized/Volume of finished products sold (%)
- Drinking water consumption – total and per metric ton produced
- Water consumption in regions affected by water vulnerability, stress and shortage according to the Food and Agriculture Organization and Water Risk Filter criteria (verified at the Headquarters level)
- Electricity consumption
- Consumption of renewable energies for heat production
- Greenhouse gas emissions scopes 1 and 2 (verified at the Headquarters level)
- Quality of purified water (COD, suspended matter, total nitrogen and total phosphorous discharged)
- Total waste production
- Proportion of waste sent to landfill

Qualitative information available in the following paragraphs:

- Certifications according to international standards
- Sustainable purchasing policy
- Developing more responsible packaging
- Innovating to make products more accessible: Bel Access: an incubator for innovative projects targeting low-income populations, and Sharing Cities
- Ensuring the quality, safety and traceability of products
- Social Charter and global employee opinion survey.

(2) For social and health & safety data, our work was conducted in the following countries’ entities: France, United States, Slovakia, Poland, Egypt, Algeria and the Netherlands. For environmental data, our work was conducted in the following industrial sites: Cléry-le-Petit (France), Lons-le-Saunier (France), Leitchfield (United States), Michalovce (Slovakia), Chorzele (Poland), Cairo (Egypt), Kolea (Algeria), Schoonrewoerd (the Netherlands).

- 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.

Bel 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 social and environmental challenges of its activities, its Sustainable Development strategies and the sector’s best practices.

Concerning the CSR information that we have considered to be most important ⁽¹⁾:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the Management Report;
- for a representative sample of entities and sites that we have selected ⁽²⁾ according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented on average 66% of the Group headcount

and between 21% and 100% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

Bel Group believes that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Qualification expressed

During our verification work, we noted that a significant part of subsidiaries were reporting number of days lost due to work

accidents in calendar days, and not in working days as specified in the Reporting Criteria. This resulted in some heterogeneity in the method of calculation of the severity rate between entities. Bel Group has not been able to evaluate the impact on the value published by the Group.

Conclusion

Based on our work, and subject to this qualification, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Reporting Criteria.

Observation

Without qualifying the above conclusion, we draw your attention on the chapter 2.7.6, which specifies that the number of employees that participated to at least one training action during the year can include employees who already left the Group at December 31, 2013, contrary to what is specified in the Reporting Criteria. The ratio average number of training hours per employee can thus also include training hours of employees who already left the Company.

Neuilly-sur-Seine and Paris, April 2, 2014

The Statutory Auditors

Deloitte et Associés

Pierre-Marie Martin

Grant Thornton

Vincent Frambourt





3

Corporate governance

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The Report of the Chairman of the Board of Directors was prepared in accordance with article L. 225-37 of the French Commercial Code. The purpose of paragraph 3.1 of this chapter is to report on the composition of the Board of Directors of Fromageries Bel, the application of the principle of balanced gender representation within the Board of Directors, and the conditions of preparation and organization of the work of the Board of Directors. Paragraph 3.2.1 sets out the compensation policy for corporate officers, and paragraph 3.3 reports on the internal control and risk management procedures established by the Company. Lastly, chapter 5 shows the elements likely to have an influence in the event of a public offering, and the rules of participation in General Meetings. The report was prepared on the basis of the work carried out by the Company's various departments, and particularly the Group Finance Department, the Group Internal Audit Department and the Group Legal Department.

3.1 Governance principles

3.1.1 Adherence to the Middledenext Code

Since 2010, the Company has adhered to the Middledenext Corporate Governance Code (which can be viewed on the website www.middledenext.com). The Board of Directors regards the code as appropriate for the specific situation of the Company, which has been family-owned since 1922, with 71% of the share capital and 72% of the voting rights held by members of the family group and by the coordinating holding company, Unibel, as at December 31, 2013.

Pursuant to the recommendations, on March 20, 2014, the Board of Directors revised the points to be watched that are highlighted by the Middledenext Code. These points to be watched refer to the key questions that the Board "must ask to ensure the effective working of governance and its quality". These points to be watched relate to executive power (managers), supervisory power (directors) and sovereign power (shareholders).

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

3.1.2 Composition and expertise of the Board of Directors and General Management

Composition and expertise of the Board of Directors and General Management

The Company's Articles of Association stipulate management by a Board of Directors comprising no fewer than 3 and no more than 12 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, subject to a prior opinion from the Appointments and Compensation Committee.

The term of office of the Directors is set at four years (renewable). 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 as at December 31 of any given year. The Board of Directors may appoint one or more non-voting Directors. The Non-voting Directors attend Meetings of the Board of Directors and take part in its discussions in an advisory capacity.

As at the date of the registration document, the Board of Directors has seven members, including one woman and two foreign Directors. Of the Directors, four are independent, pursuant to the criteria set by the Middledenext Code: Fatine Layt, James Lightburn, Luc Luyten and Michel Arnaud. The family shareholders are represented by three Directors: Antoine Fiévet and Florian Sauvin, and the coordinating holding company, Unibel. Philippe Deloffre is a Non-voting Director.

General Management comprises Antoine Fiévet, who has combined the roles of Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009, and Francis Le Cam and Bruno Schoch, Deputy General Managers (responsible for Bel Group Operations and Finance, Legal Affairs and IT Systems, respectively). They form the management team in charge of overall guidance of the Group.

Board of Directors and General Management at the date of the registration document

Name	Current role within the Company	Start of term of office	End of term of office	Audit Committee	Appointments and Compensation Committee
Antoine Fiévet ^(b)	Director, Chairman and Chief Executive Officer	04/25/2001 05/14/2009	2014 OAGM* 2014 BoD mtg		Member
Michel Arnaud ^{(a)(e)}	Director	08/26/2009	2014 OAGM*		
Fatine Layt ^(a)	Director	05/10/2012	2016 OAGM*	Member	
James Lightburn ^(a)	Director	03/15/2007	2016 OAGM*	Member	Member
Luc Luyten ^{(a)(d)}	Director	06/26/2002	2014 OAGM*		Chairman
Florian Sauvin ^(c)	Director	08/26/2009	2014 OAGM*		
Unibel SA ^(f) represented by Pascal Viénot	Director	06/16/1972	2014 OAGM*	Chairman	
Philippe Deloffre	Non-voting Director	05/10/2012	2016 BoD mtg		
Bruno Schoch	Deputy General Manager, non-Director	12/17/2008	2014 BoD mtg		
Francis Le Cam	Deputy General Manager, non-Director	06/18/2012	2014 BoD mtg		

* Ordinary Annual General Meeting of Shareholders.

(a) Independent Director.

(b) Re-appointment proposed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of four years.

(c) Re-appointment proposed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of one year**.

(d) Re-appointment proposed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of one year**.

(e) Re-appointment proposed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of three years**.

(f) Re-appointment proposed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of three years**.

** Under condition precedent of the adoption at the next Annual General Meeting of the extraordinary resolution relating to the amendment of article 13 of the Articles of Association in respect of the duration of Directors' terms of office, with a view to staggering the terms of office of members of the Board of Directors. If this resolution is rejected, the re-appointment of members whose terms of office are expiring will be proposed for a period of four years.

Change in the composition of the Board of Directors and renewal and appointment of directors

Table showing the changes to the Board of Directors during the 2013 financial year

Name	Additional information	Roles performed within the Company	Start date	Departure date
Johnny Thijs	Belgian	Director	6/27/2001	5/16/2013
		Member of the Audit Committee	11/12/2008	8/30/2012
		Member of the Appointments and Compensation Committee	8/30/2012	5/16/2013

Johnny Thijs' term of office came to a close at the conclusion of the Combined General Meeting of May 16, 2013. Johnny Thijs has not been replaced.

In May 2014, the terms of office of the company Unibel and Antoine Fiévet, Florian Sauvin, Luc Luyten and Michel Arnaud, i.e. five directors out of seven, came to an end. The Board of Directors' Meeting of March 20, 2014 decided at the Combined General Meeting of May 14, 2014 to renew these terms of office, for specific terms, in order to ensure balanced renewal of terms of office and therefore amend article 13 of the articles of association as a consequence.

Thus, subject to the approval of the amendment of the articles of association, the renewal of the terms of office of Florian Sauvin and Luc Luyten is proposed for a year's duration, the terms of office of Michel Arnaud and the company Unibel for a duration of three years and the term of office of Antoine Fiévet for a duration of four years.

Additionally, the Board of Directors has, on the recommendation of the Appointments and Compensation Committee, decided to propose at the Combined General Meeting of May 14, 2014, the appointments of Nathalie Roos and Thierry Billot to the roles of directors for a duration of four years. Subject to the adoption

by the Combined General Meeting of the nomination of Nathalie Roos, the proportion of women on the Board of Directors will be compliant with the law of January 27, 2011. Information relating to these appointments and the proposed statutory amendment feature in Section 6.2 Explanation of the reasons of the resolutions proposed by the Combined General Meeting of May 14, 2014 and 6.3 Biographies and information on the candidates for the directorial roles.

Lastly, in compliance with the law of June 14, 2013, a proposal to amend article 13 of the articles of association to set out the procedures for appointing a director representing the employees will also be proposed at the Combined General Meeting. The Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to propose making a provision for the appointment of the employee director by the Shared Company Committee to the Combined General Meeting. The draft resolution submitted to the Meeting and the explanation of the reasons for this resolution are presented in chapter 6 "Combined General Meeting" in this document.

Independence of directors

In the Meeting of November 12, 2013, the Board of Directors examined the individual situation of each director in relation to the independence criteria set out by the Middelnext Code. Four directors, Fatine Layt, Michel Arnaud, James Lightburn and Luc Luyten, qualified as independent under the terms of the Middelnext Code. Three directors represent the family shareholders and are not independent under the terms of this code: Antoine Fiévet, Florian Sauvin and the holding company Unibel.

Independent directors do not have any business relationship with the Company.

Furthermore, the Board of Directors' Meeting of March 20, 2014 also examined and decided to propose the nominations of Nathalie Roos and Thierry Billot to the Combined General Meeting of May 14, 2014 for the roles of director, particularly in regard to their independence under the terms of the Middelnext Code.

Table: situation of directors in relation to the Middelnext Code independence criteria

■ Middelnext Recommendation (R8)

At least two independent members. This number can be reduced to one in a scenario whereby the Board consists of five members or less. It may be increased in the case of larger Boards of Directors.

Criteria	Board members						
Five criteria can be used to establish the independence of Board members, which are characterized by the lack of contractual or familial financial relations, which are likely to have a bearing on independent judgment:	Antoine Fiévet	Florian Sauvin	UNIBEL*	Michel Arnaud	James Lightburn	Fatine Layt	Luc Luyten
1 - Be neither an employee, corporate officer of the Company or a company within its group, and have not been over the last three years.	No	No	No	Yes	Yes	Yes	Yes
2 - Not be a customer, supplier or major investor in the Company or its group and the Company or its group must not represent a significant share of activity.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 - Not be a major shareholder of the Company.	No	No	No	Yes	Yes	Yes	Yes
4 - Not have a close family link with corporate officer or major shareholder.	No	No	No	Yes	Yes	Yes	Yes
5 - Not have been an auditor of the Company over the last three years.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Conclusion of the Board on the independence or not of the directors: four directors qualify as independent by the Board of Directors	not independent	not independent	not independent	independent	independent	independent	independent

* The company Unibel is represented on the Board of Directors by Pascal Viénot.

General and personal information on the corporate officers and their expertise

■ Biography and information on current corporate officers

Antoine Fiévet, born in 1964, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Director and Chairman and Chief Executive Officer

Term of office

Antoine Fiévet was appointed as a director by the Board of Directors on April 25, 2001, ratified by the General Meeting of April 25, 2001 then appointed Chairman and Chief Executive Officer by the Board of Directors on May 14, 2009. Antoine Fiévet's term of office expires at the General Meeting of May 14, 2014.

Biography, management expertise and experience

Antoine Fiévet represents the fifth generation of the shareholding family (Fromageries Bel was established in 1865 by his great-great grandfather Jules Bel). Antoine Fiévet 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 companies up to 2001. Between 2001 and 2009, he was a 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 Vice-Chairman of FBN France (the Family Business Network) which consists of more than 180 French family businesses. Since April 2013, he has held a seat on the Board of Directors of the ANIA, the main professional organization for French food companies.

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 Roidor (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 Fromageries Bel director.

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

- Chairman of the Unibel Management Board (*listed company*)
- Chairman, Chief Executive Officer and member of the Fromageries Bel Appointments and Compensation Committee
- Chairman of the Bel Business Foundation
- Chairman and CEO of SICOPA
- Director of SOFICO
- Director of ATAD
- Chairman and CEO of Fromageries Picon

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

- Managing Director of SCI MORI
- Member of Bonduelle SAS Remuneration Committee
- Managing Director of RFE
- Director of CGFF

Terms of office and current positions within the Group held abroad

- Chairman and CEO of Bel Belgium SA
- Chairman of SIEPF SA's Board of Directors
- Chairman of Fromageries Bel Maroc SA's Board of Directors
- Chairman of Bel Karper's Board of Directors
- Chairman of Bel Syry Cesko AS' Supervisory Board
- Chairman of Fromagerie Bel Algérie SpA's Board of Directors
- Chairman of Bel Vietnam Co. Ltd's Supervisory Board

Terms of office held which expired during the last five years

- Chairman of SOFICO's Board of Directors
- Member of Fromageries Bel's Audit Committee
- Director of CIANAS
- Chairman of the Bel Italia SpA's Board of Directors
- Chairman of Syraren Bel Slovensko AS's Supervisory Board
- Chairman and CEO of SAFR
- Chairman of Bel Shostka Ukraine's Supervisory Board

Restrictions preventing the sale of a stake in the share capital

Antoine Fiévet declares himself party to the pact of Unibel family shareholders signed on September 19, 2013 and published by the French Financial Markets Authority on September 26, 2013.

Fatine Layt, born in 1967, French

Business address: Oddo Corporate Finance – 12 boulevard de la Madeleine – 75009 Paris

Director

Term of office

Fatine Layt was appointed to the role of Director by the Annual General Meeting of May 10, 2012 for a period of four years, *i.e.* up to the conclusion of the General Meeting scheduled to take place in 2016.

Biography, management expertise and experience

Fatine Layt began her career at the Euris Group when it was formed in 1989: she worked in private equity and then management, as Chairman and CEO or director of various subsidiaries of the Group (EPA, Glénat, Editeuris, Sygma presse). In 1996, she became Chairman and CEO of specialist press group CEPP, controlled by APAX Partners. She is also a director of the trade press federation. In 2000, she set up her own organization called Intermezzo, a financial engineering consultancy company. In 2003, she started working with Jean-Marie Messier at Messier Partners, a merchant bank specializing in mergers and acquisitions. Then, in March 2007, she set up Partanée, sold in October 2008 to Oddo & Cie, investment bank and fund managers, of which she is currently a member of the Executive Board and Chairman of Oddo Corporate Finance. She graduated from IEP Paris, specializing in finance and the French Society of Financial Analysts (SFAF) and is a former conference master at Sciences Politique 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

- | | |
|---|---|
| ● Chairman and managing shareholder of Oddo Corporate Finance | ● Director of the Imérlys company (<i>listed company</i>) |
| ● Member of the Oddo and Cie SCA Executive Committee | ● Member of Institute Aspen France's Supervisory Board |
| ● Director of the Renault Foundation | ● Managing director of Intermezzo SARL |
| ● Director of Mobiliz SA | ● Member of Grand Emprunt's Supervisory Board |
| ● Chairman of the Bouffes du Nord circle of partners | |

Terms of office and current positions held abroad

- Managing director of Intermezzo International Co. Ltd

Terms of office held which expired during the last five years

- Chairman of A & A Associés SAS and Partanea SAS

Restrictions preventing the sale of a stake in the share capital

None

Florian Sauvin, born in 1979, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Director

Term of office

Florian Sauvin was appointed as a director by the Board of Directors on August 26, 2009, a decision ratified by the Annual General Meeting of May 12, 2010. Florian Sauvin's term of office expires at the conclusion of the Annual General Meeting which will take place on May 14, 2014.

Biography, management expertise and experience

Florian Sauvin, EPFL engineer, joined the Group seven years ago and held, most notably, the post of management controller for two years. He is responsible for the Bel Access Department, incubator of the Company in terms of promoting new economic models, aiming to develop a sustainable approach to low-revenue consumption markets which takes account of both the social impact and economic viability factors. He has also been a member of the Unibel's Management Board since August 2009.

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) and Marion Roidor (sister).

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

- | | |
|---|---|
| ● Member of Unibel Management Board | ● Director of SICOPA |
| ● Director of Fromageries Bel | ● Permanent representative of SICOPA on ATAD's Board of Directors |
| ● Director – Treasurer of the Bel business foundation | |

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

- | | |
|----------------------------|--|
| ● Director and CEO of CGFF | ● Managing Director of SCI Belfran |
| ● Director of CIANAS | ● Joint Managing Director of SAUF11 SARL |

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

- Director of Biomass Holding SAL

Terms of office held which expired during the last five years

Member of Unibel's Supervisory Board for the period of August 2008 to June 2009

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 French Financial Markets Authority on September 26, 2013

James Lightburn, born in 1943, American

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Director

Term of office

James Lightburn was appointed by the Board of Directors' Meeting of March 15, 2007 replacing François Bel. His appointment was ratified by the General Meeting of April 30, 2007. His term of office was renewed during the Annual General Meeting of May 10, 2012 and will conclude at the conclusion of the Statutory General Meeting in 2016.

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, consultancy, equity and quasi equity (LBOs and MBOs). He regularly publishes articles like "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 Bel Group held in France

- Director of Epicture SA

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

- Director and member of The China Fund Inc's Audit Committee

Terms of office held which expired during the last five years

- Member of Sofisport SA's Supervisory Board

Restrictions preventing the sale of a stake in the share capital

None

Luc Luyten, born in 1945, Belgian

Business address: Camelialaan, 7A – 2970's Gravenwezel – Belgium

Director

Term of office

Luc Luyten was appointed director by the General Meeting on June 26, 2002. His term of office was renewed by the General Meeting of May 13, 2008. Luc Luyten's term of office expires at the conclusion of the General Meeting of May 14, 2014.

Biography, management expertise and experience

Luc Luyten has extensive experience in human resources and company management. He has held positions as human resources director at GTE-Atea SA (now Siemens), at the UCB group, then from 2002 to 2007 (date on which he retired) at bpost where he was also responsible for Organization, Legal management, Internal communications, Prevention and Safety. He was also a member of the Executive Committees of these companies. Since 2007, he has worked as an Managing Director at Human Invest, specializing in strategic HR management and change management. He holds a master's degree in Psychology and Education. He also holds a diploma in Human Resources Management from Harvard university (USA).

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 Chairman of the Fromageries Bel Appointments and Compensation Committee

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

None

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

- | | |
|---|--|
| ● Managing Director of Human Invest | ● Honorary council of Burundi |
| ● Director and Chairman of the Appointments and Compensation Committee of Sd-Worx | ● Chairman of the University of Anvers Audit Committee |
| ● Director of Ahlers SA | ● Chairman of the Roi Baudoin foundation poverty fund |
| ● Director of Xerius Group | ● Member of the Flemish Government Commission |
| ● Director of Evens Foundation | |

Terms of office held which expired during the last five years

- Member of the Executive Committee and executive Vice-Chairman of Poste SA
- Chairman of the Belgian Federation of Personnel Directors
- Director of the European Association for Personnel Management

Restrictions preventing the sale of a stake in the share capital

None

Pascal Viénot, born in 1948, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Permanent representative of the company UNIBEL

Term of office

Pascal Viénot was appointed a permanent representative of Unibel since the Board of Directors' Meeting on May 10, 2012. The term of Office of Unibel, as director was renewed by the General Meeting of May 13, 2008 and expires at the conclusion of the General Meeting on May 14, 2014.

Biography, management expertise and experience

A renowned expert in family business governance, Pascal Viénot founded the company Ketch Conseil in 1993, then in 2009 "Governance partner", governance consultancy companies of which he is the managing shareholder/founder. He has also held various governance positions within organizations. He has been an Affiliate Professor and Scientific Director of HEC governance programs since 2003 and rapporteur for the ETI commission within the Institut Français des Administrateurs. He is the author of several works on governance and family business strategy. From 1979 to 2003, he held positions as Development Director, Financial Director and in General management. From 1979 to 1989, he was Financial Director of the Compagnie du Midi Group, then in 1989 he became CEO of Euro Synergie Investment Fund, a post which he left in 1996 in order to join the Continental Can Company as CEO of Ferembal. In 1999, he was appointed Financial Director of the GAN Group. He holds degrees from the École des Hautes Études Commerciales (HEC) and the University of Columbia.

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 Supervisory Board and Audit Committee
- Permanent representative of Unibel on Fromageries Bel's Board of Directors

Offices and current roles held outside the Group in France

- | | |
|---|--|
| • Managing shareholder of the company Associés en Gouvernance | • Director of Bligny Centre Hospitalier |
| • Chairman of Ketch Conseil | • Rapporteur for the ETI's "Medium-size Companies" Commission to the IFA "French Institute of Directors" |
| • Member of FM Holding's Supervisory Board | • Member of FBN France's Scientific Committee |
| • Director of Necotrans | |

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

None

Terms of office held which expired during the last five years

- Director of Stroc Industrie (Morocco)

Restrictions preventing the sale of a stake in the share capital

None

Michel Arnaud, born in 1946, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Director

Term of office

Michel Arnaud was appointed as a director by the Board of Directors on August 26, 2009. His appointment was ratified by the General Meeting of May 12, 2010. Michel Arnaud's mandate expires on the conclusion of the General Meeting of May 14, 2014.

Biography, management expertise and experience

Michel Arnaud joined the Bel Group in 1974 and has held the following posts successively: Research Director, Bel Industries Department Director, Industrial Director of Bel industries Department and Industrial and Engineering Director of the Frobel Department and R&D, and Quality and Economic Intelligence Director. He was a member of the Steering Committee from 1980 to 2006. In this role, he assumed managerial responsibilities by managing the activity of numerous employees. He is a Doctor in Macromolecular biochemistry and holds a diploma from the French Institute of 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 of Fromageries Bel

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

None

Terms of office held which expired during the last five years

- Member of Unibel's Supervisory Board

Restrictions preventing the sale of a stake in the share capital

None

Philippe Deloffre, born 1920, French

Business address: Unibel – 16 boulevard Malesherbes – 75008 Paris

Non-voting director

Term of office

Philippe Deloffre was appointed a permanent representative of Unibel, a director, for the period of June 27, 2001 to May 10, 2012. By the decision of the Board of Directors on May 10, 2012, he was appointed a non-voting director for a period of time expiring at the conclusion of the Statutory Annual General Meeting in 2016.

Biography, expertise and experience in terms of management

Philippe Deloffre held the post of Commercial Director for 13 years, then CEO of various subsidiaries in the Bel Group for nearly 21 years.

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

- Fromageries Bel non-voting director
- Permanent representative of Fromageries Bel on SOFICO's Board of Directors
- Permanent representative of Fromageries Bel on ATAD's Board of Directors

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

- | | |
|---|---|
| ● Chairman of CGFF's Board of Directors | ● Honorary Chairman of Eco-Emballage |
| ● Director of GIAC | ● Managing Director of Fiévet Frères SARL |

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

None

Terms of office held which expired during the last five years

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

Restrictions preventing the sale of a stake in the share capital

None

Bruno Schoch, born in 1965, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Deputy Chief Executive Officer, non-director

Term of office

Bruno Schoch was appointed by the Board of Directors on December 17, 2008 then renewed by the Board of Directors on May 14, 2009.

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 the Swiss bank 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 ASMEP-ETI's (association of medium-size companies) "made in France" extended bureau and committee.

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 (*listed company*)
- Deputy Chief Executive Officer (non-director) of Fromageries Bel
- Permanent representative of Fromageries Bel on Fromageries Picon's Board of Directors
- Permanent representative of Fromageries Bel on SAFR's Board of Directors
- Permanent representative of SICOPA on SOFICO's Board of Directors
- Permanent representative of SOPAIC on ATAD's Board of Directors

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

- Member of Société des Domaines SAS's Supervisory Board
- Member of Geratherm AG's Supervisory Board (*listed company*)
- Permanent representative of Unibel on Biomass Holding SAL's Board of Directors

Terms of office and current positions within the Group held abroad

- Director of Bel Polska zoo
- Member of Syraren Bel Slovensko's Supervisory Board
- Member of Bel Syry Cesko as's Management Board
- Director and Chairman of Bel Brands USA
- Director of Bel Belgium SA
- Director of Bel UK Ltd
- Director of Bel Deutschland GmbH
- Permanent representative of Fromageries Bel on Fromagerie Bel Algérie SpA's Board of Directors
- Permanent representative of SICOPA on Fromageries Bel Maroc SA's Board of Directors
- Permanent representative of SICOPA on SIEPF SA's Board of Directors
- Director of Bel Rouzaneh Dairy Products Company (ex Bel Sahar)
- Director of Bel Karper
- Permanent representative of SICOPA on Grupo Fromageries Bel Espana SL's Board of Directors

Terms of office held which expired during the last five years

- Chairman of Jaromericka's Supervisory Board
- Chairman of Bel Syry Cesko as' Supervisory Board
- Director of Syraren Bel Slovensko
- Member of Bel Shostka Ukraine's Supervisory Board
- Member of Bel Leerdammer BV's Supervisory Board
- Director of SICOPA

Restrictions preventing the sale of a stake in the share capital

None

Francis Le Cam, born in 1948, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Deputy Chief Executive Officer, non-director

Term of office

Francis Le Cam was appointed Deputy Chief Executive Officer by the Board of Directors on June 18, 2012.

Biography, management expertise and experience

Francis Le Cam joined the Bel Group in 1995. He held the posts of Chief Executive Officer of Bel France, then Vice-Chairman responsible for the Western Europe zone. Before joining the Bel Group, he gained extensive experience of mass consumption goods, more specifically in the fields of marketing, sales and general management at international companies (Procter & Gamble, Danone and Sara Lee). He graduated from the École des Hautes Études Commerciales (HEC).

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

- Deputy Chief Executive Officer, non-director of Fromageries Bel
- Joint Managing Director of FBPF

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

None

Terms of office and current positions within the Group held abroad

- | | |
|--|--|
| ● Director of Bel Belgium SA | ● Chairman of Bel Suisse SA's Board of Directors |
| ● Chairman of Grupo Fromageries Bel Espana SL's Board of Directors | ● Director of Bel Nordic AB |
| ● Chairman of Fromageries Bel Hellas SA's Board of Directors | ● Chairman of Syraren Bel Slovensko AS's Supervisory Board |
| ● Director of Bel Italia SpA | ● Member of the Bel Shostka Ukraine PJSC's Supervisory Board |
| ● Director of Fromageries Bel Portugal SA | ● Director of Quesos Bel Mexico |
| ● Director of Bel UK Ltd | ● Director of Bel Brands USA INC |

Terms of office held which expired during the last five years

- Permanent representative of SICOPA on Grupo Fromageries Bel Espana SL's Board of Directors
- Chairman of Bel Shostka Ukraine's Supervisory Board
- Chairman of Bel Leerdammer BV's Supervisory Board

Restrictions preventing the sale of a stake in the share capital

None

Director whose term of office ended in 2013**Johnny Thijs**, born in 1952, Belgian**Business address:** bposte – Centre Monnaie – 1000 Brussels – Belgium**Director****Term of office**

Johnny Thijs performed the role of director on Fromageries Bel's Board of Directors from June 27, 2001 to May 16, 2013.

Biography, management expertise and experience

Johnny Thijs gained extensive experience at global companies, within which he has held the posts of Chief Executive Officer and Chairman. He was appointed Chief Executive Officer of Interbrew for Europe, Asia-Pacific and Africa in 1995 and Ter Beke in 2000. Since 2002, he has been Chief Executive Officer of bpost (previously La Poste SA). In these roles, he undertook significant restructuring of these companies in order to restore their profitability and manage them. He was able to acquire solid experience in risk management and corporate governance. He holds degrees from the Economische Hogeschool Limburg (Commercial Engineer) and Columbia University (international marketing).

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

None

Terms of office and current positions

- Managing Director of bposte SA
- Director of De Weide Blik
- Director of Max Green SA
- Director of Spadel SA (*listed company*)

Terms of office held which expired during the last five years

- Director and member of Fromageries Bel's Appointments and Compensation Committee
- Director of Quick SA (*listed company*)
- Member of Fromageries Bel's Audit Committee
- Director of Carrefour Belgique SA
- Director of Guylian SA

Restrictions preventing the sale of a stake in the share capital

None

3.1.3 Declarations relating to members of the Board of Directors and General Management

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

To the best knowledge of the Company, no member of the Board of Directors and the General Management, has been convicted of fraud over the last five years, or has been associated with any bankruptcy, receivership or liquidation, or has an official public penalty or official public sanction declared by a statutory or regulatory authority or has been prevented by a court of justice from acting as a member of a management, executive or supervisory corporate body or from intervening in a management or executive capacity in the activities of a listed company.

Service contracts

To the best knowledge of the Company, and on the date this document is issued, and subject to the following section, no corporate officer is connected to the Company or any of its subsidiaries by a service contract which makes provision for the granting of any benefits whatsoever upon the expiry of such contract.

The Company is linked 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 conditions and processes of which are detailed in Section 3.5.1 of this document "Special Statutory Auditors' special report on regulated agreements and undertakings for the financial year ending December 31, 2013". These agreements were subject to the control procedures for regulatory agreements set out by articles L. 225-38 pursuant to the Commercial Code.

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

To the best knowledge of the Company and on the date of issue of this document, there are no potential conflicts of interests between the duties of Fatine Layt, James Lightburn, Michel Arnaud and Luc Luyten, directors who are not members of the family group Fiévet-Bel, in relation to the Company and their private interests and other duties. Antoine Fiévet, director and Chairman and Chief

Executive Officer and Florian Sauvin, director, are also members of Unibel's Management Board, holding more than 2/3 of the capital and voting rights of the Company and parties to the Unibel shareholders' pact which links the members of the Fiévet-Bel family group. Information relating to the Company's capital is featured in chapter 5 of this document.

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

The Company's articles of association do not set out any specific rules applicable to the appointment and replacement of members of the Board of Directors. Legal provisions apply.

To the best knowledge of the Company and on the date this document is issued, there is no arrangement or agreement concluded between the main shareholders, customers, suppliers or others by which the Chief Executive Officer or any of the members of the Board of Directors whatsoever could be appointed.

Restrictions relating to the transfer of shares

Within the framework of the provisions in the French General Tax Code, notably articles 787 B, 885 Ia and 885 Ic, there may be collective or individual commitments to retain Fromageries Bel shares. Those known to the Company, relating to, in particular, Antoine Fiévet and Florian Sauvin and the company Unibel, are described in Section 5.1 "Capital and shareholders".

To the best knowledge of the Company, and on the date of issue of this document, there are no other commitments involving members of the Board of Directors and the General Management relating to the transfer over a certain period of time of their holding in the Company's capital.

However, within the context of free share award plans introduced by the Board of Directors since 2008, free shares awarded for the benefit of corporate officers and employees have an unavailability term of two years at the conclusion of the vesting period equal to two or three years and, for corporate officers, an obligation to keep a minimum of 20% for the full duration of their terms of office.

3.1.4 Organization and work performed by the Governance Bodies

3.1.4.1 Structure and operation of the Board of Directors

■ Company Management Structure

The Company is run by a Board of Directors, the Chairman of which, Antoine Fiévet, is also Chief Executive Officer. The Board of Directors decided in its Meeting of May 14, 2009, to combine the roles of Chairman of the Board and Chief Executive Officer of the Company, combining these roles seemed suitable for the management structure and operation of the Company and would make the decision making process and taking responsibility more efficient. During its Meeting on March 20, 2014, within the scope of the assessment of these works, the Board of Directors re-examined the question of the balance of power within its governing bodies.

Antoine Fiévet has held the posts of Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009. He has been assisted by Bruno Schoch, Deputy Chief Executive Officer since December 17, 2008, in charge of financial and legal affairs and information systems, and by Francis Le Cam, Deputy Chief Executive Officer in charge of operations at Bel Group since June 18, 2012.

In his capacity as Chairman of the Board of Directors, Antoine Fiévet organizes and directs the work of the former, about which he reports to the General Meeting. He ensures that the Company bodies function correctly and makes sure, in particular, that the directors are in a position to successfully carry out their role. In his capacity as Chief Executive Officer, Antoine Fiévet has the most extensive powers to act under any circumstances on behalf of the Company. He exercises his powers within the scope of the Company's Corporate purpose and is subject to those powers the law expressly allocates at shareholder and Board of Directors' Meetings.

Antoine Fiévet's term of office comes to an end at the conclusion of the Combined General Meeting of May 14, 2014, his terms of office as Chairman and Chief Executive Officer will also expire. The Board of Directors will meet immediately after the General Meeting to make a decision on the appointment of management bodies. The Appointments Committee, which met on March 19, 2014, recommended the renewal of Antoine Fiévet's terms of office as Chairman and Chief Executive Officer.

■ Roles of the Board of Directors

In the case of the strategy adopted by Unibel, the holding company, the Board of Directors agrees upon all the decisions in terms of the main strategic, economic, employment, environmental, financial and industrial directions of the Company and ensures their adoption by General Management. It is regularly informed, either directly or through its committees, of any significant event in the Company's business market.

During each Board Meeting, the Chairman informs the directors of the main facts and significant events relating to the Group which have occurred since the Board's last Meeting. Every Meeting of the Board of Directors is also the opportunity to take stock of the Company's activity and its future perspectives.

In compliance with the legal and statutory provisions, the Board of Directors meets at least four times a year, called by the Chairman at least one week before the Meeting, unless there is an emergency, to examine and adopt the annual and consolidated financial statements, to examine the forecast management accounts and adopt the consolidated half-yearly financial statements. The Meetings require the prior submission to the directors, several days before the Meeting, unless there is an emergency or an urgent requirement, of a file covering all the main points which will be discussed and examined.

However, a Meeting of the Board of Directors may be convened on any other important subject. The Board of Directors is then regularly informed of the progress of these files. The work and decisions of the Board of Directors are formalized in the reports which summarize the Meeting.

■ Internal regulation of the Board of Directors

The Company's Board of Directors has an internal regulation which specifies the conditions for preparing for its Meetings and its rules of conduct to this effect; it determines the limits the Board places on the powers of the Chief Executive Officer and its Deputy Chief Executive Officers. In compliance with the law, these limits are established internally and are not applicable to third parties.

The internal regulation also states the rights and duties of directors during their term of office. In 2013, the Audit Committee and the Appointments and Compensation Committee were both granted a charter defining the operation and the roles and responsibilities of each of these committees. The internal regulation of the Board which up to that point set out these rules was consequently amended.

It may be consulted at the Company's head office.

■ Limits applied to the powers of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers by the Board of Directors

In his capacity as Chief Executive Officer, Antoine Fiévet has the most extensive powers to act under any circumstances on behalf of the Company. 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 at shareholders and Board of Directors' Meetings.

Furthermore, internally, and not applicable to third parties, the prior authorization of the Board of Directors is required for any major and/or significant operation or potential operation in terms of its total or by its 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 operation or potential investment over ten (10) million euros;
- loans and financing operations of a total of over twenty-five (25) million euros and the allocation of the guarantees attached to said financing operations,
- restructuring operations exceeding the level of ten (10) million euros;
- operations affecting the brands of a value of over five (5) million euros, as well as agreements with third parties relating to the operation of the Group's core brands;
- real estate operations exceeding the level of five (5) million euros.

■ Work of the Board of Directors during the year 2013 and from the start of the year 2014

During 2013, the Board of Directors met five times with its members achieving an attendance rate of 97.2%.

In 2013, within the framework of its role, the Board of Directors reviewed the quarterly, half-yearly and yearly financial information, the annual financial statements and the consolidated financial statements for 2012, the sales for the fourth quarter of 2012 and the first and third quarters of 2013 and the process for issuing this information. Every Board Meeting issued a statement on the financial statements and was preceded by an Audit Committee Meeting. The directors systematically review the press releases relating to this information before their circulation.

During each Meeting, the business market was assessed. Regular attention was given to the economic and geopolitical

situation of the markets and its impact on the Group's activity as well as monitoring the execution of the construction of the Brookings plant in the USA. The Board of Directors continued the Group's policy of financial diversification initiated in 2012 by implementing a treasury bills issuing program for a maximum total of €500 million and by issuing two tranches of bonds for a total amount of €160 million. The issuing of so-called "Schuldschein" bonds for totals of €140 million and US\$110 million respectively was therefore approved during the Meeting of June 3, 2013. By a decision on February 13, 2014, this financing was also continued via the extension of its syndicated line of credit of €520 million which matures from 2016 to 2019, with the option of transferring this maturity to 2020 or even 2021. The information relating to these issues is featured in chapter 4, in Note 31 of the appendix to the annual financial statements and Note 4.18 of the appendix to the consolidated financial statements.

In terms of governance, the Board of Directors examined during the Meeting of March 21, 2013, the opportunity of replacing Johnny Thijs, a director who has not requested his term of office to be renewed and proposed not to replace him as a review on the entry of new members was currently in progress. Following the conclusion of Johnny Thijs' term of office, the Board of Directors appointed James Lightburn as a member of the Appointments and Compensation Committee on June 3, 2013.

In addition, the Board issued a statement on the independence of each director in relation to the criteria of the Middelnext Code. It also examined the procedures for implementing the obligations originating from the law of June 14, 2013 relating to the security of employment, particularly the appointment of a director representing employees. Information relating to the appointment of a director representing employees is found in chapter 6 of this document.

Following the self-assessment of the Board's performance, conducted in December 2011, the directors identified areas for improvement and noted in November 2012 and March 2013 that these areas of improvement have duly been taken into account. The Board of Directors' Meeting on November 12, 2013 wished to undertake a further self-assessment on the basis of a questionnaire submitted to directors.

The Board of Directors' Meeting of March 20, 2014 examined the results of these questionnaires. The directors are satisfied with the running of the Board, its transparency and the quality of the exchanges. Certain points of improvement were raised; the directors wish to receive more targeted information on certain countries, and a regular review of past investments.

On the date of issue of this document, the Board of Directors has met twice since the start of 2014. The Board of Directors mainly worked on the annual financial statements and consolidated financial statements for 2013, on the opportunity to schedule renewal of the terms of office coming to an end, on the appointment of Nathalie Roos and Thierry Billot to the posts of director and the convening of the Annual General Shareholder Meeting.

3.1.4.2 Composition, operation and activities of the Board of Directors' Committees

The Board of Directors set up, during its Meeting on June 27, 2001, two specialist committees, an Audit Committee and an Appointments and Compensation Committee.

These Committees issue, in their area of competence, proposals, recommendations and opinions depending on the case in question. They have an advisory capacity and act under the authority of the Board of Directors. They report back to the Board where necessary.

■ Audit Committee

In 2013, the Audit Committee was granted a charter governing its operation, its role and its responsibilities. This Charter was approved by the Board of Directors 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 Chairman or the Chairman of the Board of Directors to guarantee the questions relating to the drafting and checking of periodic and annual accounting and financial information is monitored. In 2013, the Committee met four times with a 100% attendance rate.

The Audit Committee consists of at least three members appointed by the Board of Directors 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 of Directors appoints the Chairman of the Board to direct the work of this Committee.

In 2012, the composition of the Audit Committee changed: Pascal Viénot, a permanent representative of Unibel was appointed Chairman of the Committee, replacing Philippe Deloffre, who became a non-voting director, and Fatine Layt replaced Johnny Thijs. On the date of issue of this document, the Audit Committee has three members: Pascal Viénot (Chairman), James Lightburn and Fatine Layt, the two latter members being independent in accordance with the criteria set out by the MiddleNext Governance Code which the Company uses as a reference. Pascal Viénot and Fatine Layt offer specialist financial skills. (For additional information see Section 3.1.2). Mr. Deloffre is invited and involved in each Audit Committee Meeting as a non-voting director.

The Audit Committee consults the Deputy Chief Executive Officer (responsible for financial and legal affairs and information systems), the Corporate Finance Director, the Consolidation, Financial Control and Internal Control Director, the Treasury Director, the Legal Director and the Internal Audit Director. The members of the Committee maintain relations with the auditors without the presence of the Group's management.

The Audit Committee reports back to the Board of Directors about its roles and informs it without delay of any difficulties encountered.

Roles

In compliance with the provisions of article L. 823-19 of the Commercial Code, the Audit Committee's role is to assist the Board of Directors and perform the following (i) monitoring of the process of drafting periodic and projected financial and accounting information, and to this end, reviewing the Company's annual and consolidated financial statements, (ii) monitoring the effectiveness of the internal control systems and risk management as well as (iii) monitoring the legal checks by the auditors of the Company's annual and consolidated financial statements. The Committee supervises the auditor selection procedure and issues a recommendation to the Board on the proposed auditors for appointment by the General Meeting. The Committee examines the risks that threaten their independence with the auditors.

Within this framework, the Audit Committee:

- ensures the relevance and permanence of the accounting rules and methods used to establish consolidated and corporate financial statements, as well as the appropriate accounting treatment of significant operations by the Bel Group;
- examines the Bel Group's annual internal audit plan and the auditors operations, examines the Bel Group's Internal Audit Reports on a quarterly basis;
- ensures the relevance of the internal control procedures;
- ensures there is a process for identifying and analyzing financial and non-financial risks likely to have a significant impact on the Company's accounting and financial information and particularly on the Company's capital, regardless of the time period. It also examines the financial situation of the Group and its debt and financial structure;
- the Audit Committee ensures that any weaknesses identified in the internal control and risk management systems result in corrective actions.
- the Audit Committee examines the Chairman's Report and, where necessary, comments on subjects within its field of competence;
- provides the Board of Directors with an opinion on the renewal of auditors' mandates or their appointment.

To perform its role, it has access to all the documents and information that it wishes to verify. To this end, it has the right to any information that 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 2013

The work of the Audit Committee since January 2013 has mainly been related to the following points:

- examining the Group's half-yearly and annual consolidated financial statements with the Group's Financial Management and the Auditors in order to analyze the financial and accounting statuses for the entire Group. Each time the consolidated financial statements are presented (half-yearly and annual); the auditors present a summary of their work and their conclusions. The members of the Committee spoke to the auditors, during the Meeting of March 20, 2013, without the Group's management being present;
- reviewing half-yearly and annual draft press releases on the Group's financial results;
- monitoring the treasury, the exchange rate hedging policy and financing of the Group;
- examining the Extra-Financial 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 Committee approved the Group's internal audit plan for 2014;
- monitoring risk management: as part of the role assigned to the Audit Committee in relation to risk management;
- the Committee was kept informed about the introduction of new internal control procedures and the updating of procedures.

■ Appointments and Compensation Committee

On the recommendation of the Committee, ruling on its form as Appointments Committee, the Board of Directors' Meeting on March 21, 2013 adopted a charter defining its composition, areas of competence and operational rules. Up to that point, the Appointments and Compensation Committee was governed by the Board of Directors' internal regulations.

The Appointments and Compensation Committee convenes at least four times a year, and as often as necessary at the request of the Chairman of the Board of Directors. In 2013, the Appointments and Compensation Committee met four times with an attendance rate of 90.9%.

The Appointments and Compensation Committee consists of at least three members, the majority of which are independent. For the completion of its work, the Appointments and Compensation Committee may use external experts and consult the Group's internal specialists, most notably, the Human Resources Director, for all questions dealt with by the Committee.

By a decision of the Board of Directors on June 3, 2013, James Lightburn was appointed a member of the Appointments and Compensation Committee. At the date of issue of this document, the Appointments and Compensation Committee has three members: Luc Luyten, Chairman of the Committee and James Lightburn, qualified as independent under the terms of the Middennext Code and Antoine Fiévet.

The Appointments and Compensation Committee has employed the skills of an expert specializing in remuneration systems since June 2009. The provision of these technical skills contributes to the quality of the work of this Committee and fairly represents the various interests at stake.

Roles

In its capacity as an Appointments Committee, the Committee's main role is to provide proposals and recommendations for selecting directors and renewing their terms of office, the manner in which the General Management operates, the appointment or cessation of the functions of the Chairman of the Board, the Chief Executive Officer and/or Deputy Chief Executive Officers, the implementation of succession plans, the operation of the Board and its periodic assessment. It also provides an opinion on the appointment of members of the Management Committee. In its capacity as Remuneration Committee, the Committee issues recommendations on the setting and distribution of attendance fees, all items making up the remuneration of corporate officers including the retirement arrangements, the variable elements of remuneration and remuneration linked to capital, determining the performance targets when setting variable remuneration. It makes decisions on the Company's policy in terms of plans of options to subscribe to or purchase shares and the general policy in terms of employee share ownership plans. Lastly, it advises the executive management on the overall consistency of the remuneration policy for the main senior managers and members of the Management Committee. It is kept informed of the Company's remuneration policy for all personnel.

Work of the Appointments and Compensation Committee since January 2013

The Appointments and Compensation Committee has basically examined the following points:

- situation in terms of director terms of office coming to a close, to this end, it has recommended that the terms of office of Antoine Fiévet, Florian Sauvin, Luc Luyten and Michel Arnaud from Unibel be renewed;
- selection and appointment process for directors including, most notably, the provisions of the law of January 27, 2011 relating to the balanced representation of men and women on Boards of Directors. It recommended the appointment of Nathalie Roos and Thierry Billot to the posts of director at the Annual General Meeting convened for May 14, 2014;

- proposed statutory changes aiming to renew the balance of director terms of office and enable the appointment of a director representing employees (see chapter 6 Combined General Meeting);
- proposed remuneration for the Deputy Chief Executive Officer responsible for operations;
- determination of the performance targets for the remuneration of the Deputy Chief Executive Officer in charge of operations, members of the Management Committee and senior management, and examining the conditions for meeting these targets;
- appointment of James Lightburn as a member of the Appointments and Compensation Committee;
- policy for awarding performance shares to Company and subsidiary employees and/or corporate officers and, with this in mind, the recommendation for implementing a plan to allocate performance shares to employees;
- assessing the performance of the Board of Directors, both in terms of its organization and its operation.

3.2 Compensation and benefits

3.2.1 Principles and rules adopted by the Board of Directors to determine the compensation and benefits of any kind awarded to corporate officers

The corporate officers are Antoine Fiévet, Chairman and Chief Executive Officer and Bruno Schoch and Francis Le Cam, Deputy Chief Executive Officers. Antoine Fiévet and Bruno Schoch are also respectively Chairman and member of the Unibel Management Board, a holding company of the Group. Since mid-2010, Antoine Fiévet and Bruno Schoch have not received any remuneration for their respective posts of Chairman and Chief Executive Officer and Deputy Chief Executive Officer of Fromageries Bel, as they are remunerated by Unibel. Francis Le Cam does not hold a position at Unibel and is remunerated for his role as Deputy Chief Executive Officer by Fromageries Bel.

The principles and rules adopted by the Board of Directors determining the remuneration and benefits of any kind granted to managing corporate officers are the following:

- a fixed monthly remuneration over 13 months;
- a yearly variable remuneration set as a percentage of the fixed annual remuneration and weighted by the rate at which the performance targets are achieved, based equally on sales, the operational result in terms of sales and free cash flow over sales. The results are calculated on the last two financial years for the Chief Executive Officer and on the last financial year only for the Deputy Chief Executive Officers. The bonus may vary from 0 to 150% depending on performance.
- a multi-year variable remuneration, for Deputy Chief Executive Officers only, based on the allocation of performance units subject to performance conditions. 615 performance units were awarded in 2013; if the performance conditions, based on *Ebitda* (*Earnings before Interest, Taxes, Depreciation, and Amortization*) and *ROCE* (*Return On Capital Employed*) criteria

are achieved and in proportion to this target, and depending on the value of the unit of performance, half of the performance units shall be paid in the form of a bonus after two years, increased by a bonus of €65,000; the second half of the performance shares shall be paid after four years therefore representing, net of social security and tax contributions, the same benefit as the transfer of an identical number of shares.

- company cars and for Bruno Schoch, executive unemployment insurance underwritten by GSC.

These remuneration conditions are regularly compared by the Appointments and Compensation Committee to market conditions with the assistance of expert consultants.

The quantified targets and performances are not published for reasons of confidentiality.

The Annual General Meeting of May 14, 2009 set the maximum total attendance fees that can be paid to directors at €300,000. This rule has not been changed. The attendance fees include a set part and a variable part allocated according to the actual presence. The Board of Directors' Meeting of November 10, 2011 decided to raise, from the 2012 financial year, the fixed part of the attendance fees to €10,000, instead of €9,000, and to maintain the variable part at €2,000 per Board Meeting. Remuneration for the members of the Committees has remained unchanged: the Chairman of Committees receives €5,000 per Meeting and the members of Committees receive €2,700 per Meeting. The attendance fees paid during the 2013 financial year to directors is detailed in Table 3 in Section 3.2.2 of this document. Antoine Fiévet and Florian Sauvin do not receive any attendance fees for their roles as Company directors.

There were no benefits, of any kind whatsoever, awarded to the directors during the 2013 financial year, with the exception of company cars given to Antoine Fiévet and Florian Sauvin for their roles at Unibel.

The corporate officers were not given free shares. Francis Le Cam received free shares as an employee, prior to his appointment. He

became Deputy Chief Executive Officer on June 18, 2012 after the shares were awarded.

No loan or guarantee was granted by the Company to its corporate officers.

The executive operations pertaining to article L. 621-18-2 of the Monetary and Financial Code about Company securities are summarized in Section 5 of this document.

3.2.2 Compensation and benefits paid to directors and officers

The gross overall total remuneration and benefits of any kind awarded to the corporate officers and members of the Board of Directors are as follows:

Table 1 Summary of remuneration and options and shares awarded to each corporate officer

	2013 financial year	2012 financial year
Antoine Fiévet, Chairman and Chief Executive Officer		
Remuneration due for financial year (detailed in Table 2)	€1,161,219	€998,886
Value of multi-annual variable remuneration awarded during the financial year (detailed in Table 2)	None	None
Value of options awarded during the financial year	None	None
Value of performance shares awarded during the financial year	None	None
TOTAL	€1,161,219	€998,886
Bruno Schoch, Deputy Chief Executive Officer responsible for financial and legal affairs and information systems		
Remuneration due for financial year (detailed in Table 2)	€534,665	€647,561
Value of multi-annual variable remuneration awarded during the financial year (detailed in Table 2)	€228,431	(included above)
Value of options awarded during the financial year	None	None
Value of performance shares awarded during the financial year	None	None
TOTAL	€763,096	€647,561
Francis Le Cam, Deputy Chief Executive Officer(a) responsible for operations		
Remuneration due for financial year (detailed in Table 2)	€552,901	€625,500
Value of multi-annual variable remuneration awarded during the financial year (detailed in Table 2)	€228,431	(included above)
Value of options awarded during the financial year	None	None
Value of performance shares awarded during the financial year	None	€61,283
TOTAL	€781,332	€686,783

(a) Francis Le Cam was appointed Deputy Chief Executive Officer on the proposal of Antoine Fiévet by the Board of Directors on June 18, 2012. The remuneration shown here for 2012 is for the full calendar year, not since his appointment.

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 coordinating holding company of which he has been the Chairman of the Management Board since August 2005.

Francis Le Cam has been Deputy Chief Executive Officer since June 18, 2012. He is paid by Fromageries Bel, where he was a salaried executive before this date.

Bruno Schoch has been Deputy Chief Executive Officer since December 17, 2008. He is paid by Unibel, the Group's holding company, of which he has been a member of the Management Board since August 2005.

Table 2 Summary of remuneration for each corporate officer

Antoine Fiévet, Chairman and Chief Executive Officer	2013 financial year		2012 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Gross fixed remuneration	€558,253	€558,253	€538,665	€538,665
Annual variable remuneration ^(a)	€492,845	€178,031	€347,000	€397,487
Multi-annual variable remuneration	-	-	-	-
Exceptional remuneration ^(b)	€105,800	€50,400	€108,900	€159,300
Benefit in kind ^(c)	€4,321	€4,321	€4,321	€4,321
TOTAL	€1,161,219	€791,005	€998,886	€1,099,773

(a) Criteria used for the award of variable and/or exceptional remuneration: performance targets based on both sales, OR/sales and free cash-flow over sales over the last two years.

(b) Linked to leading Fromageries Bel governing bodies.

(c) Details of benefits in kind: company car.

Bruno Schoch, Deputy Chief Executive Officer responsible for financial and legal affairs and systems	2013 financial year		2012 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Gross fixed remuneration	€332,447	€332,447	€326,417	€326,417
Variable remuneration ^(a)	€188,019	€150,151	€306,700	€121,982
Multi-annual variable remuneration ^(b)	€228,431	-	(included above)	-
Benefit in kind ^(c)	€14,199	€14,199	€14,444	€14,444
TOTAL	€763,096	€496,797	€647,561	€462,843

(a) Criteria used for the award of variable and/or exceptional remuneration: performance targets met based on both sales, OR/sales and free cash-flow over sales of the last year.

(b) Performance units linked to the achievement of performance targets based on both ROCE and EBITDA from 2013 and 2014, payable in August 2015 and August 2017, as well as a bonus of €65,000 subject to performance conditions.

(c) Details of benefits in kind: company vehicle, executive unemployment insurance.

Francis Le Cam, Deputy Chief Executive Officer responsible for operations and information systems	2013 financial year		2012 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Gross fixed remuneration	€350,409	€397,200	€350,409	€350,409
Variable remuneration ^(a)	€198,262	€171,943	€270,861	€108,176
Multi-annual variable remuneration ^(b)	€228,431	-	(included above)	-
Exceptional remuneration ^(c)	-	€83,533	-	-
Benefit in kind ^(d)	€4,230	€4,230	€4,230	€4,230
TOTAL	€781,332	€656,906	€625,500	€462,815

* Francis Le Cam was appointed Deputy Chief Executive Officer on the proposal of Antoine Fiévet by the Board of Directors on June 18, 2012.

The remuneration given here for 2012 is for the full calendar year, not since his appointment.

(a) Criteria used for the award of variable and/or exceptional remuneration: performance targets met based equally on last year's sales, OR/sales and free cash-flow over sales

(b) Performance units linked to the achievement of performance targets based on both ROCE and EBITDA of 2013 and 2014, payable in August 2015 and August 2017, as well as a fixed bonus of €65,000.

(c) Including remainder of previously paid holiday.

(d) Details of benefits in kind: company vehicle.

The targets to be achieved are established beforehand and the performance level as well, but this data is not published for confidentiality reasons.

The remuneration of the Deputy Chief Executive Officer, responsible for operations is set by the Board of Directors based on the proposal of the Appointments and Compensation Committee. The latter takes into account market data and the Company's policy for remunerating its executives when formulating its recommendation.

Table 3 Attendance fees and other remuneration received by non-director corporate officers

Non-director corporate officers	Amounts paid during the 2013 financial year	Amounts paid during the 2012 financial year
Michel Arnaud		
Attendance fees	€29,000	€11,000
Other remuneration (Unibel)	€24,000	€9,000
Unibel		
Attendance fees	€29,000	€11,000
Fatine Layt		
Attendance fees	€40,500	€11,000
other remuneration (services provided to Unibel)	€27,000	-
James Lightburn		
Attendance fees	€50,600	€18,400
Other remuneration (services provided to Unibel)	€27,000	€9,000
Luc Luyten		
Attendance fees	€64,000	€33,000
Other remuneration (services provided to Unibel via Human Invest)	€20,700	€15,000
Florian Sauvin		
Attendance fees	-	-
Other remuneration (member of Unibel Management Board)	€95,430	€103,781
Johnny Thijs		
Attendance fees	€24,100	€14,400
Other remuneration (services provided to Unibel via BVBA J Thijs)	€6,000	€15,000
Pascal Viénot		
Attendance fees	€10,000	
Philippe Deloffre		
Non-voting director attendance fees	€29,000	€14,000
Other remuneration (Unibel)	€70,537	€70,537

The attendance fees relating to the 2nd half of 2012 were paid at the beginning of 2013 and are in this table which includes three half-year periods of attendance fees.

Table 4 Options to subscribe to or purchase shares awarded during the financial year to each corporate officer by issuer and any company in the Group

This table is not applicable.

Table 5 Options to subscribe to or purchase shares taken during the financial year by each corporate officer

This table is not applicable.

Table 6 Performance shares awarded to each corporate officer

Performance shares awarded by the General Meeting during the financial year to each corporate officer by the issuer and any company in the Group	Plan number and date	Number of shares awarded during the financial year	Value of the shares according to the method used in the consolidated financial statements	Vesting date	Availability date
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No corporate officer had been awarded free shares as part of the 2013 plan; this table is therefore not applicable.

Table 7 Performance shares transferred to each corporate officer

Performance shares available for each corporate officer	Plan number and date	Number of shares transferred during the financial year	Allocation conditions
Francis Le Cam	no. 4 Bel – March 2010	300	75% achievement of collective performance conditions
Francis Le Cam	no. 5 Bel – May 2011	268	75% achievement of collective performance conditions
Bruno Schoch	no. 4 Bel – March 2010	300	75% achievement of collective performance conditions

Free shares are held in registered form.

Table 8 History of awards of options to subscribe to or purchase shares

This table is not applicable.

Table 9 Options to subscribe to or purchase shares awarded to first 10 non-director employees and options taken by the latter

This table is not applicable.

Table 10 History of free share awards – Information on free shares awarded

Plan number	2	3	4	5	6	7
Date of General Meeting	4/30/2007	4/30/2007	4/30/2007	5/12/2011	5/10/2012	5/10/2012
Date of Board of Directors' Meeting	8/13/2008	8/26/2009	3/24/2010	5/12/2011	5/10/2012	8/29/2013
Total number of free shares awarded	10,620	11,515	12,010	7,243	7,234	5,130
of which						
Antoine Fiévet	None	None	None	None	None	None
Francis Le Cam	420	420	400	307	307	None
Bruno Schoch	420	420	400	None	None	None
Vesting date of shares	5/13/2011	8/26/2012	3/24/2013	5/12/2013	5/10/2014	8/30/2015
Date of end of retention period	5/13/2013	8/26/2014	3/24/2015	5/12/2015	5/10/2016	8/30/2017
Cancellation (performance rate or departure)	716	3,441	3,432	1,961	677	100
Total number of shares transferred or to be transferred	9,904	8,074	8,578	5,282	6,557	5,030

Antoine Fiévet has been Chairman and Chief Executive Officer since May 2009 and has never been awarded any free shares.

Francis Le Cam has been Deputy Chief Executive Officer since June 2012 and has only been awarded free shares before his appointment.

Bruno Schoch has been Deputy Chief Executive Officer since December 2008; he has been a member of the Unibel Management Board since August 2005.

No award has been made to the corporate officers in the 2013 plan.

The performance conditions are explained further on in Section 5.2.3.

Table 11 Executive term of office – Employment contract

Corporate officers	Employment contract		Supplementary pension provision		Payments or benefits likely to be due to the cessation or change in roles		Payments relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Antoine Fiévet, Chairman and Chief Executive Officer		x		x		x		x
Francis Le Cam, Deputy Chief Executive Officer	x see infra			x		x see infra	x see infra	
Bruno Schoch, Deputy Chief Executive Officer	x see infra			x		x see infra	x see infra	

At the time of his appointment as Deputy Chief Executive Officer of Fromageries Bel, Francis Le Cam had been an employee of this company for many years. When his term of office took effect, his employment contract was suspended and it would be reactivated if this term of office ended. Before his appointment as a member of the Management Board, Bruno Schoch was a salaried financial director at Unibel. At the time of his appointment as a member of the Management Board, no specific provision had been adopted

and this employment contract was suspended by right for the duration of his executive term of office. In the event that the terms of office of the corporate officers come to an end, the employment contracts shall be reactivated and Francis Le Cam and/or Bruno Schoch would be entitled to all the benefits set out by the law, the regulations, the collective agreement and company agreements; these employment contracts include a non-competition clause.

3.2.3 Provisions booked for paying pensions, retirement or other benefits to members of the Management Committee

The corporate officers and the members of the Management Committee have access to the same retirement and health schemes as the Group's senior managers. With the exception of what is stated in the previous section, there is no other Company or Group commitment on their behalf with regard to paying pensions, retirements or other benefits, other than the end of

career allocation set out by employment law, collective agreements and company agreements. These end of career payments are set out in the conditions detailed in Note 4.14 of the appendix to the consolidated financial statements which is featured infra in section 4.5.1.

3.3 Chairman's Report on risk management procedures and internal control⁽¹⁾

3.3.1 Definitions and objectives

The internal control is a set of resources, behaviors and actions adapted to the Company's specific characteristics which:

- should enable it to counteract the major risks that it may encounter, whether these are operational, financial or compliance based;
- and therefore contribute to the effective use of its resources and the efficiency of its operations.

In compliance with the definition of the reference framework published by the French Financial Markets Authority, the current internal controls in the Bel Group aim specifically to ensure:

- the effective achievement of the targets set by the Board of Directors;

- that the management and production actions in the industrial and commercial operations comply with the laws and regulations, as well as the internal rules applicable to the Group;
- the Group's material and intellectual assets are protected;
- fraud and errors are prevented and detected;
- the financial and accounting information detailing the Group's activity and future perspectives is of the requisite quality and is produced in due time.

The internal control process is currently operating within the entire group constituted by the company 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 the risks of error or fraud are completely eliminated or fully-controlled.

3.3.2 Internal control environment of the Company

3.3.2.1 Participants and structures

■ The Board of Directors

The Board of Directors takes all decisions relating to major strategic, economic, employment, corporate, environmental, financial and industrial objectives of the Company and ensures

they are implemented by the General Management. It is regularly informed, either directly, or through its Committees, of any significant event in the Company's business markets. During each Meeting of the Board of Directors, the Chairman informs the directors of the main facts and events of the Group's operations which have occurred since the Board's previous Meeting. Every Meeting of the Board of Directors is also the opportunity to take stock of the Company's activity and its future perspectives.

⁽¹⁾ This section 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.

■ General Management

The internal control process is implemented within the Group by the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer responsible for financial and legal affairs and information systems and the Deputy Chief Executive Officer in charge of operations. Meeting as an Executive Committee (COMEX), the Chairman and Chief Executive Officer and the two Deputy Chief Executive Officers rely on a Management Committee, a place where the operational coordination required for the correct running of the Group's strategy and policies takes place.

■ The Zone and Business Departments

Everyone in the Bel 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 to the areas in which they manage.

In the various business structures, a cross-departmental organization supports the local industrial, marketing, purchasing, supply chain, sales, Research and Development, product regulations, development and commercial activities and cross-departmental networks. The support functions, such as the administrative, financial and IT Departments, the Human Resources and organization Departments (DRH Group and DRH zones), the Communication Department, the Legal Department and the CSR Department (Corporate Social Responsibility), reinforce this organization at Group level.

■ Risk Management Department

The Risk Management Department is linked to the Deputy Chief Executive Officer responsible for financial and legal affairs and information systems. This department aims to develop a strategy and a system to successfully identify risks, manage risks and deal with them. It creates and regularly updates a risk map. It also leads and coordinates the crisis management system for the Group, the aim of which being to prevent, as far as possible, crises and to reduce their impact on people, reputation, the environment and assets.

■ The Internal Control Department

A coordination cell 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 organizational 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 the Group's intranet site. Adhering to the segregation of duties and access to transactions in systems was the subject of a specific monitoring process rolled-out in 2013. The SAP GRC (Governance, Risk and Compliance) tool is used to ensure that any change in

access does not create uncontrolled new risks in terms of the segregation of duties.

■ The Internal Audit Department

The purpose of the Internal Audit Department is to provide added value by providing reasonable assurance on the level of control:

- of the risks linked to:
 - the effectiveness and efficiency of operations,
 - the safeguarding of assets,
 - the reliability and integrity of financial and operational information,
 - compliance with the laws, regulations and contracts;
- controls and operations;
- the governance process.

The internal audit is an independent and objective activity which gives the General Management and Audit Committee reasonable assurance on the degree of control over its operations, provides it with its advice for improving them, and helps create added value. It helps the organization to meet its targets by assessing, with a systematic and methodic approach, its risk, control and corporate governance processes and making suggestions to strengthen their effectiveness.

The Internal Audit Department assesses risk management and control processes as they are defined within the Bel Group. Through its proposals, it helps improve security and optimizes the overall performance of the organization.

The Internal Audit Department Reports to the Chairman of the Audit Committee and the Chairman and Chief Executive Officer. It works closely with the General Management.

The internal audit director periodically reports to the Audit Committee and General Management on the overall level of operational control and significant problems observed affecting the risk management, control and corporate governance of the organization and its subsidiaries or relating to potential improvements to these processes.

The scope of operation of the Internal Audit Department extends to the entire organization, and its subsidiaries, in France and abroad. It encompasses all areas in administrative, accounting and financial, functional or operational processes within the Group.

3.3.3.2 Operational structure of the Company

To provide a relevant response to customer requirements, the Group implemented an operational structure in 2011 encompassing a geographic structure based on five zones, revamped at the start of 2013: Western Europe (including France), North and East Europe, the Americas, Asia-Pacific, the Near and Middle East and Greater Africa.

■ Limits and delegation of power

In its internal regulations, the Company's Board of Directors has set, internally, the limits to the powers of the Chief Executive Officer and Deputy Chief Executive Officers (for further information refer to Section 3.1.4 of this chapter). Furthermore, the Company has implemented power delegations (delegations of responsibility) adapted to its structure and to the level of responsibility of the employees who are the beneficiaries of it. The Legal Department, in coordination with the Human Resources Department monitors it.

■ Human resources policy

The role of the Human Resources Department is to support and assist in the Bel Group's development by guiding employees to their best level of performance. Certain areas for future development were identified and are detailed in the Group's CSR process (see Section 2.7 "Committed employee" of this document).

3.3.3 Managing the major risks

The Company regularly assesses the external and internal risks to which it is exposed, in particular those encountered within the scope of the production and marketing of food products. Risk management linked to the quality of products and food safety is one of the fundamental principles of the Bel Group's culture. This priority is linked to full control of the industrial process and its impact on the environment. Similarly, management of the legal risks and respecting its commitments to its partners are components of the internal control system within the Bel Group.

The Risk Management Department, through risk management systems, ensures that risks are correctly identified and dealt with and do not compromise the achievement of the Company's targets. It is also involved in securing the future of the Company by controlling and reducing the exposure of tangible and intangible assets. This department has introduced action plans aiming to deal with the risks identified as a priority.

Risks inherent to the Bel Group's activities are taken into account when drawing up the budgets and setting the targets for the Bel Group and its subsidiaries.

3.3.4 Specific internal control procedures implemented by the Company

Some internal control procedures implemented by the Company are based on the adequacy between the level of control and the Group's specific issues and targets. For further information, see Section 1.6 Risk factors and assurance policy and Section 2.5.1 "Guaranteeing the quality, safety and traceability of products".

3.3.4.1 Quality, food safety and product regulations

The Group's Quality and Regulations Department (DQRG), an organization 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 regulations;
- quality;
- certifications, management systems and managing health crises.

It recommends the policies to be implemented, guarantees the coherence of systems and reports at various levels, guides the Group's organizations and audits the organizations to assess the effectiveness of the systems. It takes into account the CSR targets defined by the Group, in particular the "products and responsible communication" principle.

Its role is to warn the Chairman and Chief Executive Officer and its Managing Committee during any major situation relating to its three fields of activity.

■ Food safety and product regulations

In terms of food safety and product regulations, the DQRG is responsible through the regulation network at corporate/zone and country level for:

- the Group's policies and preventative strategy in terms of food safety and coordinating the actions resulting from it;
- the processes for anticipating safety risks and preventing crises;
- managing warnings and crises;
- the creation of a monitoring system mainly based on subsidiary reporting;
- involvement in professional networks dedicated to food safety.

It also ensures that regulations applying to products, particularly in relation to composition, labeling, packaging, advertising, nutrition 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 also carries out the following:

- implementing set policies, in particular in terms of the process for analyzing food safety risks during the production stages (HACCP, hygiene standards, etc.) both at the sites and at supplier's and sub-contractor's;
- implementing Food Defense policies integrating processes for:
 - preventing the risks of intrusion,
 - risks of vandalism;
- creating and leading a system of reporting that continually assesses our control of the processes which ensure food safety.

■ Quality, Hygiene, Safety and the environment

The DQRG is responsible for defining the Group's quality policy and checking its implementation in all stages from the product design up to final consumption.

Its main roles through the quality network at corporate/zone and industrial 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 organizations, internal (sites) or external (sub-contractors, suppliers and service providers) for the quality aspect;
- managing complaints and customer perceived quality assessment tools (distributors or consumers);

- performing quality reporting and implementing continuous improvement processes by continuously searching for the most effective tools;
- training and assisting the teams and the sites. Having suitable training media including statistical and problem solving tools.

3.3.4.2 Certification and management systems

The Group is committed to a certification procedure for its structures and industrial sites.

For this reason, certain food safety or quality certificates are coordinated directly by the DQRG (ISO 9000, BRC, IFS, FSCC22000).

Other certificates (Environmental: ISO 14001, Safety: OHSAS 18001, etc.) are coordinated by other organizations in the Group (for further information, refer to the Group reference documents detailed in chapter 2 Company Corporate Responsibility).

The DQRG is also responsible for:

- the consistency of systems with each other: for this purpose, in connection with the quality organization in the zones, it implements consistent management systems at site and country level, taking into account the Lean Manufacturing tools;
- selecting and coordinating the certification organization involved in the entire Group for the certificates concerned. It keeps up to date, on behalf of the Group, the certification situation of all the entities within the Group;
- implementing a coherent document system, using a single IT tool.

As regards crisis management, the DQRG is a member of the organization responsible for the Group's overall crisis management process which is coordinated by the Risk Management Department. Within this overall process, the DQRG is an expert in "food safety and quality". As part of this, it is responsible for distributing and implementing crises tools and media in its field of expertise.

3.3.5 Procedures relating to the drafting and treatment of the Company's accounting and financial information

3.3.5.1 Organization of the accounting, financial legal, information systems and risk management

The Group's Administrative and Financial Department, the Legal Department, the Information Systems Department and the Risk Management Department are under the authority of the Deputy Chief Executive Officer responsible for financial, legal and information systems.

It is organized in the following way:

- Corporate Financial and Administrative Department;

- Administrative and Financial Department for the zones;
- Information Systems Department;
- Legal and Real Estate Management Department;
- Risk Management Department.

The Administrative and Financial Department defines, amongst other things, the financial strategy of the Bel Group.

It is responsible for developing the management and control tools for the operational activities (budget process, estimates, monthly reports, etc.).

■ Corporate Administrative and Financial Department

The following functions are attached to the Corporate Financial and Administrative Department:

- Financial Control Department;
- Tax Department;
- Treasury and Insurance Department;
- Industrial Management Control 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 on the management performance indicators to the Group on a monthly basis in a format specifically designed for the Bel Group's activity and created internally.

This department also has the responsibility of coordinating the Group budget process and the various estimates performed over the year.

It is responsible for coordinating and leading the updating of financial procedures put on the intranet and ensuring that these procedures are consistent with the internal control rules. It is responsible for the Group charts of accounts rolled-out 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.

Tax Department

This department is responsible for defining and applying the procedures linked to the regulations and fiscal strategies of the Bel 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 Bel Group is operating. Its activities are coordinated with that of the financial directors in the zones and the subsidiaries.

Treasury and Insurance Department

This department is responsible for managing all treasury and insurance operations carried out within the Bel Group.

It is specifically responsible for:

- implementing the Group's financing with banks and investors such as treasury bills, banking financing, and bond financing;
- implementing exchange rate hedging required to cover the exposure of Group entities. This activity is centralized within the Treasury Department;

- the Group's cash management. Cash management covers *cash pooling* (centralizing Fromageries Bel's money), *netting* (payment of inter-company invoices) as well as the *payment factory* (centralized payment solution for all entities whose local currency is transferrable. This *payment factory* enables supplier payments, salary payments, duties and taxes to be paid through secure payment systems);
- managing relationships with banks;
- implementing Group insurance.

The Treasury Department has the teams and tools necessary for managing its operations. It reports on its activities to the Financial Department on a monthly basis. It regularly reports on the status of exchange rate hedging to the Audit Committee, as well as the Group's liquidity status.

Industrial Management Control Department

This department is responsible for coordinating the industrial management control activities of the zones and plants in conjunction with the zones' financial directors and subsidiaries.

It defines, in collaboration with the zones and the Group's Industrial and Technical Departments, the main monthly financial and extra-financial monitoring indicators at the industrial sites. A monthly report for the Group's General Management enables the various analyses performed to be consolidated. It defines, in collaboration with the zones' Industrial and Financial Departments, the framework of the budget process and the various estimates.

■ Administrative and Financial Department for the zones

When the geographical regions were created, a decision was made to allocate administrative and financial resources to the zones. They are responsible for coordinating and controlling all the Group's subsidiaries' financial resources placed under their supervision.

Meetings are organized every two months with the Deputy Chief Executive, the zones' Financial Directors and the managers of the departments in the Corporate Administrative and Financial Department to enable the sites' progress to be monitored by the function. The zones' financial directors are responsible for implementing the financial strategy decided upon by the Group and are responsible for the internal and financial control of subsidiaries attached to their zone.

■ Information Systems Department

The information systems are centralized and managed by the Bel Group by the Information Systems Department attached to the Deputy Chief Executive Officer responsible for financial and legal affairs and information systems.

The Bel Group has implemented an integrated information system (PACE) mainly deployed by SAP tools. It was finished in 2013 by the deployment of financial and accounting consolidation and

reporting solutions by the same company. Since January 1, 2013, the Group has consolidated its financial data in SAP-BFC and SAP-BPC tools.

At end of 2013, only five consolidated subsidiaries did not use the PACE solution, representing 5% of the Group's consolidated sales.

■ Legal and Real Estate Department

This department is responsible for the legal security of the operations performed by the Bel Group. It has, most notably, the responsibility for monitoring the legal security of all the Group's commitments, whether this be in France or abroad. It relies, where necessary, on the expertise of external consultants for specific legal issues or issues linked to local regulations. Within the framework of its role, it operates upstream in an advisory capacity to General Management and the various zone departments and Group subsidiaries. It is also responsible for managing any contentious issues. It also monitors the legal protection of the Group's brands and compliance with the economic and financial regulations.

■ Risk Department

This department ensures, through its risk management system, that risks are correctly identified and dealt with and do not compromise the Company's objectives. Furthermore, it assists in fully controlling and reducing the exposure of tangible and intangible assets in order to guarantee the secure future of the Company.

3.3.5.2 Yearly and half-yearly Group consolidated financial statements

The Bel Group adopts the yearly and half-yearly financial statements on June 30 and December 31 respectively of each year.

The subsidiaries issue financial statements for consolidation purposes in compliance with the Bel 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. Accurate documentation of the chosen options is kept by the Financial Control Department.

3.4 Statutory Auditors' Report on the Company's Board of Directors Chairman's Report, prepared in accordance with Article L. 225-235 of the French Commercial Code

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Fiscal year ended December 31, 2013

Dear 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, 2013.

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 Board of Directors Chairman's Report, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We attest that the Board of Directors Chairman's Report contains the other information required under Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris, April 2, 2014

The Statutory Auditors

Deloitte & Associés

Pierre-Marie Martin

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt

3.5 Related party transactions

3.5.1 Statutory Auditors' special report on regulated agreements and undertakings with third parties

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2013

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and undertakings with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of 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 (*Code de Commerce*), 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 Shareholders' 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 in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

■ Agreements and commitments authorized during the year

Pursuant to article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by the Board of Directors, have been brought to our attention.

Contract for the sale of shares with Unibel

Meeting on June 3, 2013, your Board of Directors authorized a sale of shares agreement with Unibel to acquire all shares of LVQR Diffusion from Unibel at a price equal to the par value of the company's shares, or €49,995.

The contract for the sale of shares was signed on July 24, 2013, for a sales price of €49,995.

The parties concerned are Pascal Viénot, a Fromageries Bel Director representing Unibel and a member of the Unibel's Supervisory Board, Antoine Fiévet, Chairman and Chief Executive Officer of Fromageries Bel and Chairman of Unibel's Management Board, and Florian Sauvin, a Fromageries Bel Director and Unibel Management Board member.

Agreements and commitments previously approved by the shareholders' meeting

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Cash management agreement with Unibel

Meeting on October 11, 2007, your Board of Directors authorized a cash management agreement between your Company and Unibel. This agreement provided for cash facilities from Unibel to your Company within a ceiling of €15,000,000, which were fully used at December 31, 2007.

Meeting on May 13, 2008, your Board of Directors authorized and signed on that same date a rider increasing the agreement's ceiling 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 of any 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. Effective retroactively as of July 1, 2009, the rate was set at the EONIA rate plus 80 basis points, up from 20 basis points previously.

Lastly, a fourth rider authorized by your Board of Directors on March 22, 2012, changed the rate of interest. Effective retroactively as of January 1, 2012, the rate was set at the EONIA rate plus 120 basis points, up from 80 basis points previously.

For the 2013 fiscal year, €467,215.25 in interest relating to the cash facility was recognized as financial expense, and the cash advance totaled €41,839,566.05.

Service agreement with Unibel

Meeting on December 12, 2001, your Board of Directors authorized a cash management 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 2013 fiscal year, the amount invoiced by Unibel to your Company totaled €5,881,794.30, net of value added tax.

Neuilly-sur-Seine and Paris, April 2, 2014

The Statutory Auditors

Deloitte & Associés

Pierre-Marie Martin

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt

3.5.2 Related parties

Information relating to related parties is presented in Note 9 relating to the consolidated financial statements presented in Section 4.5.1 of this document.

As all inter-company transactions have been eliminated, relationships with related parties basically relate to the parent company Unibel, as well as non-consolidated companies in the Group (Bel Near and Middle East Beirut, Bel Middle East, etc.).



Financial and accounting information

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4.1 Historical financial information

Pursuant to article 28 of Regulation (EC) No. 809/2004 of the European Commission, this registration document incorporates by reference the following information:

- the consolidated financial statements for the fiscal year ended December 31, 2012, prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the Statutory Auditors' Report relative to the consolidated financial statements for the fiscal year ended December 31, 2012, on pages 148 and subsequent of the registration document filed with AMF on April 4, 2013, under filing number D.13-0294;
- the consolidated financial statements for the fiscal year ended December 31, 2011, prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the Statutory Auditors' Report relative to the consolidated financial statements for the fiscal year ended December 31, 2011, on pages 106 and subsequent of the registration document filed with AMF on April 4, 2012, under filing number D.12-0279;
- the Company's annual financial statements for the fiscal year ended December 31, 2012, and the Statutory Auditors' Report relative to the Company's annual financial statements for the fiscal year ended December 31, 2012, on pages 198 and subsequent of the registration document filed with AMF on April 4, 2013, under filing number D.13-0294.
- the Company's annual financial statements for the fiscal year ended December 31, 2011, and the Statutory Auditors' Report relative to the Company's annual financial statements for the fiscal year ended December 31, 2011, on pages 149 and subsequent of the registration document filed with AMF on April 4, 2012, under filing number D.12-0279.

The two registration documents mentioned above are available at AMF website (www.amf-france.org) and the Company's website (www.groupe-bel.com).

4.2 Pro forma financial information

This paragraph is not applicable.

4.3 Review of financial position and results

4.3.1 Financial position

In 2013, the Group took advantage of its robust financial health to continue diversifying and disintermediating its funding sources while extending its debt maturity, following its 2012 bond issues.

The Group tapped large European and international institutional investors in the Schuldschein market, in a transaction with several tranches:

- €140 million at three years, five years, seven years and 10 years, at floating or fixed rates,
- \$110 million at three years and five years, at floating or fixed rates.

The proceeds from the issue will be used to cover the Group's general needs and to accommodate its growth.

Further, at end 2013, the Group repaid a €191-million private placing, ahead of its April 2014 maturity date.

In 2012, the Group launched a commercial paper program, of which €100 million had been issued at December 31, 2013, and a €160-million bond. The prospectus for the bond transaction was approved by the French Financial Markets Authority on December 18, 2012, under visa number 12-613.

The bond issue, which extends the Group's financing maturity, encompassed two tranches:

- 2018 bonds totaling €20 million, with a six-year maturity and a coupon of 2.75%;
- 2019 bonds totaling €140 million, with a seven-year maturity and a coupon of 3.00%.

The change in the Group's financial position at December 31 can be summarized as follows:

<i>(in millions of euros)</i>	12/31/2013	12/31/2012	12/31/2011
Total equity	1,212	1,150	1,044
Net financial debt	54	64	194
Net financial debt/total equity	0.04	0.06	0.19

Further information about the Company and the Group's financial position is disclosed in paragraphs 4.4.2 and 4.5 "Financial statements" of this registration document.

4.3.2 Sales and operating income

Sales and operating income by geographical region are presented in the following table:

<i>(in millions of euros)</i>	At December 31, 2013		At December 31, 2012		% change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Western Europe	1,073	120	1,057	119	1.6%	1.3%
North and East Europe	597	13	555	14	7.6%	-8.7%
Americas, Asia-Pacific	417	36	419	44	-0.3%	-19.0%
Greater Africa	272	30	261	25	4.1%	18.6%
Near and Middle East	361	35	357	9	0.9%	286.2%
GROUP TOTAL	2,720	234	2,649	211	2.7%	10.9%

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

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

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

4.3.3 Events affecting the Company's operations

Fiscal 2013 was affected in particular by a sharp increase in dairy and dairy raw material prices from the start of the second half of the year, and by a lackluster economic environment in Europe.

Retail sales price adjustments and measures undertaken during 2013 to improve operating efficiency were not enough, however, to fully overcome the aggregate negative impact of the raw material price increases. As a result, second-half operating income of €100 million was down markedly from the €134 million achieved in the first half of 2013.

4.4 Cash and cash equivalents and capital sources

4.4.1 Information about the Issuer's equity

Information pertaining to the Group's equity is disclosed in paragraph 4.5.1 of the present registration document.

4.4.2 Source and amounts of the Group's consolidated cash flows

Information related to cash flows is disclosed in paragraph 4.5.1 of the present registration document. It can be summarized as follows:

<i>(in thousands of euros)</i>	2013	2012	2011
Cash flow	314,134	299,780	248,857
Income taxes paid	(72,055)	(39,133)	(47,087)
Change in operating WCR	(7,892)	11,562	(19,798)
TOTAL CASH FLOW FROM (USED IN) OPERATIONS	234,187	272,209	181,972
Cash flow from (used in) operating activities	234,187	272,209	181,972
Cash flow from (used in) investing activities	(145,092)	(79,094)	(72,923)
Cash flow from (used in) financing activities	(31,898)	110,168	(112,124)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,197	303,283	(3,075)
Net cash and cash equivalents at the beginning of the period/year	435,841	132,422	133,668
Net cash and cash equivalents at the end of the period/year	485,486	435,841	132,422
Effect of foreign exchange rate fluctuations	7,552	(136)	(1,829)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,197	303,283	(3,075)
Gross financial debt	541,460	500,807	326,917
Current used banking facilities	4,725	6,418	8,837
Cash and cash equivalents	(490,212)	(442,295)	(141,408)
Other financial assets	(1,568)	(768)	(80)
TOTAL NET FINANCIAL DEBT	54,405	64,162	194,266

In 2013, the Group continued to invest in its new Brookings production unit in the United States. As a result of tightly managed working capital requirement and a satisfactory operating activity performance, the Group was able to maintain its net financial position close to the level achieved in 2012.

At December 31, 2013, the amount of minority shareholders' put options recorded as part of the Group's net financial debt came to €1 million. Offsetting amounts of these put options, related to the Ukrainian subsidiary, were recognized in equity. Minority shareholders' put options related to the Iranian subsidiary were exercised for a total of €1.3 million in the first quarter of 2013.

4.4.3 Borrowing terms and conditions and funding structure

Detailed information related to the Group's financing activities is disclosed in Notes 4.17 and 4.18 to the consolidated financial statements.

4.4.4 Restrictions on the use of capital sources

At December 31, 2013, 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 during the entire life of its loans. The ratio is

tested twice per annum. 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.

4.4.5 Expected sources of financing

Investments are financed either by the Group's operating cash flow, or *via* recourse to bank financing, commercial paper, or EURPP or Schuldschein-type private placements.

4.5 Financial statements

4.5.1 Consolidated financial statements at December 31, 2013

4.5.1.1 Consolidated income statement at December 31, 2013

Income statement			
<i>(in thousands of euros)</i>			
	Notes	2013	2012
SALES	3.1	2,720,043	2,648,706
Cost of goods and services sold		(1,897,793)	(1,829,892)
GROSS MARGIN		822,250	818,814
Sales and marketing expense	3.2	(383,707)	(388,831)
Research and Development expense	3.2	(16,611)	(16,818)
Administrative and general overhead expense	3.2	(181,771)	(175,663)
Other operating income and expense	3.2	640	464
INCOME FROM ORDINARY ACTIVITIES		240,801	237,966
Other non-recurring income and expense	3.3	(6,427)	(26,579)
OPERATING INCOME		234,374	211,387
Income from cash and cash equivalents	3.4	2,421	2,266
Cost of gross financial indebtedness	3.4	(19,591)	(17,413)
COST OF NET FINANCIAL INDEBTEDNESS		(17,170)	(15,147)
Other financial income and expense	3.4	2,262	(3,279)
PRE-TAX PROFIT		219,466	192,961
Income tax expense	3.5	(88,134)	(62,882)
NET PROFIT OF THE CONSOLIDATED GROUP		131,332	130,079
Minority interest		(5,547)	(1,654)
CONSOLIDATED NET PROFIT – GROUP SHARE		125,785	128,425
Earnings per share	3.6	18.44	18.79
Diluted earnings per share <i>(in euros)</i>	3.6	18.44	18.73

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

Statement of comprehensive income

(in thousands of euros)

	2013	2012
NET PROFIT FOR THE PERIOD	131,332	130,079
Other items of comprehensive income		
Non-reclassifiable items		
Actuarial gains and losses arising on retirement obligations	(24,599)	
Income tax impact	7,140	
Reclassifiable items		
Financial assets available for sale		
Unrealized gains (losses)	31,676	19,931
Income tax impact	(10,902)	(6,863)
Translation differences	(30,731)	(10,492)
Cash flow hedging		
Amounts recognized in equity	8,765	31,593
Income tax impact	(3,652)	(11,423)
TOTAL COMPREHENSIVE INCOME (LOSS) RECOGNIZED IN EQUITY	(22,303)	22,746
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	109,029	152,825
Group share	103,626	150,727
Minority interest	5,403	2,098

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

Consolidated balance sheet

Assets (in thousands of euros)	Notes	12/31/2013	12/31/2012
NON-CURRENT ASSETS			
Goodwill	4.1	381,174	385,496
Other intangible assets	4.2	287,976	295,952
Property, plant and equipment	4.3	588,370	523,756
Assets available for sale	4.5	105,056	73,433
Other financial assets	4.5	1,130	1,564
Loans and advances	4.5	10,021	9,661
Trade and other receivables	4.5	9	135
Deferred tax assets	4.9	10,445	11,071
Non-current assets held for sale	4.6		
TOTAL		1,384,181	1,301,068
CURRENT ASSETS			
Inventories and work-in-progress	4.7	259,074	236,800
Trade and other receivables	4.8	468,037	447,796
Other financial assets	4.4	21,446	8,208
Loans and advances	4.4	520	511
Current tax assets	4.10	20,461	9,944
Cash and cash equivalents	4.17	490,212	442,295
TOTAL		1,259,750	1,145,554
TOTAL ASSETS		2,643,931	2,446,622

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

Equity and liabilities <i>(in thousands of euros)</i>	Notes	12/31/2013	12/31/2012
Share capital		10,308	10,308
Additional paid-in capital		21,967	21,967
Reserves		1,173,909	1,118,078
Treasury shares		(8,460)	(11,447)
EQUITY – GROUP SHARE		1,197,724	1,138,906
MINORITY INTEREST		14,113	10,671
EQUITY		1,211,837	1,149,577
NON-CURRENT LIABILITIES			
Provisions	4.13	7,190	7,667
Employee benefits	4.14	70,639	44,603
Deferred tax liabilities	4.9	178,076	173,874
Liabilities related to assets held under finance lease – over one year	4.17	478	736
Long-term borrowings and financial liabilities	4.17	390,669	362,395
Other liabilities	4.15	36,975	39,156
TOTAL		684,027	628,431
CURRENT LIABILITIES			
Provisions	4.13	18,900	20,993
Employee benefits	4.14	2,245	1,913
Liabilities related to assets held under finance lease – less than one year	4.17	462	460
Short-term borrowings and financial liabilities	4.17	149,851	137,216
Other financial liabilities	4.12	312	953
Trade payables and other liabilities	4.16	516,123	471,732
Due tax liabilities	4.10	55,449	28,929
Current bank facilities and other borrowings	4.17	4,725	6,418
TOTAL		748,067	668,614
TOTAL EQUITY AND LIABILITIES		2,643,931	2,446,622

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

Consolidated statement of changes in equity

<i>(in thousands of euros)</i>	Number of shares outstanding	Share capital	Additional paid-in capital	Translation differences	Treasury shares	Consolidated income	Reserves and accumulated consolidated profit (loss)	Equity – Group share	Minority interest	Total consolidated equity
Balance at January 1, 2012	6,843,430	10,308	21,967	(16,951)	(6,182)	96,103	923,240	1,028,485	15,681	1,044,166
Appropriation of earnings for prior year						(96,103)	96,103			
Dividends paid							(34,219)	(34,219)	(9,059)	(43,278)
Profit (loss) for the period						128,425		128,425	1,654	130,079
Other items of comprehensive income				(10,937)			33,238	22,301	445	22,746
Other changes in value directly recognized in equity							(825)	(825)	1,950	1,125
Purchase of own shares	(38,403)				(7,063)			(7,063)		(7,063)
Treasury shares distributed	8,074				1,802			1,802		1,802
Balance at December 31, 2012	6,813,101	10,308	21,967	(27,888)	(11,443)	128,425	1,017,537	1,138,906	10,671	1,149,577
Appropriation of earnings for prior year						(128,425)	128,425			
Dividends paid							(42,669)	(42,669)	(5,341)	(48,010)
Profit (loss) for the period						125,785		125,785	5,547	131,332
Other items of comprehensive income				(30,639)			8,480	(22,159)	(144)	(22,303)
Other changes in value directly recognized in equity							(5,126)	(5,126)	3,380	(1,746)
Purchase of own shares										
Treasury shares distributed	13,860				2,987			2,987		2,987
BALANCE AT DECEMBER 31, 2013	6,826,961	10,308	21,967	(58,527)	(8,456)	125,785	1,106,647	1,197,724	14,113	1,211,837

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

Consolidated cash flow statement

(in thousands of euros)	Notes	2013	2012
Cash flow from (used in) operating activities	5.1		
Pre-tax profit		219,466	192,962
Adjustments for:			
Depreciation and write-downs		78,237	92,838
Capital gains (losses) on disposals		1,668	1,274
Reclassification of dividends and borrowing costs		18,208	15,793
Other non-cash items on the income statement		(3,445)	(3,087)
Cash flow		314,134	299,780
(Increase) decrease in inventories, current receivables and payables		(6,713)	2,379
(Increase) decrease in non-current receivables and payables		(1,179)	9,183
Income taxes paid		(72,055)	(39,133)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	(1)	234,187	272,209
Cash flow from (used in) investing activities	5.2		
Acquisition of activities		(9)	(285)
Disposal of activities			(20)
Acquisitions of tangible and intangible assets		(149,245)	(81,494)
Disposals of tangible and intangible assets		1,489	505
Investment grants received		1,133	1,125
Acquisitions of financial assets		(3,477)	(3,974)
Disposals of financial assets		3,688	3,721
Interest received			54
Dividends received		1,329	1,274
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(2)	(145,092)	(79,094)
Cash flow from (used in) financing activities	5.3		
Dividends paid		(52,260)	(41,136)
Interest paid		(19,618)	(17,067)
Transactions with non-controlling interests		(26)	
Repayment of debt resulting from finance lease contracts		(411)	(586)
Increase (decrease) in current accounts with entities outside the scope of consolidation		14,144	(2,311)
(Purchases) sales of treasury shares			(7,063)
Borrowings and financial liabilities issued		229,924	273,971
Repayments of borrowings and financial liabilities		(203,651)	(95,640)
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(3)	(31,898)	110,168
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1) + (2) + (3)	57,197	303,283
Net cash and cash equivalents at the beginning of the period		435,841	132,422
Effect of foreign exchange rate fluctuations		(7,552)	136
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4.17	485,486	435,841
At the closing date, net cash and cash equivalents comprised the following:			
Marketable securities and money market instruments	4.17	338,484	387,683
Cash on hand and balances with banks	4.17	151,727	54,576
Current used bank facilities including overdrafts and accrued interest	4.17	(4,725)	(6,418)
TOTAL		485,486	435,841

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

Notes to the consolidated financial statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 • Accounting principles, rules and methods

1.1 Presentation of the consolidated financial statements

In application of European Regulation 1606/2002 of July 19, 2002, Fromageries Bel's 2013 consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union and published by the Accounting Standards Board (ASB), at the date the financial statements were prepared. Closed on December 31, 2013, the financial statements were approved on March 20, 2014 by the Board of Directors.

International generally accepted accounting practices encompass 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 issued and effective as of January 1, 2013 had no impact on the summary consolidated financial statements at December 31, 2013, with the exception of the amendments to the two following standards:

- **amendments to IAS 19 “Employee Benefits”** require the immediate recognition of actuarial gains and losses in equity, as well as basing the return on financial assets on the discount rate used to measure the obligation instead of the expected rate of return. Up to and including December 31, 2012, the Group used the “corridor” method, according to which actuarial gains and losses were partially recognized in the income statement. As a result of amendments to IAS 19, the Group in 2013 retrospectively provisioned an additional €29.6 million, representing an amount of a €21.5 million, net of deferred tax assets (see Note 4.14). The resulting changes in equity were retrospectively recognized in comprehensive income;
- **the amended version of IAS 1** requires that gains and losses recorded in equity be presented separately, whether or not they are to be reclassified in the future in the income statement. The Group applied the presentation requirement to its consolidated financial statements for the year ended December 31, 2013, and to its consolidated financial statements for the year ended December 31, 2012, for purposes of comparison.

IFRS 13, which sets the rules for fair value measurement and the methods to disclose when fair value measurement is used, had no significant impact on the Group's consolidated financial statements.

The Group did not opt for early adoption of any standard or interpretation. The regulatory changes generated by the adoption of IFRS 10, IFRS 11 and IFRS 12 on January 1, 2014, are not

expected to have any material impact on the Group's consolidated financial statements.

The accounting methods set out below were applied on a permanent basis to all of the periods presented in the consolidated financial statements and uniformly by all Group entities.

1.2 IFRS transition options taken in the preparation of the consolidated financial statements

In accordance with IFRS 1, the Group opted for the following exceptions to the retrospective application of other IFRSs, when preparing its 2004 opening balance sheet and IFRS-compliant financial statements for the first time:

- **business combinations.** The Group elected not to restate business combinations realized prior to the transition date, *i.e.* January 1, 2004. Accordingly, the standard relating to business combinations was applied only for acquisitions made as of January 1, 2004. There was, consequently, no retrospective restatement of goodwill at January 1, 2004;
- **obligations arising from pensions, retirement and similar employee benefits.** Actuarial gains and losses and past service costs non-amortized at January 1, 2004, and related to defined benefit retirement plans and similar benefits, were fully recognized in retirement provisions and deducted from equity;
- **translation differences.** The Group elected to classify cumulative translation reserves prior to January 1, 2004, in consolidated reserves. Accordingly, the cumulative translation differences in the reserves at January 1, 2004, were deemed to be zero at the date of transition;
- **property, plant and equipment.** The Group elected to recognize property, plant and equipment at depreciated historical cost at the transition date, rather than revaluing it at fair value;
- **goodwill.** Non-amortized goodwill relating to subsidiaries outside the euro zone and denominated in euros at the date of acquisition was not translated into the subsidiary's local currency at January 1, 2004.

The impact of applying IFRS to the Group's equity at January 1, 2004, and to 2004 earnings was included as part of the preliminary IFRS 2004 financial information published in the registration document filed with the AMF under number R05-140 on December 7, 2005.

1.3 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.

1.4 Estimates

In preparing the financial statements, Group management and the fully consolidated companies used estimates and underlying assumptions to determine the value of some assets and liabilities, expense and income, and to disclose information in the notes to the Group's financial statements.

Those estimates and underlying assumptions were 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.

1.5 Consolidation methods

Subsidiaries controlled exclusively by the Group, whether directly or indirectly, were 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 companies other than subsidiaries and associates were not consolidated. They were recorded at fair value under "Financial assets available for sale."

Newly acquired companies were consolidated at the date when control was effectively transferred to the Group, in accordance with the acquisition method described in IFRS 3. Income and expense from subsidiaries acquired or sold during the fiscal year were posted to the consolidated income statement beginning at the date of acquisition and ending at the date of sale.

The Group's consolidated financial statements were prepared based on the financial statements of the consolidated companies. The consolidated companies prepared their financial statements in accordance with the current accounting rules in force in their respective countries. Prior to consolidation, their financial statements were restated to bring them into compliance with IFRS.

All significant transactions between the fully consolidated companies as well as consolidated intra-group results were eliminated.

All Group companies closed their accounts on December 31. A list of consolidated companies at December 31, 2013, is presented in Note 11.

1.6 Changes in the scope of consolidation

No acquisitions or disposals were realized during the 2013 fiscal year.

On March 20, 2013, SICOPA exercised its option to purchase the 30% interest held by Sahar Dairy in Bel Sahar, for €1.1 million. The Iranian subsidiary is now 100%-owned by the Group. At that date, the entity's name was changed to Bel-Rouzaneh Dairy Products Company.

The Queijo Bel Brasil company, established in 2012, was consolidated for the first time in 2013.

1.7 Other significant accounting policies and rules

Translation of financial statements for foreign companies

Subsidiaries outside the euro zone that used their local currency as their transaction currency translated their financial statements into euros based on:

- the average rate for the year for income statement and cash flow items;
- the year-end exchange rate for balance sheet items.

The share of the resulting foreign-exchange differences attributable to the Group was classified as equity under the "Exchange differences" heading on the balance sheet, until the investments from which they arose were sold or disposed of. The translation gains or losses were then recognized in the income statement.

The share attributable to minority interests was recorded in "Minority interest."

Foreign currency transactions

Transactions denominated in foreign currencies were converted into the subsidiary's transaction currency at the exchange rate in effect at the transaction date.

At year-end, receivables, cash and debts denominated in foreign currencies were translated at the closing exchange rate or hedging rate, as the case may be, and the resulting translation differences were recorded in one of the following items on the income statement:

- "Gross margin" for sales transactions;
- "Other financial income and expense" for cash management operations.

Assets and liabilities held for sale

Assets and liabilities immediately available for sale, and for which the sale was highly probable within a period of 12 months, were classified as assets and liabilities held for sale. When several assets were held for sale in a single transaction, the assets and all directly associated liabilities were recognized as a disposal group.

A sale is considered as 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 were classified respectively as “Assets held for sale” or “Liabilities held for sale” on the consolidated balance sheet. They were assessed at carrying value or fair value, whichever was lower, after selling costs were deducted. Once classified as assets or liabilities held for sale, they were no longer depreciated.

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 annually, or more frequently if events or changes in circumstances indicated that it might be impaired. (See “Impairment of Assets” note.)

Goodwill relating to companies over which the Group exercises “significant influence,” is recorded in “Goodwill” on the asset side of the consolidated balance sheet.

Other intangible assets

Other intangible assets included:

- acquired patents;
- acquired, well-known, and readily identifiable brands whose value growth could be verified;
- computer software.

Acquired patents and computer software were recognized on the balance sheet at acquisition cost and are amortized over their useful lives. Computer software is amortized over a period of one to eight years.

Brands are not amortized, but are subject to annual impairment testing. (See “Impairment of assets” note.)

All Research and Development costs were expensed in the year in which they were incurred. Development costs are not capitalized since the recognition criteria established by IAS 38 “Intangible Assets” are generally not fulfilled before the products can be introduced to the market.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition), or production cost (excluding financial 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 applied the component parts approach when certain parts of an acquired fixed asset had different useful lives. The component parts were separately depreciated and recorded in the accounts.

Replacement or renewal expenses of a component part of an asset were recognized as a distinct asset and the replaced asset was written off.

The interest on borrowings used for the acquisition of fixed assets was treated as financial expense and was not capitalized in the cost of the asset.

The Group decided against taking into account the residual values of property, plant and equipment, since such assets are expected to be used throughout their useful lives and, as a general rule, are not slated for sale.

Depreciation was calculated on a straight-line basis over the economic useful life of the property, plant and 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
Furniture and office equipment	4 to 15 years

Investment grants

Investment grants received by the Group were recorded on the balance sheet as “Other liabilities” (current and 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 were capitalized when the leases transferred to the Group substantially all of the risk and rewards inherent to the ownership of the assets.

When a finance lease was initiated, the assets were 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 were 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, was recorded on the balance sheet.

Lease contracts not meeting finance-lease definition criteria were classified as operating leases, and the related payments were recognized as expense in the period in which they were made.

Impairment of assets

In compliance with provisions under 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) have been identified to realize the tests. The 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 when events or changed circumstances indicate that carrying values 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 CGU, and from the ultimate disposal of the asset.

The after-tax cash flows used as to determine value in use were derived from CGU business plans. Sales and future cash flow projections were 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 were recognized when testing showed a loss of value to ensure that the net carrying value of the assets did not exceed their recoverable value.

Property, plant and equipment were subject to impairment testing as soon as indications of impairment arose.

When the recoverable amount of an asset or group of assets was less than its carrying amount, the impairment loss was recorded in profit and 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, transit, etc.

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.

Cost of inventories are written down when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods deteriorate.

Financial assets and financial 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, and determines the accounting treatment for each instrument.

Financial assets at fair value through profit or loss

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.

The assets were measured at fair value. Changes in fair value were 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 were recognized at nominal value, and discounted, if necessary, in accordance with IAS 39. They were carried at amortized cost. An allowance for doubtful receivables was recorded when it became probable that the receivable would not be recovered.

Bills for collection were 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 the income statement 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 cash-flow hedging instruments, changes in fair value are recognized in equity, with the ineffective portion recognized in profit and loss;
- for designated fair-value hedges, changes in fair value are recognized in profit and loss.

Financial liabilities

In accordance with IAS 39, the Group distinguishes between 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 and financial liabilities 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 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 included marketable securities and money market instruments, cash, and cash equivalents, net of current bank facilities, including overdrafts, or 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 No. 98-546 of July 2, 1998, were 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 assessed the main retirement obligations.

The Group's obligations arising from defined benefit retirement plans and retirement bonuses were determined by using a method that takes into account projected end-of-career salaries and the economic conditions specific to each country where the Group is present. These obligations were covered by a retirement fund and provisions on the balance sheet.

For basic and other defined contribution plans, the obligation was charged to income as determined by the amounts to be contributed for the period.

For defined benefit plans, the obligation was measured on a discounted basis by using the "projected unit credit" method. Assumptions about salary growth were taken into account along with turnover rates, retirement age, and mortality rates. In cases where there were plan assets, fair value was deducted. Actuarial gains and losses, as well as unrecognized past service costs were also taken into account.

Actuarial gains and losses arise from changes in actuarial assumptions in the valuation of obligations and funds from one year to the next, and what actually occurred in terms of market conditions.

The Group adopted the 2011-revised version of IAS 19 on January 1, 2013. The main change to the standard included the accounting method for recording actuarial gains and losses and the impact of past service costs on defined benefit retirement plans. Past service costs are now fully expensed in the year when they occur. Actuarial gains and losses are recognized in equity in "Items of Other Comprehensive Income".

The expected return on recognized plan assets is now calculated using the discount rate, instead of the rate of return on investment, which mirrored the investment strategy for hedge funds. Further, the costs related to the administration of the funds are also expensed.

These changes had the following impact on provisions for employee benefits:

<i>(in thousands of euros)</i>	Published	Impact of IAS 19R	Adjusted
At January 1, 2012	43,620	15,035	58,655
Impact of IAS 19R		14,539	14,539
Translation differences	24		24
Allowances/reversals	2,872		2,872
At December 31, 2012	46,516	29,574	76,090

Share-based payments

Stock option plans are equity-settled share-based payment systems under IFRS 2. The stock options are measured based on the Fromageries Bel share price at the grant date and do not take into account dividends during the vesting period. Once granted, the stock options are recorded as personnel expense with a corresponding increase in equity. The expense is recognized over the length of the vesting period.

Provisions

A provision was booked when the Group had a legal or implicit obligation to a third party that could be reliably estimated and was likely to result in the outflow of resources. If the amount or the settlement date could not be reliably estimated, then the obligation was deemed to be a contingent liability, was disclosed as such, and was recognized as an off-balance sheet item.

Restructuring provisions were booked only after the formalization of a detailed restructuring plan or if the start of a restructuring undertaking gave rise to a constructive obligation.

Purchase commitments with minority shareholders

The Group has obligations to purchase interests held by the minority shareholders of some consolidated subsidiaries. For the Group, these purchase obligations are optional, relating to put options.

In accordance with IAS 32 “Financial Instruments: Disclosure and Presentation”, firm or conditional obligations to buy minority interests were recognized as liabilities in amounts equal to the purchase prices of the minority interests.

Any differences in the purchase price of a minority interest and the share of the net equity acquired were recognized in equity, without reassessing the value of the acquired assets and liabilities. Subsequent variations in the value of the liability were offset in equity.

Income taxes

Income tax expense corresponds to the income tax due by each tax-consolidated entity, adjusted for deferred income taxes.

In France, Fromageries Bel headed a tax consolidated group that included the following companies: SAFR, Fromageries Picon, Fromageries Bel Production France, Fromageries Boursin, Société des Produits Laitiers, SOFICO, SICOPA, SOPAIC, and ATAD.

France's 2010 Final Budget Law, approved in December 2009, introduced the CET (*Contribution Économique 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, the CET tax payable as of 2010 was expensed in the income statement.

Taxes payable for the period but not yet paid were recognized as current payables on the balance sheet. Overpaid income tax vs. income tax owed was recorded in current receivables on the balance sheet.

In accordance with IAS 12, deferred taxes were recorded on the timing differences between the tax and carrying values of assets and liabilities. Based on the balance-sheet liability method, deferred tax assets and liabilities were measured at the tax rates that were expected to apply in the period when the assets were realized or the liabilities were settled, and were classified as non-current assets and liabilities. Changes in the tax rate from one year to another were recorded in profit and loss for the year in which the change was recognized.

Deferred tax assets resulting from deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits were limited to the estimated amount of recoverable tax. Deferred tax assets were assessed at the balance sheet date, based on the earnings forecasts of the related tax entities. Deferred tax assets and liabilities were not discounted.

Deferred taxes were recognized as income or expense, except when they were associated with items directly credited or charged to equity, in which case, deferred taxes were also recognized in equity.

Sales

Revenues from sales, which included sales of goods, merchandise, raw materials, and other goods and services rendered in the course of the ordinary activities of consolidated Group companies, were recorded as soon as the transfer of significant risks and rewards of ownership took place or as soon as the service was rendered. Revenues from sales were presented net of any granted discounts or commercial rewards.

Other non-recurring income and expense

Other non-recurring income and expense primarily included:

- allowances to and reversals of provisions for contingencies and losses, including restructuring costs incurred when operations were sold or discontinued, as well as costs arising from commitments made to employees affected by layoff plans;
- gains and losses from the realization of assets;
- impairment of non-current assets.

Earnings per share

Earnings per share before dilution were calculated by dividing net consolidated profit, Group share, by the weighted average number of shares outstanding during the fiscal year. Treasury shares of the parent company held by the Group were excluded from this calculation based on the weighted average number of shares.

Earnings per share after dilution were calculated by taking into account the effects of all outstanding potential dilutive instruments, with treasury shares excluded based on the weighted average number of shares. Net consolidated profit was adjusted to factor in the after-tax impact of dilutive instruments.

NOTE 2 • Significant events of the year

<i>(in millions of euros)</i>	2013	2012	% change
Sales	2,720	2,649	2.7%
Operating income	234	211	10.9%
Consolidated net profit – Group share	126	128	-2.1%

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

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

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

The results by geographical region are presented in the following table.

<i>(in millions of euros)</i>	At December 31, 2013		At December 31, 2012 ^(a)		% change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Western Europe	1,073	120	1,057	119	1.6%	1.3%
North and East Europe	597	13	555	14	7.6%	-8.7%
Americas, Asia-Pacific	417	36	419	44	-0.3%	-19.0%
Greater Africa	272	30	261	25	4.1%	18.6%
Near and Middle East	361	35	357	9	0.9%	286.2%
GROUP TOTAL	2,720	234	2,649	211	2.7%	10.9%

(a) The 2012 breakdown by region was restated here for purposes of comparison with the Group's new organization implemented in 2013.

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

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

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

NOTE 3 • Income statement**3.1 Sales**

In 2013, consolidated sales advanced 5.3% y-o-y, on a comparable exchange rate basis.

Changes in the scope of consolidation had no impact on sales for the year.

<i>(in thousands of euros)</i>	2013	2012	% change
Published sales	2,720,043	2,648,706	2.7%
Exchange rate effect	68,442		2.6%
COMPARABLE SALES	2,788,485	2,648,706	5.3%

3.2 Operating expense by nature

<i>(in thousands of euros)</i>	2013	2012
Personnel expense	457,005	442,965
Depreciation and amortization expense	77,152	76,424
Other operating expense	1,945,085	1,891,351
TOTAL OPERATING EXPENSE	2,479,242	2,410,740

Other operating expense included manufacturing raw materials and consumables relating to products sold, as well as other costs relating to goods and services sold.

3.3 Other non-recurring income and expense

<i>(in thousands of euros)</i>	2013	2012
Gains (losses) on the sale of fixed assets	(1,668)	(1,279)
Restructuring costs	(4,553)	(3,517)
Other non-recurring income and expense	(206)	(21,783)
TOTAL OTHER NON-RECURRING INCOME AND EXPENSE	(6,427)	(26,579)

In fiscal 2012, the Group wrote down a further €7.5 million on its Iranian entity based on impairment testing. Additionally, in Syria, the Group suspended its manufacturing activity in mid-July 2012 for safety reasons, and recorded a non-recurring expense of €13.9 million, including net provision charges. The provisions were offset on the consolidated balance sheet in tangible and intangible assets, current assets and provisions for short-term contingencies and losses (see Notes 4.1, 4.2, 4.3, 4.7 and 4.13).

In 2013, other non-recurring income and expense included a €4.5-million impairment loss write-down on local US brands (see Note 4.2). The write-down was offset by the reversal of provisions totaling €4.2 million for tangible and intangible assets and current assets belonging to the Syrian and Iranian entities, after taking into account business activity and transactions realized in 2013. Restructuring costs stemmed mainly from the departure of personnel who were not replaced, primarily in France.

3.4 Financial income and expense

<i>(in thousands of euros)</i>	2013	2012
Income from cash and cash equivalents	2,421	2,266
Cost of gross financial indebtedness	(19,591)	(17,413)
Cost of net financial indebtedness	(17,170)	(15,147)
Net cost of discounting	(2,669)	(2,578)
Foreign currency gains (losses)	3,709	(2,088)
Other	1,222	1,387
Other financial income and expense	2,262	(3,279)
TOTAL NET FINANCIAL EXPENSE	(14,908)	(18,426)

The higher interest expense in 2013 resulted from the increase in the Group's gross debt, following the June 28, 2013 issuance of a multi-currency, multi-tranches "Schuldschein" bond totaling €140 million and \$110 million (see Notes 4.17 and 4.18).

In 2013, the "Foreign currency gains and losses" item mainly includes foreign currency gains from the depreciation of the Syrian pound and the Egyptian pound.

The net cost of discounting provisions corresponds primarily to discounting provisions, less the return on underlying assets related to Employee Benefits.

The "Other" item in "Other financial income and expense" corresponds primarily to dividends received.

3.5 Income tax expense

<i>(in thousands of euros)</i>	2013	2012
Current tax, including withholding tax	(88,721)	(62,853)
Deferred tax	587	(29)
TOTAL INCOME TAX EXPENSE	(88,134)	(62,882)

Fiscal 2013 income tax expense includes a tax adjustment of some €20 million claimed against French-based Fromageries Bel for the 2008 financial year. The Group is contesting this tax adjustment and has decided to pursue legal recourse.

In 2012, the applicable tax rate in France came to 36.10%. The rate included the base corporate tax rate of 33.33%, to which was added a 3.3% social-contribution income tax and a 5% surtax on French companies with annual sales exceeding €250 million. In 2013, the surtax on French companies with annual sales exceeding €250 million was raised to 10.7%, resulting in a standard tax rate of 38%.

In 2013, the Group's effective tax rate stood at 40.2%. The difference between the standard and effective income tax rates is summarized below:

(in %)	2013	2012
Standard tax rate (including additional contributions)	38.0%	36.1%
Impact of the difference in the current tax rates of foreign subsidiaries	-9.6%	-7.7%
Impact of change in tax rate	-0.2%	-0.1%
Tax credits	-2.5%	-2.1%
Prior-period carryforwards used during the year	-0.4%	-1.0%
Unused tax loss carryforwards from the period	0.1%	3.3%
Alternative minimum tax and non-creditable withholding tax	3.7%	2.9%
Permanent differences	1.0%	1.0%
Provision for tax contingency in France	10.1%	0.0%
Other items	0.0%	0.1%
EFFECTIVE INCOME TAX RATE	40.2%	32.6%

The share of earnings in countries with tax rates below French tax rates, *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".

3.6 Earnings per share

Earnings per share were calculated by dividing net consolidated profit, Group share, by the weighted average number of ordinary shares (6,872,335 at December 31, 2013), less the weighted average number of treasury shares (49,234 at December 31, 2013).

Diluted earnings per share were identical to earnings per share because the bonus shares attributed during the period were not dilutive.

NOTE 4 • Balance sheet**4.1 Goodwill**

Changes in goodwill items in 2013 are presented in the following table.

(in thousands of euros)

At December 31, 2011	
Gross value	443,326
Accumulated write-downs	(55,429)
NET CARRYING AMOUNT	387,897
Change for the period	
Translation differences	(1,660)
Write-downs for the period	(741)
NET CARRYING AMOUNT AT DECEMBER 31, 2012	385,496
At December 31, 2012	
Gross value	440,122
Accumulated write-downs	(54,626)
NET CARRYING AMOUNT	385,496
Change for the period	
Translation differences	(4,322)
Write-downs for the period	
NET CARRYING AMOUNT AT DECEMBER 31, 2013	381,174
At December 31, 2013	
Gross value	434,767
Accumulated write-downs	(53,593)
NET CARRYING AMOUNT	381,174

At December 31, 2011, €3 million in goodwill on the Bel Rouzaneh acquisition was written down after worsening economic conditions in Iran led to a 1% increase in the discount rate. In addition, impairment testing on property, plant and equipment in Ukraine and Turkey led to the recognition of €5.7 million in write-downs.

In 2012, operating difficulties in Iran resulted in the write-down of residual goodwill for a total of €0.7 million, the write-down of all intangible assets for a total of €1.6 million and the write-down of the remaining property, plant and equipment for a total of €1.8 million (see Notes 3.3, 4.2 and 4.3).

In 2013, the recoverable amount for the other CGUs exceeded their corresponding carrying values. As a result, no further impairment losses on goodwill were recognized during the year.

The following assumptions and parameters were used in the impairment testing of CGUs to determine their value in use:

- explicit forecast periods of five years;
- the 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. Given the stability of the Coface rates, no changes were made to the discount rates based on the 2012 assumptions.

The long-term growth rate and the weighted average cost of capital by region are presented below.

(in thousands of euros)	Goodwill (in thousands of euros)		Long-term growth rate		Discount rate	
	2013	2012 ^(a)	2013	2012	2013	2012
Western Europe	259,499	262,234	0.5% - 2%	1% - 2%	8% - 9%	8% - 9%
North and East Europe	44,608	44,954	1% - 2%	1% - 2%	8% - 14%	8% - 14%
Americas, Asia-Pacific	77,004	78,245	2%	2%	8%	8%
Greater Africa	63	63	2%	2%	n.a.	n.a.
Near and Middle East	0	0	2%	2%	11% - 15%	11% - 15%
GROUP TOTAL	381,174	385,496				

(a) The 2012 breakdown by region was restated here for purposes of comparison with the Group's new organization implemented in 2013.

The Group tested the sensitivity of its CGUs to the following three key parameters:

- a 1-percentage point increase in the discount rate;
- a 0.5-percentage point decline in the long-term growth rate;

- a 1-percentage point decline in operating margin.

No write-downs would be recognized in the Group's consolidated financial statements based on these assumptions.

4.2 Other intangible assets

Changes in other intangible assets in 2013 were as follows:

(in thousands of euros)	Concessions and patents	Software	Brands	Other	Total
At December 31, 2011					
Gross value	24,389	131,680	239,581	1,224	396,874
Accumulated write-downs	(12,108)	(63,788)	(16,766)	(1,116)	(93,778)
NET CARRYING AMOUNT	12,281	67,892	222,815	108	303,096
Change for the period					
Acquisitions	57	10,785			10,842
Disposals, abandoned assets	(1)	(14)		25	10
Translation differences		(101)	(793)	(7)	(901)
Write-downs and amortization	(621)	(14,793)	(1,580)	(77)	(17,071)
Reclassifications	36	(56)		(4)	(24)
NET CARRYING AMOUNT AT DECEMBER 31, 2012	11,752	63,713	220,442	45	295,952
At December 31, 2012					
Gross value	24,479	141,319	238,332	1,123	405,253
Accumulated write-downs	(12,727)	(77,606)	(17,890)	(1,078)	(109,301)
NET CARRYING AMOUNT	11,752	63,713	220,442	45	295,952
Change for the period					
Acquisitions	38	10,516	3,180		13,734
Disposals, abandoned assets		(5)			(5)
Translation differences	(5)	(720)	(407)	(13)	(1,145)
Write-downs and amortization	(537)	(15,565)	(4,518)		(20,620)
Reclassifications		(10)		70	60
NET CARRYING AMOUNT AT DECEMBER 31, 2013	11,248	57,929	218,697	102	287,976
At December 31, 2013					
Gross value	24,451	150,261	239,080	1,071	414,863
Accumulated write-downs	(13,203)	(92,332)	(20,383)	(969)	(126,887)
NET CARRYING AMOUNT	11,248	57,929	218,697	102	287,976

As in 2012, acquisitions of other intangible assets in 2013 were primarily related to Group's IT projects. The Group also acquired the Tranchettes brand in Spain in 2013.

The value in use of brands of the concerned CGUs was tested according to the method described in Note 4.1. In fiscal 2012,

€1.6 million in write-downs were recognized on the brand in Iran (see Notes 3.3, 4.1 and 4.3).

In fiscal 2013, €4.5 million in write-downs were recognized on local US brands (see Note 3.3).

4.3 Property, plant and equipment

Changes in property, plant and equipment in 2013 are presented in the following table:

(in thousands of euros)	Land	Constructions	Technical installations, fixtures, machinery and equipment	Other tangible assets	Assets in the course of construction	Total
At December 31, 2011						
Gross value	21,626	298,932	832,115	70,804	29,669	1,253,146
Accumulated depreciation and write-downs	(2,315)	(151,091)	(518,218)	(50,858)	(796)	(723,278)
NET CARRYING AMOUNT	19,311	147,841	313,897	19,946	28,873	529,868
Change for the period						
Acquisitions	419	2,298	11,862	2,027	56,625	73,231
Disposals, abandoned assets	(16)	(278)	(581)	(152)		(1,027)
Changes in the scope of consolidation						
Translation differences	(199)	(1,233)	(2,990)	(542)	(817)	(5,781)
Depreciation and write-downs	(516)	(14,248)	(49,930)	(6,809)	(510)	(72,013)
Reclassifications	154	5,829	29,789	2,272	(38,566)	(522)
NET CARRYING AMOUNT AT DECEMBER 31, 2012	19,153	140,209	302,047	16,742	45,605	523,756
Gross value	21,931	302,825	860,456	70,925	46,721	1,302,858
Accumulated depreciation and write-downs	(2,778)	(162,616)	(558,409)	(54,183)	(1,116)	(779,102)
NET CARRYING AMOUNT	19,153	140,209	302,047	16,742	45,605	523,756
Change for the period						
Acquisitions	117	4,992	20,074	3,439	111,948	140,570
Disposals, abandoned assets	(15)	(1,710)	(1,173)	(191)	(41)	(3,130)
Changes in the scope of consolidation				5		5
Translation differences	(300)	(2,135)	(6,141)	(377)	(4,040)	(12,993)
Depreciation and write-downs	(193)	(10,749)	(43,119)	(5,126)	54	(59,133)
Reclassifications	106	4,996	26,616	1,920	(34,343)	(705)
NET CARRYING AMOUNT AT DECEMBER 31, 2013	18,868	135,603	298,304	16,412	119,183	588,370
At December 31, 2013						
Gross value	21,641	302,731	873,092	69,603	119,931	1,386,998
Accumulated depreciation and write-downs	(2,773)	(167,128)	(574,788)	(53,191)	(748)	(798,628)
NET CARRYING AMOUNT	18,868	135,603	298,304	16,412	119,183	588,370

Acquisitions during the year resulted primarily from investments to increase production capacity in the United States, where a plant is under construction, as well as in France, the Netherlands and Algeria.

In 2012, write-downs notably included the recognition of a €1.8-million write-down for Iran and a €7.9-million write-down for Syria (see Notes 3.3 and 4.1).

4.4 Financial assets

Financial asset category (IAS 39) <i>(in thousands of euros)</i>	Assets held for sale	Assets available for sale according to IAS 39		Loans and receivables		Outside scope of IAS 39	Total at December 31, 2013
Class of financial assets (IFRS 7)	<i>Assessed at fair value</i>	<i>Assessed at fair value</i>	<i>Assessed at historical cost</i>	<i>Assessed at fair value</i>	<i>Assessed at historical cost</i>	<i>Outside scope of IFRS 7</i>	
Financial assets available for sale		104,185	501		370		105,056
Other non-current financial assets			1,130				1,130
Non-current loans and advances					10,021		10,021
Non-current trade and other receivables					9		9
Deferred tax assets						10,445	10,445
Inventories and work-in-progress						259,074	259,074
Current trade and other receivables					468,037		468,037
Other current financial assets		19,720		1,726			21,446
Current loans and advances					520		520
Current tax assets					20,461		20,461
Cash and cash equivalents	338,484				151,728		490,212
TOTAL FINANCIAL ASSETS	338,484	123,905	1,631	1,726	651,146	269,519	1,386,411

Financial asset category (IAS 39) <i>(in thousands of euros)</i>	Assets held for sale	Assets available for sale according to IAS 39		Loans and receivables		Outside scope of IAS 39	Total at December 31, 2012
Class of financial assets (IFRS 7)	<i>Assessed at fair value</i>	<i>Assessed at fair value</i>	<i>Assessed at historical cost</i>	<i>Assessed at fair value</i>	<i>Assessed at historical cost</i>	<i>Outside scope of IFRS 7</i>	
Financial assets available for sale		72,510	493		430		73,433
Other non-current financial assets			1,564				1,564
Non-current loans and advances					9,661		9,661
Non-current trade and other receivables					135		135
Deferred tax assets						11,071	11,071
Inventories and work-in-progress						236,800	236,800
Current trade and other receivables					447,796		447,796
Other current financial assets		7,390		769	49		8,208
Current loans and advances					511		511
Current tax assets					9,944		9,944
Cash and cash equivalents	387,683				54,612		442,295
TOTAL FINANCIAL ASSETS	387.683	79.900	2.057	769	523.138	247.871	1.241.418

4.5 Other non-current assets, excluding deferred taxes

<i>(in thousands of euros)</i>	Financial assets available for sale	Other financial assets	Loans and advances	Non-current trade and other receivables
At December 31, 2012				
Gross value	73,487	4,432	9,661	135
Accumulated write-downs	(54)	(2,868)		
NET CARRYING AMOUNT	73,433	1,564	9,661	135
Change for the period				
Acquisitions		50	2,505	
Disposals/repayments	(12)		(2,111)	(125)
Changes in the scope of consolidation		(262)		
Translation differences			(93)	(1)
Net written down amounts for the period	10	(227)		
Reverse discounting			172	
Fair value	31,676			
Reclassifications	(51)	5	(113)	
NET CARRYING AMOUNT AT DECEMBER 31, 2013	105,056	1,130	10,021	9
At December 31, 2013				
Gross value	105,093	4,224	10,021	9
Accumulated write-downs	(37)	(3,094)		
NET CARRYING AMOUNT	105,056	1,130	10,021	9

Financial assets held for sale included 196,350 Unibel shares held by the SOFICO company and acquired at an average purchase price of €14.25 per share. At December 31, 2013, the shares were valued at €528.86 per share, representing the average listed price in the second half of the year. At December 31, 2012, the shares were valued at €367.66 per share, or a total €72.2 million. The resulting €31.7 million revaluation was recognized in equity for €20.8 million, net of €10.9 million in deferred tax.

Other financial assets include interests in companies not consolidated due to their low level of business activity, primarily Bel Middle East and Bel Proche et Moyen-Orient Beyrouth. The change in the scope of consolidation for the "Other financial assets" item corresponds to Queijo Bel Brasil's entry into the Group's scope of consolidation (see Note 11).

4.6 Assets held for sale

At December 31, 2013, the Group had no assets held for sale.

4.7 Inventories and work-in-progress

<i>(in thousands of euros)</i>	Raw materials and other supplies	Work-in-progress, goods and services	Merchandise, finished goods and intermediate goods	Total
At December 31, 2012				
Gross value	103,304	33,546	105,994	242,844
Accumulated write-downs	(5,019)		(1,025)	(6,044)
NET CARRYING AMOUNT	98,285	33,546	104,969	236,800
Change for the period				
Changes in WCR	6,925	(890)	21,404	27,439
Net written down amounts for the period	2,520		(1,634)	886
Translation differences	(3,814)	(58)	(2,179)	(6,051)
NET CARRYING AMOUNT AT DECEMBER 31, 2013	103,916	32,598	122,560	259,074
At December 31, 2013				
Gross value	105,598	32,598	125,162	263,358
Accumulated write-downs	(1,682)		(2,602)	(4,284)
NET CARRYING AMOUNT	103,916	32,598	122,560	259,074

4.8 Trade and other receivables

<i>(in thousands of euros)</i>	Trade receivables	Other current receivables	Total
At December 31, 2012			
Gross value	377,919	77,682	455,601
Accumulated write-downs	(7,667)	(138)	(7,805)
NET CARRYING AMOUNT	370,252	77,544	447,796
Change for the period			
Changes in WCR	20,901	5,987	26,888
Net written down amounts for the period	1,583	131	1,714
Translation differences	(6,975)	(1,898)	(8,873)
Reclassifications		512	512
NET CARRYING AMOUNT AT DECEMBER 31, 2013	385,761	82,276	468,037
At December 31, 2013			
Gross value	391,666	82,283	473,949
Accumulated write-downs	(5,905)	(7)	(5,912)
NET CARRYING AMOUNT	385,761	82,276	468,037

Current net trade receivables represented 94.4% of total trade and other receivables, with trade receivables under 60 days due accounting for 5.2%, and trade receivables over 60 days due accounting for 0.4%. Receivables older than 120 days not covered by credit insurance were fully provisioned.

4.9 Deferred taxes

<i>(in thousands of euros)</i>	Deferred tax assets	Deferred tax liabilities	Impact on equity	Impact on profit & loss
AT DECEMBER 31, 2012	11,071	173,874		
Change for the period				
IAS 32 & 39	1,146	15,813	(14,560)	(107)
IAS 19 R	7,658	(39)	7,140	557
Other temporary differences	(5,416)	(6,218)		802
Translation differences	(244)	(1,584)	1,340	
Asset/liability reclassification	(3,770)	(3,770)		
Deferred taxes on stock options			665	(665)
TOTAL FOR THE YEAR	(626)	4,202	(5,415)	587
AT DECEMBER 31, 2013	10,445	178,076		

Basis for deferred tax assets and liabilities

<i>(in thousands of euros)</i>	December 31, 2013	December 31, 2012
Goodwill from business	20,372	17,564
Fixed assets	75,124	77,608
Brands and concessions	65,004	67,299
Derivative financial instruments	4,087	912
Valuation of Unibel shares	34,789	23,892
Pensions and similar employee benefits	(16,865)	(9,189)
Tax loss carryforwards	(7,950)	(8,445)
Other	(6,930)	(6,839)
NET DEFERRED TAX LIABILITIES	167,631	162,802

The "Other" heading concerned primarily items temporarily non-deductible from tax expense.

Tax loss carryforwards

The Group had tax-loss carryforwards that offered potential tax savings.

A deferred tax asset is recognized when the recovery of tax loss carryforwards is more likely than not to arise for the following reasons:

- the deferred tax assets could be offset against tax liabilities set to mature during the period in which they were "deductible;" or
- taxable earnings were expected during the recovery period, resulting in deferred tax assets.

At December 31, 2013, deferred tax assets related to tax loss carryforwards for the Grupo Fromageries Bel España subsidiary totaled €7.8 million, after €0.6 million were used during the year and an additional €0.5 million were carried forward in 2013, in accordance with the accounting policy previously described.

Tax assets that were unrecognized owing to uncertainties about the potential of recovering the corresponding tax losses carried forward, were as follows:

(in thousands of euros)	December 31, 2013		December 31, 2012	
	Tax loss basis	Unrecognized deferred tax assets	Tax loss basis	Unrecognized deferred tax assets
Expires in				
Less than one year	128	23	505	95
One to five years	5,541	1,091	5,854	1,158
Over five years	13,809	4,143	15,406	4,621
May be carried forward indefinitely	9,023	2,254	10,156	2,487
TOTAL	28,501	7,511	31,921	8,361

Of the total unrecognized tax assets at December 31, 2013, €4.1 million concerned the Grupo Fromageries Bel España subsidiary.

4.10 Collectible tax assets and due tax liabilities

(in thousands of euros)	Current tax assets	Due tax liabilities
AT DECEMBER 31, 2012	9,944	28,929
Change for the period		
Changes in WCR	11,052	27,723
Translation differences	(535)	(1,203)
AT DECEMBER 31, 2013	20,461	55,449

The change in WCR was related to unpaid income tax or uncollected tax receivables.

Due tax liabilities includes a tax adjustment of some €20 million claimed in France against Fromageries Bel for the 2008 financial year (see Note 3.5).

4.11 Share capital information

Fromageries Bel's share capital is comprised of 6,872,335 shares.

In 2013, changes in the Group's equity reflected mainly earnings for the period, the payout of the 2012 dividend in May and the impact of applying the revised version of IAS 19 "Employee Benefits".

Depending on its financial position and changing needs, the Group may adjust its share capital by issuing new shares, for example, or purchasing and canceling existing shares.

The Group is not subject to covenants on its equity imposed by third parties.

Treasury shares

In 2013, 13,860 treasury shares were issued, with no purchases recorded during the year. The Group held 45,374 treasury shares at December 31, 2013.

Bonus shares

The 2009-2012 bonus share plan was completed in August 2012, with 8,074 shares awarded to beneficiaries, while 2010-2013 bonus share plan was completed in March 2013, with 8,578 shares awarded to beneficiaries, and the 2011-2013 bonus share plan was completed in May 2013, with 5,282 shares awarded to beneficiaries. The 2012-2014 plan was under way, and a new 2013-2015 stock-option plan was approved by the Board of Directors on August 29, 2013.

In accordance with IFRS 2, personnel expense arising from share awards was recognized incrementally over the vesting period, with the corresponding increase recognized in equity.

A breakdown of the bonus share plans is presented in the following table:

<i>(in thousands of euros)</i>	2013 plan	2012 plan	2011 plan	2010 plan	2009 plan	Total
Number of shares granted at the award date	5,130	7,234	7,243	12,010	11,515	
Number of shares awarded at December 31, 2013	5,030	6,557	5,282	8,578	8,074	
Fair value of share award <i>(in €)</i>	249	170	147	105	98	
Award criteria: percentage provisioned	100%	100%	75%	75%	75%	
Acquisition period	2 years	2 years	2 years	3 years	3 years	
Holding period	2 years	2 years	2 years	2 years	2 years	
Amount expensed in 2009					123	
Amount expensed in 2010				310	357	667
Amount expensed in 2011			239	211	98	548
Amount expensed in 2012		348	371	268	150	1,137
Amount expensed in 2013	201	516	80	54		851

4.12 Financial liabilities

Financial liabilities recognizable within the scope of IFRS 7 were recorded in full at amortized cost, with the exception of financial instrument liabilities, which were measured at fair value and are presented in detail in Note 4.18.

4.13 Provisions

<i>(in thousands of euros)</i>	Disputes and litigation	Restructurings	Sundry expenses	Sundry contingencies	Total
At December 31, 2012					
Long-term share	179		358	7,130	7,667
Short-term share	11,591	2,601	904	5,897	20,993
NET CARRYING AMOUNT	11,770	2,601	1,262	13,027	28,660
Change for the period					
Allowances	3,009	564	116	2,538	6,227
Reversals – offset against expenses	(115)	(1,344)	(863)	(1,937)	(4,259)
Reversals – cancelled provisions	(1,025)	(1,653)	(344)	(551)	(3,573)
Changes in the scope of consolidation					
Reverse discounting				(72)	(72)
Reclassifications				(118)	(118)
Translation differences	(218)	(13)	(15)	(529)	(775)
NET CARRYING AMOUNT AT DECEMBER 31, 2013	13,421	155	156	12,358	26,090
At December 31, 2013					
Long-term share	156			7,034	7,190
Short-term share	13,265	155	156	5,324	18,900
NET CARRYING AMOUNT	13,421	155	156	12,358	26,090

Trade disputes totaling €3 million accounted for the lion's share of allowances for the year.

4.14 Employee benefits

The Group participated in various retirement plans, end-of-career indemnities and other long-term benefit schemes of the countries where it was present, in compliance with local laws and practices.

These plans were either defined contribution plans or defined benefit plans. For defined contribution plans, the charge was recorded in the year in which the contributions were due. No additional retirement provisions were needed since, under such plans, the Group's obligation was limited to the contributions themselves. For defined benefit plans, the obligations were measured according to the projected unit credit method.

4.14.1 Summary of various employee benefits (defined contribution plans)

Employees in some Group companies benefit from defined contribution plans, which primarily offer complementary benefits to those provided under legally mandated retirement schemes. For defined contribution plans, the charge is recorded in the year in which the contributions are due. No additional retirement provisions are needed since, under such plans, the Group's obligation is limited to the contributions themselves.

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 company's obligation for the benefits earned by current employees, with the earned benefits of former employees deferred and retired employees benefiting from a periodic stipend paid by the fund. Under IAS 19 and although the plan is by nature a defined benefit plan, the Company 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 writing.

4.14.2 Summary of various employee benefits (defined benefit plans)

These plans are primarily plans for supplemental retirement, end-of-career bonuses and long service awards.

Employee benefits concern primarily European countries, with France, Germany and the Netherlands together accounting for €111.3 million, or 96% of a total €116 million in employee benefits.

Actuarial gains and losses on post-employment benefits are recognized in "Items of Other Comprehensive Income", during the period in which they arise.

The following table provides a summary of the financial position of defined benefit plans.

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	2013 Total	2012 Total ^(a)
Gross defined benefit obligation	57,169	36,629	17,554	4,663	116,015	118,825
Fair value of plan assets	(43,131)				(43,131)	(42,735)
NET DEFINED BENEFIT OBLIGATION RECORDED ON THE BALANCE SHEET	14,038	36,629	17,554	4,663	72,884	76,090

(a) These totals differ from the totals presented in the notes to the 2012 consolidated financial statements. They were changed to reflect the application of the revised version of IAS 19 at January 1, 2012 (see Note 1.7).

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	2013 Total	2012 Total ^(a)
Gross defined benefit obligation at January 1st	63,774	33,025	17,719	4,307	118,825	96,240
Change in gross defined benefit obligations recorded in profit and loss	4,941	3,015	744	702	9,402	8,529
Actuarial gains and losses recorded to other comprehensive income	(11,141)	2,176	(71)	504	(8,532)	17,426
Translation differences				(98)	(98)	
Employer contributions	128				128	131
Benefits paid during the year	(533)	(1,587)	(838)	(753)	(3,711)	(3,502)
GROSS DEFINED BENEFIT OBLIGATION AT DECEMBER 31	57,169	36,629	17,554	4,663	116,015	118,825

(a) These totals differ from the totals presented in the notes to the 2012 consolidated financial statements. They were changed to reflect the application of the revised version of IAS 19 at January 1, 2012 (see Note 1.7).

The change in the fair value of plan assets is presented in the table below.

<i>(in thousands of euros)</i>	Netherlands	France	Germany	Rest of the world	2013 Total	2012 Total ^(a)
Fair value of plan assets at January 1st	(42,735)				(42,735)	(37,585)
Interest income (expense) on plan assets	(1,423)				(1,423)	(1,569)
Return on plan assets above the discount rate	3,555				3,555	(2,044)
Administrative costs borne by bodies responsible for managing plan assets	279				279	
Benefits paid by funds to recipients during the year	225				225	946
Contributions paid to funds	(3,032)				(3,032)	(2,483)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	(43,131)				(43,131)	(42,735)

(a) These totals differ from the totals presented in the notes to the 2012 consolidated financial statements. They were changed to reflect the application of the revised version of IAS 19 at January 1, 2012 (see Note 1.7).

In 2013, the net amount expensed to the income statement totaled €8 million and broke down as follows:

<i>(in thousands of euros)</i>	Netherlands	France	Germany	Rest of the world	2013 Total	2012 Total ^(a)
Service cost for the year	3,360	1,780	177	505	5,822	3,595
Interest income from the present value of the obligations	2,177	1,120	568	203	4,068	4,330
Gains and (losses) on past services following a plan change	(899)				(899)	
Administrative costs borne by bodies responsible for managing plan assets	268				268	
Actuarial gains and losses on other long-term benefits during employment recognized during the year	35	115	(1)	(6)	143	604
CHANGE IN GROSS DEFINED BENEFIT OBLIGATIONS RECORDED IN PROFIT AND LOSS	4,941	3,015	744	702	9,402	8,529
Interest income (expense) on plan assets	(1,423)				(1,423)	(1,569)
TOTAL NET EXPENSES RECORDED ON THE INCOME STATEMENT	3,518	3,015	744	702	7,979	6,960

(a) These totals differ from the totals presented in the notes to the 2012 consolidated financial statements. They were changed to reflect the application of the revised version of IAS 19 at January 1, 2012 (see Note 1.7).

Actuarial gains and losses recorded in the comprehensive income statement can be broken down as follows:

<i>(in thousands of euros)</i>	Netherlands	France	Germany	Rest of the world	2013 Total	2012 Total ^(a)
Actuarial gains and losses on the present value of obligations recognized during the year and arising from experience adjustments	(763)	(439)	(71)	240	(1,033)	(3,930)
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to demographic assumptions	1	2,615			2,616	7,022
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to financial assumptions	(10,379)			264	(10,115)	14,334
ACTUARIAL GAINS AND LOSSES RECORDED TO OTHER COMPREHENSIVE INCOME	(11,141)	2,176	(71)	504	(8,532)	17,426
Return on plan assets above the discount rate	3,555				3,555	(2,044)
TOTAL NET GAINS RECORDED ON THE INCOME STATEMENT	(7,586)	2,176	(71)	504	(4,977)	15,382

(a) These totals differ from the totals presented in the notes to the 2012 consolidated financial statements. They were changed to reflect the application of the revised version of IAS 19 at January 1, 2012 (see Note 1.7).

For defined benefit plans, obligations were measured according to actuarial techniques, taking into account long-term assumptions. The main assumptions used by independent actuaries included the discount rate, the rate of salary increases and mortality rates for the post-employment period.

In Europe, the Group used its actuary system to determine the discount rate. The rate was based on the yield curve of high-quality corporate bonds with maturities similar to the employee benefit schemes.

Europe	December 31, 2013	December 31, 2012
Discount rate (weighted)	3.25%	3.25%
Rate of salary increases (weighted)	2.75%	2.80%
Weighted duration of obligation	17.7	17.6

The main financial assumption used to measure the obligation of defined benefit plans is the discount rate, which can have a significant impact on profit and loss.

A 100-point variation in the discount rate *versus* the main assumption used at December 31, 2013 would have the following effects:

	Decrease of 100 basis points	Increase of 100 basis points
Impact on obligation at December 31, 2013	19%	-15%

4.14.3 Description of main defined benefit plans

France

The Group's various French entities are subject to a collective bargaining agreement established with the French dairy industry. It calls for the payment of retirement indemnities of employees still present in the Company as of their date of retirement, with the age requirement the same as for the settlement of benefits from the France's general Social Security retirement scheme. This allocation is calculated based on a percentage of the last active salary, with the percentage determined according to the number of service years of the employee at the time of his/her retirement. As part of mandatory yearly negotiations, the allocation was raised by mutual agreement to 45% in 2004. Further, these benefits are subject to payroll on-costs, which vary according to occupational category.

This plan is not externally managed.

Germany

Germany has one supplemental 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 periodic stipend over the life of the retiree, with 60% going to the retiree's spouse in the event of death, and carries disability coverage. The stipend is based on a percentage of the employee's last salary, with the percentage determined by the number of service years rendered by the employee with a 35-year ceiling. The stipends are by law revised for inflation every three years.

This plan is not externally managed.

Netherlands

The Netherlands has two complementary defined benefit retirement plans, including one established by collective bargaining agreement with the dairy industry. Both plans are open to new employees. The plans pay a periodic stipend at the date of retirement, with the retirement age to be set at 67 as of January 1, 2014, in compliance with retirement plan reforms in the Netherlands. The stipend corresponds to the benefits acquired over the employee's period of service in the Company. It is annually revised up to the beneficiary's date of retirement. The plans also pay a stipend to the employee's spouse or children in the event of death, and provide disability coverage as well. The plans offer no future revaluation guarantees for current retirees, nor do they guarantee any future revaluation of benefits accumulated by former employees with deferred benefits. The indexations are conditioned on the financial health of the funds.

Both plans are financed via a shared multi-employer fund managed by the Interpolis insurance company. The insurance company determines the share of the fund owned by the two plans based on the value of the obligations. That value is calculated in accordance with statutory assumptions, which generally differ from standard assumptions. At end 2013, the fair value of plan assets in the Netherlands totaled €43.1 million, versus €42.7 million at end 2012.

4.15 Other non-current liabilities

(in thousands of euros)	Investment grants	Amounts payable to personnel	Other	Total
At December 31, 2012	16,180	20,653	2,323	39,156
Change for the period				
Changes in WCR		436	(1,740)	(1,304)
Transfer to income statement	(558)			(558)
Translation differences	(84)	(219)	(16)	(319)
AT DECEMBER 31, 2013	15,538	20,870	567	36,975

Amounts payable to personnel were primarily Time-Savings Accounts (*Compte Épargne Temps*) for employees of French companies and provisioned debt related to employee profit-sharing programs at French companies.

4.16 Trade payables and other liabilities

<i>(in thousands of euros)</i>	Trade payables	Other current liabilities	Total
Net carrying amount at December 31, 2012	368,100	103,632	471,732
Change for the period			
Changes in the scope of consolidation	23	31	54
Changes in WCR	50,806	(15)	50,791
Translation differences	(5,904)	(937)	(6,841)
Reclassifications	(10)	397	387
NET CARRYING AMOUNT AT DECEMBER 31, 2013	413,015	103,108	516,123

“Other current liabilities” included mainly amounts payable to personnel, to social security and similar welfare organizations, and current taxes payable, excluding income tax.

4.17 Net financial debt

<i>(in thousands of euros)</i>	December 31, 2013	December 31, 2012
Bonds	159,320	159,205
Bank borrowings	217,980	189,585
Amounts related to assets held under finance leases	478	736
Employee profit-sharing	12,353	11,465
Minority shareholders' put options	998	2,140
Deposits and guarantee deposits	18	
Long-term liabilities	391,147	363,131
Bank borrowings	4,385	6,364
Amounts related to assets held under finance leases	462	460
Employee profit-sharing	2,140	2,502
Commercial paper	99,951	99,946
Sundry loans and financial liabilities	1,483	1,300
Accrued interest		156
Current account liabilities	41,892	26,948
Short-term liabilities	150,313	137,676
GROSS FINANCIAL LIABILITIES	541,460	500,807
Current used bank facilities including overdrafts and accrued interest	4,725	6,418
Marketable securities and money market instruments	(338,484)	(387,683)
Cash on hand and balances with banks, including accrued interest	(151,727)	(54,612)
Current account assets	(1,569)	(768)
TOTAL NET LIABILITIES, INCLUDING ACCRUED INTEREST	54,405	64,162

In the first half of 2013, the Group raised €140 million and \$110 million in a financial transaction on the Schuldschein market. In addition, it repaid early a €191-million private placing maturing in April 2014 in the second half of 2013 (see Note 4.18).

At December 31, 2013, the €1 million in minority shareholders' put options included in long-term liabilities stemmed from the Ukrainian subsidiary. The €1.3-million put option on the Iranian subsidiary

included under the "Sundry loans and financial liabilities" heading in short-term liabilities at the end of 2012, was canceled out in 2013, following the acquisition of all of the subsidiary's minority interests by SICOPA (see Note 11). An offsetting amount was recognized in equity.

The Unibel parent company accounted for €41.8 million in current account liabilities (see Note 9.2).

Repayment schedule for long-term financial liabilities at December 31, 2013

<i>(in thousands of euros)</i>	Issue currency	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
Bonds	EUR				19,917	139,403	159,320
	Total				19,917	139,403	159,320
Bank borrowings	EUR		15,069		64,738	58,752	138,559
	USD		1,806		77,615		79,421
	Total		16,875		142,353	58,752	217,980
Amounts related to assets held under finance leases	DZD		283	99			382
	EGP	96					96
	Total	96	283	99			478
Deposits and guarantee deposits	USD	18					18
	Total	18					18
Employee profit-sharing	Total	2,877	3,699	1,937	3,840		12,353
Sundry loans and financial liabilities	UAH				998		998
	Total				998		998
TOTAL LONG-TERM LIABILITIES		2,991	20,857	2,036	167,108	198,155	391,147

4.18 Financial instruments

4.18.1 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.

4.18.2 Financial and liquidity risk management

At December 31, 2013, the Group had a net financial debt position of €54.4 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 obtained confirmed credit lines and medium-term financing from its banks.

At December 31, 2013, the Group had significant liquidity, including:

- an untapped €520-million credit line maturing in June 2016;
- a €500-million commercial paper program, of which €100 million was used; and
- a €160-million bond subscribed by private investors, with €20 million maturing in December 2018 and €140 million maturing in December 2019.

Lastly, as part of an ongoing strategy to diversify its funding sources, while lengthening debt maturity, the Group tapped the Schuldschein market in the first half of 2013. The issue included several tranches:

- €140 million at three years, five years, seven years and 10 years, at floating or fixed rates;
- \$110 million at three years and five years, at floating or fixed rates.

To limit its carrying costs and counterparty risk and to reduce the size of its balance sheet, the Group in the second half of 2013 repaid a €191-million private placing ahead of the April 2014 maturity date.

At December 31, 2013, the Group, *via* Fromageries Bel, had substantial cash and cash equivalents totaling €431.4 million.

Fromageries Bel committed to keeping its financial leverage ratio below 3.50x 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, 2013, the ratio stood at 0.17x, *versus* 0.21x at December 31, 2012.

The Group implemented a policy of pooling liquidity at the Fromageries Bel level for all countries where the local currency was freely convertible and where there were no legal or fiscal limits on pooling local surpluses or financing local needs. Internal current accounts and intra-group compensation payment systems are managed by the Group Treasury Department.

In countries where surplus and financing pooling was not allowed, subsidiaries invested their surpluses in money market funds denominated in their local currency and, if needed, financed themselves primarily in local currency. Further, the dividend policy was systematically aimed at limiting recurring surpluses at the subsidiaries. For purposes of disclosure, the short-term investments of the Egyptian and Moroccan subsidiaries, which accounted for most of non-pooled available cash, totaled €33.2 million at December 31, 2013.

Some subsidiaries may have had no alternatives to local currency financing. In cases where the local currency was devalued, the subsidiaries recognized the related financial loss.

Surplus liquidities were invested in money-market mutual funds or short-term certificates of deposit.

4.18.3 Foreign exchange risk management

The Bel 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 intra-group dividends denominated in foreign currencies.

Hedging policy for foreign exchange exposure

Management policy is to hedge risk on transactions denominated in foreign currencies through the use of derivative financial instruments. While the Treasury Department is not a profit center, the Group applies a global exchange-rate policy for all French, European and North American entities to hedge annual budgeted flows against risks linked to currency trading. The Group Treasury Department handles the necessary exchange rate hedging for these entities.

For subsidiaries in countries where there are no financial hedging instruments, the policy has been to maximize natural hedging as much as possible through billing currencies, for example. However, local currency devaluations can significantly impact the profitability of the concerned entity.

When the budget is prepared, budgeted currency rates 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, 2013, the maturity of the derivatives portfolio did not extend beyond January 31, 2015. The cash flow from the budgeted 2013 and 2014 hedges are expected in 2014 and 2015, and will thus impact income in the 2014 financial year.

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.

At December 31, 2013, the Group had secured the following hedges:

Portfolio of currency forward contracts backed by trade receivables, trade payables or futures transactions

(in thousands of euros)			At December 31, 2013			
Transaction type	Direction	Cross	Commitment	Equity	Operating income	Market value
Futures	Sell	DKKSEK	6,237	(95)	2	(93)
Futures	Buy	EURAUD	1,482	(7)	-	(7)
Futures	Buy	EURCAD	4,000	283	27	310
Futures	Buy	EURCHF	10,300	4	4	8
Futures	Buy	EURCZK	12,500	768	7	775
Futures	Buy	EURGBP	29,650	(379)	2	(377)
Futures	Buy	EURJPY	20,484	2,777	1,520	4,297
Futures	Buy	EURKRW	3,295	(57)	(4)	(61)
Futures	Sell	EURPLN	32,700	805	288	1,093
Futures	Buy	EURSEK	5,350	107	3	110
Futures	Buy	EURUSD	130,741	4,793	1,959	6,752
Futures	Buy	EURZAR	1,182	36	65	101
Futures	Sell	NOKSEK	2,029	62	-	62
Futures	Buy	USDCAD	5,323	101	-	101
TOTAL				9,198	3,873	13,071

NB: The transactions are presented according to the direction of the cross currency operation, e.g., Sell DKKSEK signifies that the Group is selling DKK and buying SEK.

(in thousands of euros)			At December 31, 2012			
Transaction type	Direction	Cross	Commitment	Equity	Operating income	Market value
Futures	Sell	DKKSEK	5,257	103	26	129
Futures	Buy	EURAUD	2,731	(19)	-	(19)
Futures	Buy	EURCAD	10,000	269	(23)	247
Futures	Buy	EURCHF	8,750	31	(8)	23
Futures	Buy	EURCZK	11,950	51	-	51
Futures	Buy	EURGBP	33,500	590	(51)	539
Futures	Buy	EURJPY	32,657	2,878	292	3,170
Futures	Buy	EURKRW	2,741	(61)	(6)	(67)
Futures	Sell	EURPLN	30,500	1,009	(17)	992
Futures	Buy	EURSEK	7,000	(54)	18	(36)
Futures	Buy	EURUSD	137,595	4,022	(515)	3,507
Futures	Buy	EURZAR	877	(4)	(11)	(15)
Futures	Sell	NOKSEK	1,771	7	1	7
Futures	Buy	USDCAD	7,208	8	8	16
TOTAL				8,830	(286)	8,544

NB: The transactions are presented according to the direction of the cross currency operation, e.g., Sell DKKSEK signifies that the Group is selling DKK and buying SEK.

Portfolio of currency options backed by trade receivables, trade payables or futures transactions

(in thousands of euros)		At December 31, 2013				
Transaction type	Cross	Commitment	Equity	Operating income	Net financial result	Market value
Call purchase	EURCAD	7,700	323	-	25	348
Put sale	EURCAD	5,350	-	-	(15)	(15)
Call purchase	EURCHF	4,500	-	-	22	22
Put sale	EURCHF	2,250	-	-	(11)	(11)
Call purchase	EURCZK	10,000	462	-	4	466
Put sale	EURCZK	5,100	-	-	(2)	(2)
Call purchase	EURGBP	36,000	-	-	155	155
Put sale	EURGBP	20,000	-	-	(216)	(216)
Call purchase	EURJPY	6,942	719	-	34	753
Put sale	EURJPY	3,643	-	-	(10)	(10)
Put purchase	EURPLN	25,000	223	-	323	546
Call sale	EURPLN	18,500	-	-	(111)	(111)
Call purchase	EURSEK	4,400	98	-	26	124
Put sale	EURSEK	3,050	-	-	(10)	(10)
Call purchase	EURUSD	74,933	1,770	195	662	2,627
Put sale	EURUSD	39,820	-	-	(171)	(171)
Call purchase	EURZAR	847	45	-	10	55
Put sale	EURZAR	918	-	-	(1)	(1)
Call purchase	USDCAD	2,189	-	-	27	27
Put sale	USDCAD	1,064	-	-	(7)	(7)
TOTAL			3,640	195	734	4,569

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Call purchase EURCAD signifies that the Group is buying a EUR call/CAD put option.

(in thousands of euros)		At December 31, 2012				
Transaction type	Cross	Commitment	Equity	Operating income	Net financial result	Market value
Call purchase	EURCAD	7,563	81	-	28	109
Put sale	EURCAD	4,313	(3)	-	(14)	(17)
Call purchase	EURCHF	6,550	-	-	28	28
Put sale	EURCHF	2,000	-	-	(2)	(2)
Call purchase	EURCZK	4,500	2	-	47	49
Put sale	EURCZK	2,250	-	-	(10)	(10)
Call purchase	EURGBP	37,000	19	-	252	271
Put sale	EURGBP	19,000	(4)	-	(100)	(104)
Call purchase	EURJPY	10,578	464	-	186	650
Put sale	EURJPY	12,412	-	-	(17)	(17)
Put purchase	EURPLN	25,000	523	-	379	902
Call sale	EURPLN	22,500	-	-	(166)	(166)
Call purchase	EURSEK	5,000	17	-	32	49
Put sale	EURSEK	3,500	(37)	-	(24)	(61)
Call purchase	EURUSD	112,158	466	-	1,683	2,149
Put sale	EURUSD	78,255	-	-	(342)	(342)
Call purchase	USDCAD	1,530	1	-	25	26
Put sale	USDCAD	750	-	-	(9)	(9)
TOTAL			1,529	-	1,976	3,505

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Call purchase EURCAD signifies that the Group is buying a EUR call/CAD put option.

Portfolio of currency forward and option contracts to hedge future dividend or share transaction flows

(in thousands of euros)			At December 31, 2013			At December 31, 2012		
Transaction type	Direction	Cross	Commitment	Equity	Market value	Commitment	Equity	Market value
Futures	Buy	EURGBP	1,000	(29)	(29)	-	-	-
Futures	Buy	EURUSD	-	-	-	5,763	(52)	(52)
TOTAL				(29)	(29)		(52)	(52)

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.

(in thousands of euros)		At December 31, 2013				At December 31, 2012			
Transaction type	Cross	Commitment	Equity	Net financial result	Market value	Commitment	Equity	Net financial result	Market value
Put purchase	EURUSD	-	-	-	-	22,814	97	348	445
Call sale	EURUSD	-	-	-	-	15,686	-	(77)	(77)
TOTAL							97	271	368

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Put purchase EURUSD signifies that the Group is buying a EUR put and selling a USD call option.

Portfolio of currency forward contracts to hedge future investment outflows on fixed assets

(in thousands of euros)			At December 31, 2013			At December 31, 2012		
Transaction type	Direction	Cross	Commitment	Equity	Market value	Commitment	Equity	Market value
Futures	Buy	EURUSD	1,000	21	21	9,913	(467)	(467)
Futures	Buy	CHFUSD	1,181	44	44	-	-	-
TOTAL				65	65		(467)	(467)

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 currencies

(in thousands of euros)			At December 31, 2013		
Transaction type	Direction	Cross	Commitment	Net financial result	Market value
Swap	Sell	EURCAD	8,730	(8)	(8)
Swap	Sell	EURCHF	6,610	(11)	(11)
Swap	Buy	EURCZK	3,640	(6)	(6)
Swap	Sell	EURGBP	5,850	3	3
Swap	Buy	EURJPY	575	8	8
Swap	Buy	EURMXN	836	6	6
Swap	Buy	EURPLN	650	-	-
Swap	Sell	EURSEK	1,671	22	22
Swap	Sell	EURUSD	21,802	(49)	(49)
TOTAL				(35)	(35)

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURCAD signifies that the Group is selling EUR futures and buying CAD futures.

(in thousands of euros)

At December 31, 2012

Transaction type	Direction	Cross	Commitment	Net financial result	Market value
Swap	Sell	EURCAD	5,108	(10)	(10)
Swap	Sell	EURCHF	6,041	8	8
Swap	Buy	EURCZK	4,940	8	8
Swap	Sell	EURGBP	2,317	11	11
Swap	Buy	EURJPY	447	(2)	(2)
Swap	Buy	EURMXN	232	(2)	(2)
Swap	Sell	EURPLN	7,362	(38)	(38)
Swap	Sell	EURSEK	-	-	-
Swap	Sell	EURUSD	36,815	(61)	(61)
TOTAL				(86)	(86)

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURCAD signifies that the Group is selling EUR futures and buying CAD futures.

Other transactions outside the hedging transactions category

(in thousands of euros)

At December 31, 2013

Transaction type	Cross	Commitment	Equity	Operating income	Net financial result	Market value
Call sale	EURZAR	792	-	-	(20)	(20)
TOTAL				-	(20)	(20)

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Call sale EURZAR signifies that the Group is selling an EUR call/ZAR put option.

At December 31, 2012, all hedges that had been accounted for in equity, with a positive €9.9-million market value, were recognized in the income statement during fiscal 2013.

At December 31, 2013, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a positive €12.9 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 €2.1 million.

A 1% decline in the EUR/GBP currency risk before hedging would positively impact operating income by €0.7 million.

A 1% increase in the EUR/PLN currency risk before hedging would positively impact operating income by €0.5 million.

At December 31, 2013, 80% to 100% of the net exposure relative to the main currencies in the 2014 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 rate curves, exchange prices and volatility curves, as well as valuation models. The Treasury Department has the requisite in-house means for calculating the valuations. However, the Group used an outside provider to determine the valuations.

4.18.4 Interest-rate risk management

Most of the Group's financing is arranged by the Fromageries Bel company, 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, 2013, the Group hedged interest-rate risk through interest-rate swaps or cross-currency swaps.

(in thousands of euros)		At December 31, 2013		At December 31, 2012	
Transaction type	Commitment currency	Nominal	Market value	Nominal	Market value
Fixed-rate borrower swaps	EUR	0	0	150,000	(5,215)
Cap purchase	EUR	0	0	60,000	0
Floor sale	EUR	0	0	60,000	(1,104)
Fixed-rate borrower swaps	USD	36,256	189	0	0
Cross-currency EURTRY swap	TRY	7,456	1,554	0	0
TOTAL			1,743		(6,319)

The interest-rate swaps and zero-premium collars, which combine simultaneous cap purchases and floor sales, maturing in 2014, were cancelled in the second half of 2013, following early repayment of the €191-million loan.

The following hedging balance corresponds to hedges on some of the Group's floating-rate loans.

Hedging balance in USD					
(in millions of dollars)	2014	2015	2016	2017	2018
Interest-rate swaps	50	50	50	30	30

In the first half of 2013, the Group hedged the risk on \$50 million worth of floating-rate, USD-denominated Schuldschein issues, representing nearly 50% of the nominal amount issued at floating rates.

Market value of interest rate hedges		
(in millions of euros)		
	At December 31, 2013	At December 31, 2012
Vanilla derivatives	0.2	(6.3)
Derivatives incorporated in €191-million loan	0.0	0.8
Cross-currency EURTRY swap	1.5	0.0
TOTAL	1.7	(5.5)

Vanilla derivatives include only interest-rate swaps.

At December 31, 2013, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a positive €0.2 million. At December 31, 2012, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a negative €6.3 million.

An increase of 1% across the yield curve would positively impact Group equity by €1.2 million.

A decrease of 1% across the yield curve would negatively impact Group equity by €0.9 million.

Breakdown of gross financial indebtedness by type, maturity and interest rate type at December 31, 2013

(in thousands of euros)		Gross financial liabilities			Impact of derivative instruments			Gross financial liabilities after impact of derivative instruments		
Maturity	Type	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
2014	Commercial paper ^(a)		(99,951)	(99,951)					(99,951)	(99,951)
	Sundry loans and financial liabilities/Interest-rate swaps		(1,483)	(1,483)	(2,957)	2,957	-	(2,957)	1,474	(1,483)
	Amounts related to assets held under finance leases		(462)	(462)					(462)	(462)
	Employee profit-sharing		(2,140)	(2,140)					(2,140)	(2,140)
	Bank borrowings		(4,385)	(4,385)					(4,385)	(4,385)
	Current account liabilities		(41,892)	(41,892)					(41,892)	(41,892)
2015	Amounts related to assets held under finance leases		(96)	(96)					(96)	(96)
	Deposits and guarantee deposits		(18)	(18)					(18)	(18)
	Employee profit-sharing		(2,877)	(2,877)					(2,877)	(2,877)
2016	Amounts related to assets held under finance leases		(283)	(283)					(283)	(283)
	Schuldschein/Interest-rate swaps		(16,875)	(16,875)	(19,001)	19,001	-	(19,001)	2,126	(16,875)
	Employee profit-sharing		(3,699)	(3,699)					(3,699)	(3,699)
2017	Amounts related to assets held under finance leases		(99)	(99)					(99)	(99)
	Employee profit-sharing		(1,937)	(1,937)					(1,937)	(1,937)
2018	2.75% bond issue	(19,917)		(19,917)				(19,917)		(19,917)
	Employee profit-sharing		(3,840)	(3,840)					(3,840)	(3,840)
	Sundry loans and financial liabilities		(998)	(998)					(998)	(998)
	Schuldschein/Interest-rate swaps	(10,395)	(131,958)	(142,353)	(21,753)	21,753	-	(32,148)	(110,205)	(142,353)
2019	3% bond issue	(139,403)		(139,403)				(139,403)		(139,403)
2020	Schuldschein	(21,908)	(16,929)	(38,837)				(21,908)	(16,929)	(38,837)
2023	Schuldschein	(19,915)		(19,915)				(19,915)		(19,915)
TOTAL		(211,538)	(329,922)	(541,460)	(43,711)	43,711	-	(255,249)	(286,211)	(541,460)

(a) Although commercial paper is issued at fixed rates, it is treated as a floating rate in the table owing to the issues' short maturities and expected renewals.

4.18.5 Counterparty risk management

All short-term cash investments and financial instruments were arranged with major counterparties, in accordance with both safety and liquidity rules. "Major counterparties" were banks from the banking pool and were primarily French establishments.

Money-market mutual funds offering daily liquidity or certificates of deposit accounted for most of the short-term cash investments.

The Group's counterparty risk was non-material and totaled a negative of €19,000 at December 31, 2013.

(in thousands of euros)

MTM measured on a risk-free rate basis ^(a)	19,344
Gross credit risk	(19)
of which DVA (Debt Value Adjustment)	1
of which CVA (Credit Value Adjustment)	(20)
MTM with gross credit risk	19,325

(a) MTM (Mark To Market) includes accrued interest not yet due on interest-rate and cross-currency swaps.

4.18.6 Raw materials risk management

The Group is exposed to price increases of raw materials, particularly for milk, milk powder and butter. As of this writing,

the Group has not implemented a comprehensive, systematic strategy to hedge raw material prices. The only Group entities with a hedging policy for raw materials were the US entities, which use the Chicago futures market.

At December 31, 2013, Bel Brands and Bel USA had the following positions:

CME Class III Milk				
<i>(in thousands of euros)</i>				
Transaction type	At December 31, 2013		At December 31, 2012	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Futures purchase	496	263	64	163
Call purchase	1,098	1,522	396	890
Put sale	987	(491)	396	(153)
Non-hedging				
Futures sale	145	(390)	0	0
Call sale	861	(512)	108	(40)
Put purchase	7	1	0	0
TOTAL		393		860

CME Dry Whey				
<i>(in thousands of euros)</i>				
Transaction type	At December 31, 2013		At December 31, 2012	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Futures purchase	11	23	13	15
Call purchase	36	50	54	28
Put sale	36	(1)	54	(11)
Non-hedging				
Futures sale	0	0	0	0
Call sale	0	0	0	0
Put purchase	0	0	0	0
TOTAL		72		32

CME Cash Settled Cheese*(in thousands of euros)*

Transaction type	At December 31, 2013		At December 31, 2012	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Futures purchase	37	5	0	0
Call purchase	510	449	234	154
Put sale	510	(213)	136	(130)
Non-hedging				
Futures sale	229	(403)	0	0
Call sale	480	(66)	0	0
Put purchase	0	0	0	0
TOTAL		(228)		24

CME Cash Settled Butter*(in thousands of euros)*

Transaction type	At December 31, 2013		At December 31, 2012	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	37	34	0	0
Call purchase	48	66	105	75
Put sale	48	(30)	48	(66)
Non-hedging				
Future sale	0	0	6	14
Call sale	0	0	0	0
Put purchase	0	0	0	0
TOTAL		70		23

CME Non Fat Dry Milk*(in thousands of euros)*

Transaction type	At December 31, 2013		At December 31, 2012	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	6	19	0	0
Call purchase	0	0	0	0
Put sale	0	0	0	0
Non-hedging				
Future sale	0	0	0	0
Call sale	0	0	0	0
Put purchase	0	0	0	0
TOTAL		19		0

At December 31, 2013, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a positive €521,000. At December 31, 2012, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a positive €559,000.

The market values of hedges on the “whey” contract and call options were recognized directly in the income statement.

4.18.7 Share-price risk management

At December 31, 2013, the Group had no equity-based derivatives. Concerning the valuation of Unibel shares, please refer to section 4.5.

4.18.8 Fair value hierarchy disclosures based on IFRS 7

Description (in thousands of euros)	December 31, 2013	Level 1	Level 2	Level 3
Foreign exchange derivatives	17,619		17,619	
Interest rate derivatives	1,743		1,743	
Raw materials derivatives	326	326		
TOTAL	19,688	326	19,362	
Mutual funds	338,433	338,433		
Certificates of deposit	51	51		
TOTAL MUTUAL FUNDS & CDS	338,484	338,484		
TOTAL	358,172	338,810	19,362	

Description (in thousands of euros)	December 31, 2012	Level 1	Level 2	Level 3
Foreign exchange derivatives	11,814		11,814	
Interest rate derivatives	(6,319)		(6,319)	
Raw materials derivatives	939	939		
TOTAL	6,434	939	5,495	
Mutual funds	386,879	386,879		
Certificates of deposit	544	544		
TOTAL MUTUAL FUNDS & CDS	387,423	387,423		
TOTAL	393,857	388,362	5,495	

NOTE 5 • Cash Flow

5.1 Cash flow from (used in) operating activities

The “(Increase) decrease in inventories, current receivables and payables” item breaks down as follows:

<i>(in thousands of euros)</i>	Note	2013	2012
Change for the period			
Inventories			
Changes in WCR and write-downs	4.7	28,325	(2,860)
Trade and other receivables			
Changes in WCR and write-downs	4.8	28,602	15,138
Adjustment for provision for other receivables		(131)	(223)
Adjustment for receivables on fixed assets		23	
TOTAL ASSETS		56,819	12,055
Change for the period			
Trade payables and other liabilities			
Changes in WCR	4.16	50,791	19,948
Adjustment for fixed asset payables		(5,059)	(2,578)
Adjustment for dividends payable		4,250	(2,141)
Financial instruments		47	(767)
Other		77	(28)
TOTAL LIABILITIES		50,106	14,434
(INCREASE) DECREASE IN INVENTORIES, CURRENT RECEIVABLES AND PAYABLES		(6,713)	2,379

The “(Increase) decrease in inventories, non-current receivables and payables” item breaks down as follows:

<i>(in thousands of euros)</i>	Note	2013	2012
Change for the period – Changes in WCR			
Non-current trade and other receivables			
Changes in WCR and write-downs	4.5	(125)	63
Adjustment for provision for other receivables			(1,587)
TOTAL ASSETS		(125)	(1,524)
Change for the period – Changes in WCR			
Amounts payable to personnel	4.15	436	6,500
Other non-current liabilities	4.15	(1,740)	1,159
TOTAL LIABILITIES		(1,304)	7,659
(INCREASE) DECREASE IN NON-CURRENT RECEIVABLES AND PAYABLES		(1,179)	9,183

5.2 Cash flow from (used in) investing activities

Acquisitions of tangible and intangible assets mainly encompassed production capacity increases in the United States, France, the Netherlands and Algeria (see Notes 4.2 and 4.3)

5.3 Cash flow from (used in) financing activities

The item “Increase (decrease) in current accounts with entities outside the scope of consolidation” breaks down as follows:

<i>(in thousands of euros)</i>	2013	2012
Increase (decrease) in current accounts with		
Unibel	14,990	(1,564)
Other non-consolidated companies	(846)	(747)
TOTAL	14,144	(2,311)

Issues and repayments of borrowings and financial liabilities primarily resulted from tapping the Schuldschein market in a transaction that raised €140 million and \$110 million, and the early repayment of a €191-million private placing maturing in April 2013 in the second half of 2013 (see Note 4.18).

NOTE 6 • Financial commitments

6.1 Table of off-balance sheet commitments

<i>(in thousands of euros)</i>	December 31, 2013	December 31, 2012
Commitments given		
Endorsements and guarantees	1,047	656
Partnership liability in GIEs, SCLs, etc.	1,371	1,322
Miscellaneous	11,158	12,141
Bonus shares granted	3,972	2,089
TOTAL	17,548	16,208
Commitments received		
Endorsements and guarantees	1,616	1,704
Mortgages and pledges	1,584	
Performance bond	363	922
Unused syndicated credit line	520,000	670,000
Unused commercial paper	400,000	400,000
Export receivable guarantees	18,670	17,658
Other commitments received	1,233	1,904
TOTAL	943,466	1,092,188
Reciprocal commitments		
Asset orders	7,196	8,796
Operating leases	64,800	72,620
Less than a year	14,140	14,279
One to five years	44,399	42,604
More than five years	6,261	15,737
Other reciprocal commitments	2,879	488
TOTAL	74,875	81,904

Miscellaneous commitments granted correspond primarily to a €10.9-million guarantee (€11.4 million at December 31, 2012) granted by Fromageries Bel to CA Lyon Bank Ukraine to cover a credit facility agreement for the two consolidated Ukrainian subsidiaries.

6.2 Individual training rights

In accordance with French law number 2004-391 of May 4, 2004, providing for individual professional training, employees of the Group's French companies benefit from 20 credited hours of training per year. The credited hours may be accumulated over a six-year period up to a ceiling of 120 hours. At December 31, 2013, rights to an aggregate volume of 349,000 hours had been acquired and remained outstanding.

NOTE 7 • Disputes and litigation

- The Group 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 Group's earnings or financial position that was not provisioned for at December 31, 2013.
- The companies making up the Group were periodically subject to tax audits in the countries where they were 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 Company would be able to assert the validity of its position in the course of the dispute. The Fromageries Bel company, which was subject to tax audits for the 2007 and 2008 fiscal years, recognized a provision of some €20 million related to a tax adjustment for the 2008 fiscal year. The Group is contesting this tax adjustment and has decided to pursue legal recourse.

NOTE 8 • Business segment information

Business segment information is presented in the following table, as followed by the main operating decision-maker.

	At December 31, 2013		At December 31, 2012 ^(a)		% change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
<i>(in thousands of euros)</i>						
Western Europe	1,073,422	120,594	1,057,014	119,025	1.6%	1.3%
North and East Europe	597,154	12,962	555,068	14,192	7.6%	-8.7%
Americas, Asia-Pacific	417,079	35,622	418,261	43,960	-0.3%	-19.0%
Greater Africa	271,872	29,653	261,184	25,006	4.1%	18.6%
Near and Middle East	360,516	35,543	357,179	9,204	0.9%	286.2%
GROUP TOTAL	2,720,043	234,374	2,648,706	211,387	2.7%	10.9%

(a) The 2012 breakdown by region was restated here for purposes of comparison with the Group's new organization implemented in 2013.

NOTE 9 • Related parties**9.1 Management benefits**

<i>(in thousands of euros)</i>	2013	2012
Remuneration and benefits in kind	5,480	4,585
Director's fees	172	204
TOTAL SHORT-TERM BENEFITS	5,652	4,789
Bonus shares	529	651
Severance pay		406
TOTAL LONG-TERM BENEFITS	529	1,057

Management in this note refers to Board of Directors and Management Committee members.

9.2 Related party relationships

<i>(in thousands of euros)</i>	2013	2012
Amount of transactions	13,207	7,228
<i>of which Unibel</i>	6,962	5,623
<i>of which other non-consolidated companies</i>	6,245	1,605
Associated receivables	1,655	846
Associated payables and current accounts	45,639	29,551
<i>of which Unibel</i>	43,585	28,314
<i>of which other non-consolidated companies</i>	2,054	1,237
Unibel shares	103,842	72,190

At December 31, 2013, transaction amounts with related parties included the Unibel holding company for €7 million, of which €6.6 million in personnel expense was billed back to Fromageries Bel, and non-consolidated Group companies Bel Proche et Moyen-Orient Beyrouth, Bel Middle East and others for €6.2 million in operating expense billed back to Fromageries Bel.

Related parties associated payables and current accounts mainly concerned the Unibel holding company, with a €41.8-million

current account, *versus* €26.9 million at December 31, 2012 (see Note 4.17).

The Unibel shares held by the SOFICO company were valued at the average listed share price for the second half-year period (see Note 4.5).

The Group has no significant off-balance sheet commitments with related parties.

NOTE 10 • Significant subsequent events

In March 2014, Fromageries Bel extended and amended the initial June 2016 maturity of its €520-million bank credit line.

The new maturity date is March 2019, with two opportunities for extending the maturity for one year in March 2015 and March 2016. The financial terms and conditions were revised down, with all banks involved in the initial loan agreeing to the new terms and conditions.

NOTE 11 • Scope of consolidation

Company	Country	December 2013	December 2012
		Percentage of controlling interest	Percentage of controlling interest
Fully consolidated			
Fromageries Bel	France	Parent company	Parent company
Fromageries Picon	France	99.99	99.99
Fromageries Bel Production France	France	100.00	100.00
SAFR	France	100.00	100.00
SICOPA	France	100.00	100.00
SOFICO	France	100.00	100.00
SOPAIC	France	100.00	100.00
Fromagerie Boursin SAS	France	100.00	100.00
Société des Produits Laitiers	France	100.00	100.00
Spa Fromagerie Bel Algérie	Algeria	100.00	100.00
Bel Deutschland GmbH	Germany	100.00	100.00
Bel Belgium	Belgium	100.00	100.00
Bel Canada	Canada	100.00	100.00
Bel Egypt Distribution	Egypt	100.00	100.00
Bel Egypt Expansion For Cheese	Egypt	100.00	100.00
Grupo Fromageries Bel Espana	Spain	100.00	100.00
Bel Americas Inc.	United States	100.00	100.00
Bel Brands USA Inc.	United States	100.00	100.00
Bel USA Inc.	United States	100.00	100.00
Bel UK Ltd	United Kingdom	100.00	100.00
Fromageries Bel Hellas	Greece	100.00	100.00
Bel-Rouzaneh Dairy Products Company	Iran	100.00	70.00
Bel Italia Spa	Italy	100.00	100.00
Bel Japon	Japan	100.00	100.00
Fromageries Bel Maroc	Morocco	67.99	67.99
S.I.E.P.F.	Morocco	100.00	100.00
Bel Nederland B.V.	Netherlands	100.00	100.00
Bel Leerdammer B.V.	Netherlands	100.00	100.00
Bel Polska	Poland	100.00	100.00
Fromageries Bel Portugal	Portugal	100.00	100.00
Syraren Bel Slovensko a.s.	Slovakia	99.87	99.87
Bel Nordic A.B.	Sweden	100.00	100.00
Bel Suisse	Switzerland	100.00	100.00
Bel Syrie	Syria	100.00	100.00
Bel Syry Cesko a.s.	Czech Republic	100.00	100.00
Bel Karper	Turkey	100.00	100.00
Bel Shostka Ukraine	Ukraine	93.87	93.87
Bel Shostka Service	Ukraine	93.50	93.50
Bel Cheese Mexico	Mexico	100.00	100.00
Bel Queso de Mexico	Mexico	100.00	100.00
Bel Vietnam	Vietnam	100.00	100.00
Queijo Bel Brasil	Brazil	95.00	-

4.5.1.2 Statutory Auditors' Report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' Report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the Management Report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2013

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, 2013, on:

- the audit of the accompanying consolidated financial statements of Fromageries Bel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts 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. 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 consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013, 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.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.1 to the consolidated financial statements, which describes the accounting consequences resulting from the application of the amendments to IAS 19 "Employee Benefits" from January 1, 2013.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.7 of the notes to the financial statements primarily discloses the accounting policies 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 1.7 of the notes to the financial statements additionally describes the terms and conditions under which post-employment employee benefits were measured. Those 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 Notes 1.1 and 4.14;
- the Company on a systematic, annual basis tested goodwill and assets with an indefinite useful life for impairment at each closing date. Furthermore, it assessed whether there were any indications of impairment loss on long-term assets, in accordance with the conditions described in Notes 1.7 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 information presented in the Group's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 2, 2014

The Statutory Auditors

Deloitte & Associés

Pierre-Marie Martin

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt

4.5.2 Company financial statements for the year ended December 31, 2013

4.5.2.1 Company accounts for the year ended December 31, 2013

I – INCOME STATEMENT AT DECEMBER 31, 2013, VS. PRIOR YEAR

<i>(in thousands of euros)</i>	Notes	2013	2012
OPERATING INCOME			
Sales of merchandise (goods purchased for resale)		116,019	102,107
Production sold			
Sales – goods		1,242,741	1,210,669
Sales – construction work			
Sales – services			
Revenue from ancillary operations		38,165	35,665
TOTAL PRODUCTION SOLD		1,280,906	1,246,334
REVENUE FROM SALES <i>(including exports of 723,492)</i>	3	1,396,926	1,348,441
Change in finished goods and in-progress inventories			
Work-in-progress goods			(879)
Work-in-progress services		1,724	
Finished goods		4,947	(2,049)
TOTAL CHANGE IN FINISHED GOODS AND IN-PROGRESS INVENTORIES		6,671	(2,928)
Self-constructed fixed assets		3,600	6,054
Government grants – operations		131	330
Reversals of provisions, write-downs, depreciation, and amortization		5,353	2,804
Expense transfers	4	17,286	17,462
Other revenue		54,711	58,522
TOTAL I		1,484,678	1,430,685
OPERATING EXPENSE			
Cost of merchandise (goods purchased for resale) sold during the year			
Purchase of merchandise (goods purchased for resale)		69,285	63,450
Change in inventories of merchandise (goods purchased for resale)		1,474	(803)
TOTAL COST OF MERCHANDISE (GOODS PURCHASED FOR RESALE) SOLD		70,759	62,647
Operating costs incurred through third parties and consumed during the period			
Purchases of inventoried raw materials and supplies			
Raw materials		1	9
Other production supplies		1,692	1,245
Increase (decrease) in raw materials and supplies inventories		437	(284)
Purchases from sub-contractors		799,784	754,399
Purchases of non-inventoried materials and supplies		3,064	2,661
Outside services			
Outside personnel		6,013	5,019
Lease payments			
Other		413,304	419,714
TOTAL OPERATING COSTS INCURRED THROUGH THIRD PARTIES		1,224,295	1,182,763
Taxes other than income tax			
On remunerations		2,905	2,746
Other		9,367	9,592
TOTAL TAXES OTHER THAN INCOME TAX		12,272	12,338
Personnel expense			
Wages and salaries		72,501	68,690
Payroll on-costs		32,748	33,098
TOTAL PERSONNEL EXPENSE	5	105,249	101,788

(in thousands of euros)	Notes	2013	2012
Depreciation and provision expense for the year			
Depreciation expense on fixed assets		13,194	12,829
Provision expense on fixed assets			
Provision expense on current assets		706	473
Provision expense for contingencies and losses		3,439	4,028
TOTAL DEPRECIATION AND PROVISION EXPENSE FOR THE YEAR		17,339	17,330
Sundry expenses		4,352	2,324
TOTAL II		1,434,266	1,379,190
1 – PROFIT FROM OPERATIONS (I – II)		50,412	51,495
NET PROFITS (LOSSES) FROM JOINT VENTURES			
PROFIT OR LOSS TRANSFERRED III			
LOSS OR PROFIT TRANSFERRED IV			
FINANCIAL INCOME			
From participating interests		79,133	38,721
From other long-term marketable securities and receivables		149	1
Other interest and similar income		1,016	394
Reversal of provisions and transfers of financial expense		12,043	816
Foreign exchange gains		53,388	73,028
Net profits from sales of marketable securities		724	501
TOTAL V		146,453	113,461
FINANCIAL EXPENSE			
Depreciation and write-down charges for the year		2,291	27,714
Interest and similar expense		20,966	16,837
Foreign exchange losses		49,033	76,981
Net losses from sales of marketable securities			
TOTAL VI		72,290	121,532
2 – NET FINANCIAL RESULT (V – VI)	6	74,163	(8,071)
3 – PRE-TAX PROFIT (LOSS) ON ORDINARY ACTIVITIES (I-II + III-IV + V-VI)		124,574	43,424
EXTRAORDINARY INCOME			
From operations		85	24
From capital gains			
Proceeds from disposals of fixed assets		591	1
Investment grants transferred to income		485	425
Other		2	
TOTAL CAPITAL GAINS		1,078	426
Reversal of provisions and transfers of extraordinary expense		16,463	9,148
TOTAL VII		17,626	9,598
EXTRAORDINARY EXPENSE			
From operations		4,311	1,513
From capital losses			
Carrying amount of capitalized assets and long-term investments sold		572	2
Other		2,146	1,379
TOTAL CAPITAL LOSSES		2,718	1,381
Depreciation and provision expense for the year			
Regulated provision expense		7,490	9,083
Depreciation and other provision expense for the year		8,624	2,414
TOTAL DEPRECIATION AND PROVISION EXPENSE FOR THE YEAR		16,114	11,497
TOTAL VIII		23,143	14,391
4 – EXTRAORDINARY PROFIT (LOSS) (VII – VIII)	7	(5,517)	(4,793)
Employee profit-sharing	IX	2,870	3,170
Income tax	X 8	32,505	5,376
Total income (I + III + V + VII)	XI	1,648,757	1,553,744
Total expense (II + IV + VI + VIII + IX + X)	XII	1,565,074	1,523,659
5 – NET PROFIT (LOSS)		83,682	30,085

II – BALANCE SHEET AT DECEMBER 31, 2013 VS. PRIOR YEAR

Assets					
		2013			2012
	Notes	Gross amounts	Depreciation and write-downs	Net amounts	Net amounts
(in thousands of euros)					
FIXED ASSETS					
Intangible fixed assets					
Concessions, patents, licenses, brands, processes, software, rights, and similar assets		73,860	49,794	24,066	22,686
Goodwill from businesses ^(a)		221,533		221,533	221,533
Other					
Intangible assets in progress		3,223		3,223	7,476
		298,616	49,794	248,822	251,695
Property, plant and equipment					
Land		706	319	387	433
Suspense account					5
Constructions		14,524	5,020	9,504	10,208
Technical installations, fixtures, machinery, and equipment		45,192	23,654	21,538	23,867
Other		25,843	19,672	6,171	6,108
Tangible assets in progress		2,855		2,855	2,356
Advances and down-payments		141		141	165
		89,261	48,665	40,596	43,142
Long-term investments ^(b)					
Participating interests		1,013,386	17,713	995,673	995,504
Loans to and receivables from participating interests		11,676	1,561	10,115	3,036
Other long-term financial assets		239	0	239	11,673
Loans		5,876	1	5,875	5,606
Other		10,568	21	10,547	2,199
		1,041,745	19,296	1,022,449	1,018,018
TOTAL I	9	1,429,622	117,755	1,311,867	1,312,855
CURRENT ASSETS					
Inventories and work-in-progress					
Raw materials and other supplies		919	79	840	1,340
Work-in-progress (goods and services)		7,670	69	7,601	5,877
Finished and intermediate goods		12,815	143	12,672	8,482
Merchandise (goods purchased for resale)		4,048	21	4,027	4,770
		25,452	312	25,140	20,469
Advances and down-payments made to suppliers					
		323		323	1,084
Receivables from operations ^(c)					
Trade and other receivables		215,719	2,975	212,744	208,188
Other	10	18,339		18,339	18,329
		234,058	2,975	231,083	226,517
Sundry receivables ^(c)					
	11	20,861	3,076	17,785	17,356
Subscribed capital called and unpaid					
Marketable securities and money market instruments					
	12	331,989		331,989	367,748
Short-term financial instruments					
	13	23,508		23,508	13,921
Cash on hand and balances with banks					
		101,403		101,403	3,562
Prepaid expenses and suspense account for unrealized losses on financial instruments ^(c)					
	14	4,637		4,637	3,788
TOTAL II		742,231	6,363	735,868	654,445
Expenses amortized over several years III					
Bond discounts to be amortized IV					
Unrealized losses on foreign exchange V					
	15	3,198		3,198	2,152
TOTAL ASSETS (I + II + III + IV + V)	16	2,175,051	124,118	2,050,933	1,969,452
(a) Of which leasehold rights					
(b) Of which current/less than a year (gross)					
(c) Of which non current/more than a year (gross)					
				13,044	17,577
				2,512	2,323

Liabilities			
<i>(in thousands of euros)</i>			
	Notes	2013	2012
EQUITY			
Share capital <i>(of which, paid: 10,308)</i>	17	10,308	10,308
Paid-in capital		22,106	22,106
Revaluation adjustments		61	66
Reserves			
Legal reserve		1,099	1,098
Regulated reserves		168	168
Other		487,656	487,657
Retained earnings		189,290	201,873
Profit for the year		83,682	30,085
Investment grants		1,525	2,009
Regulated provisions	18	45,608	49,243
TOTAL I	19	841,503	804,613
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for contingencies		18,476	15,266
Provisions for losses		4,390	7,263
TOTAL II	20	22,866	22,529
DEBTS ^(a)			
Financial liabilities			
Convertible bonds			
Other bonds	21	160,156	160,156
Bank borrowings ^(b)	22	222,621	197,922
Sundry borrowings and financial liabilities	23	310,351	219,590
		693,128	577,668
ADVANCES AND DOWN-PAYMENTS RECEIVED			
		154	163
Payables from operations			
Trade and other payables		200,000	178,620
Tax, payroll and on-cost amounts payables		38,757	37,047
Other	24	18,752	14,840
		257,509	230,507
Other liabilities			
Amounts payable to fixed asset suppliers and related accounts		688	833
Income tax payable		21,522	676
Other	25	190,458	319,365
		212,668	320,874
SHORT-TERM FINANCIAL INSTRUMENTS			
	13	2,344	5,167
DEFERRED INCOME AND SUSPENSE ACCOUNT FOR UNREALIZED GAINS ON FINANCIAL INSTRUMENTS			
	26	19,454	6,781
TOTAL III		1,185,258	1,141,160
Unrealized gains on foreign exchange transactions IV	15	1,305	1,150
TOTAL LIABILITIES (I + II + III + IV)		2,050,933	1,969,452
<i>(a) Of which non current/more than a year</i>			
		575,211	462,887
<i>Of which current/less than a year</i>			
		588,248	666,325
<i>(b) Of which current used bank facilities and cash at bank</i>			
		1,903	4,632

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III – NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 • Accounting rules and methods

The annual financial statements for 2013 have been prepared in accordance with all appropriate French laws and rules in force, *i.e.* the General Accounting Charter of 1999, updated by subsequent rulings of France's Accounting Rules Committee.

The various items recorded in the accounts 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 fixed assets

These include:

- computer software, amortized over a period of five years, except for the PACE project, amortized over an eight-year period;
- goodwill from businesses acquired or received as contributions by Group companies. Goodwill is not amortized but is subject to annual impairment testing, and is recorded as assets in the individual balance sheets at acquisition price;
- 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 was obtained by adding the pre-tax net present value of the future cash flows expected to be derived from the use of an asset or CGU, and the terminal cash flow.

The cash flows used as to determine value in use were derived from the business plans of entities using the brands. Sales 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 posted in the year in which they were incurred.

Start-up costs were also posted in the year in which they were 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 charges).

In compliance with the components approach described in Section 311-2 of the General Accounting Charter, each item comprised in a fixed asset was accounted for separately and was assigned a specific depreciation schedule.

The 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 compliance with paragraph 111 of the official tax bulletin *Bulletin Officiel des Impôts* 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.

In this context, depreciation was calculated for tax purposes according to terms allowed by French tax authorities, *i.e.* accelerated depreciation, extraordinary depreciation, etc. when appropriate. The resulting difference between tax depreciation and depreciation calculated as above was posted to an equity account under the "Excess tax depreciation" heading in Regulated provisions.

When subjected to impairment losses, all items, depreciable or not, were written down to current value.

1.3 Long-term investments

Participating interests and other long-term investments were recognized on the balance sheet at their acquisition cost, less write-downs for impairment losses deemed necessary or prudent.

The Company decided as of January 1, 2007, to integrate the transfer duties, fees and commissions arising from such acquisitions into the acquisition price, in accordance with opinion 2007-C of the CNC, 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 reflected their value-in-use based on cash flow projections derived from five-year budgetary data.

Value in use was obtained by adding the pre-tax net present value of the future cash flows expected to be derived from the use of an asset or CGU, 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 the authorizations granted by the Annual General Shareholders' Meeting were included in "Long-term investments" at their acquisition price. 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 were measured at cost, calculated using the “weighted average unit cost” method or the “first-in, first-out – FIFO” formula.

The gross cost of materials and supplies was stated at purchase price plus incidental expenses, such as transport, commissions, transit, etc.

Cost of inventories are written down when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods are 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 were recorded in “trade and other receivable accounts” as soon as they were issued or received.

1.6 Marketable securities and money market instruments

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

Foreign-currency denominated income and expense items were recorded in euros based on the exchange rate in effect at the transaction date.

Receivables, cash and debts denominated in foreign currencies 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;
- foreign exchange differences on the balance sheet for receivables and debts.

Unrealized gains on foreign exchange transactions were not taken into account in the income statement.

Conversely, contingency provisions were booked for unrealized losses on foreign exchange transactions that were not offset.

1.8 Provisions for contingencies and losses

Provisions for contingencies and losses were booked when the Company had 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 by using the most probable assumptions for future events.

1.9 Obligations arising from pensions, retirement and similar post-employment benefits

The only retirement obligation that had to be taken into account was the allocation of end-of-career post-employment benefits established by a collective bargaining agreement with the French dairy industry.

The end-of-career benefits allocated to employees were not provisioned for but were recorded in Off-balance sheet commitments.

Conversely, since the fiscal year opened January 1, 2003, obligations arising from Bel employee loyalty benefits have been provisioned in full based on an actuarial valuation realized under the same conditions as end-of-career allocation benefits.

1.10 Financial instruments

Fromageries Bel was exposed to foreign exchange risks as a result of its international activity and presence.

Since 2002, the Company has used a centralized exchange-rate strategy for all French, European and North American entities, to hedge against budgetary risks arising from currency transactions.

Accordingly, the Company hedged all exposure to exchange risks inherent to transactions denominated in foreign currencies 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 results on hedging transactions already realized had no impact on earnings, unless those results were losses, or offsetting gains for unrealized losses on hedging instruments marked to market at the balance sheet date. Provisions were set up in the event of unrealized losses, but not for offsetting gains.

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 is arranged by Fromageries Bel, which also handles interest-rate risk management centrally.

All Fromageries Bel SA financing is issued at floating rates.

To protect against an unfavorable rise in interest rates, while partially taking advantage of any interest rate declines, Fromageries Bel 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 heads a tax consolidated group encompassing the following companies: Fromageries Bel Production France, SAFR, Fromageries Picon, Société des Produits Laitiers, SOFICO, SICOPA, SOPAIC, ATAD, and Fromageries Boursin.

As the lead company, Fromageries Bel is designated as the sole company liable for payable corporate income taxes due by the tax-consolidated group encompassing it and the companies 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 tax consolidated companies. Tax savings or expense 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 received were recorded in the balance sheet as 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.

NOTE 2 • Major developments

Fiscal year 2013

2.1 Tax audit in progress

Net profit was weighed down by a tax adjustment of some €20 million claimed against Fromageries Bel for the 2008 financial year. The Group is contesting this tax adjustment and has decided to pursue legal recourse.

1.13 Sales

Revenues from sales, which included sales of goods, merchandise, raw materials, and other goods and services rendered in the course of the ordinary activities, were recorded as soon as the transfer of ownership took place or as soon as the service was rendered.

Revenues from sales were presented net of any granted discounts or allowances.

Charges arising from commercial cooperation agreements with distribution channels were disclosed in "Other outside services."

1.14 Advertising expense

Also included in "Other outside services" were advertising, promotional and public relations costs, posted in the year in which they were incurred.

1.15 Distinction between income from ordinary activities and extraordinary income

Profit from ordinary activities was derived from the sum of profit from operations and net financial result. It included all income and expense directly related to the Company's operational activities.

Extraordinary income and expense were comprised of material items that could not be considered inherent to the Company's operational activities because of their nature or unusual character.

1.16 Estimates

In preparing the 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.

Those estimates and assumptions were made based on information and positions known at the balance sheet date and may vary significantly from actual values.

NOTE 3 • Sales

Revenue from sales disclosure takes into account the specific characteristics of Fromageries Bel's sector of activity in accordance with the professional accounting guide for the French dairy industry (*Guide Comptable Professionnel de l'Industrie Laitière*).

Sales by geographic region

<i>(in thousands of euros)</i>	2013	2012
France	673,434	670,240
Other European countries	321,097	290,718
Rest of the world	402,395	387,484
	1,396,926	1,348,442

2013 sales increased 3.60% vs. 2012 (2012 sales grew 1.90% vs. 2011).

On a constant exchange-rate basis, using the average exchange rate for the past year, sales advanced 4.64% in 2013 vs. 2012 (sales grew 0,10% in 2012 vs. 2011).

NOTE 4 • Expense transfers

Expense transfers included primarily €11,931,000 in advertising and distributor services costs, €2,437,000 in personnel and expatriate expense, and €2,163,000 in unallocated expenses.

NOTE 5 • Remuneration and headcount**Management compensation**

<i>(in thousands of euros)</i>	2013	2012
Directors' fees paid to members of the Board of Directors (included in "Other operating expenses")	172	204

It should be recalled that executive management is paid by Unibel, with those costs – which totaled €1,832,000 in 2013 – billed back to Fromageries Bel.

Average headcount

	Salaried personnel		Personnel seconded to the Company	
	2013	2012	2013	2012
Executives and managers	618	572	1	0
Non-executive technicians and supervisors	270	280	7	7
Staff employees	85	92	3	1
Workers	0	0	6	0
	973	944	17	8

Individual training rights

As at December 31, 2013, rights to an aggregate volume of 85,389 training hours had been acquired and remained outstanding as per French Law number 2004.391 of March 4, 2004 providing for an individual right to training.

NOTE 6 • Net financial result

Net financial result encompassed:

<i>(in thousands of euros)</i>	2013	2012
Dividends	79,133	38,721
Other revenue	149	1
Gains from sales of marketable securities	724	502
(Write-downs) and reversals on exchange rate risks	9	(851)
(Write-downs) and reversals on participating interests ^(a)	9,743	(26,046)
Interest income (expense)	(19,950)	(16,443)
Foreign exchange gains (losses)	4,355	(3,953)
	74,163	(8,071)

(a) Of which the reversal in 2013 of a €10,499,000 write-down for loans to and receivables from the participating interest in Iran-based Bel Rouzaneh.

NOTE 7 • Extraordinary profit (loss)

Extraordinary profit (loss) consisted primarily of:

<i>(in thousands of euros)</i>	2013	2012
Regulated provisions	3,635	(579)
Reversals of provisions for tax consolidation		
Other provisions for disputes and litigation	(3,286)	(1,769)
Net profit (loss) from disposal of fixed assets	21	(1)
Termination indemnities	(3,131)	(387)
Recognized dispute and litigation expense	(3)	(34)
Packaging scrapping, donations and other extraordinary expense	(1,177)	(1,093)
Other extraordinary income	85	24
Loss on repurchase of shares awarded to employees	(2,146)	(1,379)
Share of investment grants transferred to income	485	425
	(5,517)	(4,793)

NOTE 8 • Income tax

Income tax breaks down as follows:

<i>(in thousands of euros)</i>	2013		2012	
Income tax payable for the fiscal year, concerning	Base	Amount	Base	Amount
Profit (loss) from ordinary activities	121,704	34,391	40,254	6,519
Extraordinary profit (loss)	(5,517)	(1,925)	(4,793)	(1,441)
Effect of the tax consolidation regime		39		298
		32,505		5,376

Effect of prospective increases and decreases

Tax base (in thousands of euros)	Balance at 12/31/2013	Changes in 2013	Balance at 12/31/2013
TAX-BASE INCREASE			
Excess tax depreciation	43,884	(3,630)	47,514
Revaluation	1,791	(3)	1,794
Financial instruments	(3,974)	(4,233)	259
Other temporary differences	676	(1,345)	2,021
TOTAL 1	42,377	(9,211)	51,588
TAX-BASE DECREASE			
Employee benefits	13,345	3,929	9,416
Discounting of deposits and guarantee deposits	2,451	11	2,440
Inventory valuation difference	368	(560)	928
Provisions for contingencies and losses	1,067	(612)	1,679
Non-deductible expenses	2,478	64	2,414
Employee profit-sharing	2,950	(220)	3,170
Provision for asset write-downs	2,192	483	1,709
Other temporary differences	2,503	62	2,441
TOTAL 2	27,354	3,157	24,197
TOTAL A: NET INCREASE IN BASE	15,023	(12,368)	27,391
PROSPECTIVE INCREASE IN INCOME TAX	4,849	(4,258)	9,108

2012 Effective tax rate = 36.10%.

2013 Effective tax rate = 38%.

In 2013, the applicable tax rate in France came to 38.0%. The rate included the base corporate tax rate of 33.33%, to which was added a 3.3% social-contribution surtax and a temporary 10.7% surtax on French companies with annual sales exceeding €250 million.

NOTE 9 • Fixed assets**Fiscal year 2013****Statement of fixed assets**

(in thousands of euros)	Gross amount at 01/01/2013	Increases	Decreases	Transfers	Gross amount at 12/31/2013
INTANGIBLE FIXED ASSETS					
Concessions, patents, licenses, brands, processes, software, rights, and similar assets	65,631	2,543		5,686	73,860
Goodwill from businesses	221,533				221,533
Other					
Intangible assets in progress	7,476	1,433		(5,686)	3,223
PROPERTY, PLANT AND EQUIPMENT					
Real property	15,103	146	43	24	15,230
Technical installations, fixtures, machinery and equipment	44,497	428	759	1,026	45,192
Other	25,115	1,676	1,380	573	25,984
Tangible assets in progress	2,356	2,122		(1,623)	2,855
LONG-TERM INVESTMENTS					
Participating interests	1,013,216	170			1,013,386
Other	33,841	9,573	15,055		28,359
	1,428,768	18,091	17,237		1,429,622

Statement of depreciation and amortization

(in thousands of euros)	At 01/01/2013	Increases	Decreases	At 12/31/2013
INTANGIBLE FIXED ASSETS	42,944	6,849		49,793
PROPERTY, PLANT AND EQUIPMENT				
Real property	4,457	915	33	5,339
Technical installations, fixtures, machinery and equipment	20,630	3,303	278	23,655
Other	18,842	2,126	1,296	19,672
	86,873	13,193	1,607	98,459

Intangible fixed assets

The goodwill arising from the acquisition of Boursin totaled €220,039,000.

The increase in intangible fixed assets stemmed primarily from internally developed IT projects totaling €3,952,000.

Property, plant and equipment

The €2,190,000-increase in property, plant and equipment resulted mainly from headquarters arrangement and numerous projects.

Long-term investments

The gross amount of participating interests rose €170,000 to €1,013,386,000 (see list of subsidiaries and affiliates).

The increase resulted from:

(in thousands of euros)	
A new Bel Vietnam share	+120
3,333 shares of LVQR Diffusion	+50

It should be recalled that Bel Syrie shares were written down in full, in the amount of €15,660,000, and Bel Tunisie shares were written down in the amount of €2,053,000.

Loans to and receivables from participating interests included loans granted to the following subsidiaries:

Bel Karper	+6,121
Shostka City Milk Factory	+3,993
Bel Tunisie Distribution	+796
Bel Rouzane Company	+766

Loans to Iran-based Bel Rouzaneh and Tunisia-based Bel Tunisie Distribution were written down in full. The Bel Rouzaneh loan write-down resulted from a lack of market visibility, while Bel Tunisie Distribution was entered into receivership.

At December 31, 2013, Fromageries Bel held 45,374 of its own shares, valued at €8,457,000. At December 31, 2012, the Company held 59,234 of its own shares, valued at €11,444,000.

NOTE 10 • Other receivables from operations

This line item includes:

(in thousands of euros)	2013	2012
Trade and other payables	2,039	3,244
Value added tax	16,091	14,738
of which the reimbursement of requested VAT credits	3,774	2,958
Other	209	347
	18,339	18,329

NOTE 11 • Sundry receivables

This line item includes:

<i>(in thousands of euros)</i>	2013	2012
Income tax receivables	1,922	
Current accounts	14,965	13,299
Tax consolidation accounts	396	3,012
Other	3,578	2,742
	20,861	19,053

At December 31, 2013, the gross value of outstanding cash advances to subsidiaries came to:

<i>(in thousands of euros)</i>	2013	2012
Bel Italia		1,550
Bel UK		3
Bel Nordic AB		9
Bel Syry Cesko AS	3,587	5,249
Bel Syrie		1,075
Bel Tunisie	1,662	1,697
Bel Tunisie mktg	6	4
Bel Americas Inc.		1,008
Bel USA	599	
Bel Polska	669	
Bel Proche et Moyen Orient Beyrouth	1,378	630
Bel Portugal	4,734	1,209
Bel Middle East		135
Bel Japon	568	478
Quesos Bel Mexico	1,222	251
Bel Canada	355	
LVQR Diffusion	185	
Other outstanding cash advances (less than €1 million)		1
	14,965	13,299

Additionally, the balance of income tax payable due by tax consolidated companies totaled €396,000 in 2013, *versus* €3,013,000 in 2012.

NOTE 12 • Marketable securities and money market instruments

Cash equivalents, which consisted mainly of marketable securities and money market instruments, were measured at the last known closing price or net asset liquidation value. In 2013, cash equivalents totaled €331,989,000, vs. €367,748,000 in 2012.

NOTE 13 • Other short-term financial instruments

Other short-term financial instruments include premiums paid (assets) and received (liabilities) on currency options and interest rate hedges marked to market at the balance sheet date.

Because these 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; and treated in accordance with the symmetry principle.

NOTE 14 • Prepaid expenses

Prepaid expenses related to *operational* activities totaled €1,787,000, (€1,550,000 in 2012), while prepaid expenses related to *financial* activities amounted to €2,850,000, vs. €2,238,000 in 2012.

NOTE 15 • Foreign exchange differences

Fiscal year 2013

(in thousands of euros)

	Amounts	Differences offset	Provision for foreign exchange losses ^(a)
UNREALIZED LOSSES ON FOREIGN EXCHANGE			
From long-term investments	1,599	193	1,406
From trade receivables	1,497	1,422	75
From short-term financial instruments	3	3	
From financial liabilities			
From debts	99	99	
	3,198	1,717	1,481
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
From long-term investments	301	193	
From trade receivables	12	10	
From short-term financial instruments			
From debts	992	602	
	1,305	805	

(a) From translation differences only.

Fiscal year 2012

<i>(in thousands of euros)</i>	Amounts	Differences offset	Provision for foreign exchange losses ^(a)
UNREALIZED LOSSES ON FOREIGN EXCHANGE			
from long-term investments	47	47	
from trade receivables	2,069	929	1,140
from short-term financial instruments			
from financial liabilities			
from debts	15		15
	2,131	976	1,155
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
from long-term investments	5		
from trade receivables	7	6	
from short-term financial instruments			
from debts	1,138	925	
	1,150	931	

(a) From translation differences only.

NOTE 16 • Provisions and write-downs**Fiscal year 2013**

<i>(in thousands of euros)</i>	Amount at beginning of year	Increase (charges)	Decrease (reversals)	Amount at year-end
Intangible fixed assets	1,637			1,637
Property, plant and equipment.				
Long-term investments	29,039	766	10,509	19,296
Inventories and work-in-progress	223	223	132	314
Trade receivables	2,711	483	220	2,974
Sundry receivables	1,697	1,414	35	3,076
Marketable securities and money market instruments				
	35,307	2,886	10,896	27,297
Of which charges and reversals:				
posted to operating income/expense		706	352	
posted to financial income/expense		766	10,509	
posted to extraordinary income/expense		1,414	35	

Write-downs on long-term investments in the amount of €766,000 stemmed from loans to and receivables from the participating interest in Bel Rouzaneh. The €10,509,000 reversal in long-term investments resulted from reversing the 2012 charge for loans to and receivables from the Bel Rouzaneh participating interest in the amount of €10,499,000 and the €10,000 write-down of Parmalat shares.

The €1,414,000 write down for sundry receivables arose from a tax rate difference on Bel Egypt royalties (Egypt takes into account a 20% rate while the agreed rate between France and Egypt stands at 15%).

Fiscal year 2012

<i>(in thousands of euros)</i>	Amount at beginning of year	Increase (charges)	Decrease (reversals)	Amount at year-end
Intangible fixed assets	1,637			1,637
Property, plant and equipment				
Long-term investments	2,993	26,180	134	29,039
Inventories and work-in-progress	124	202	103	223
Trade receivables	2,474	271	34	2,711
Sundry receivables	1,718		21	1,697
Marketable securities and money market instruments				
	8,946	26,653	292	35,307
<i>Of which charges and reversals:</i>				
<i>posted to operating income/expense</i>		473	137	
<i>posted to financial income/expense</i>		26,180	134	
<i>posted to extraordinary income/expense</i>			21	

Long-term investment write-downs included €15,660,000 on the participating interest in Bel Syrie, €10,499,000 on loans to and receivables from the Bel Rouzaneh participating interest and €21,000 on deposits and guarantee deposits.

Reversals mainly included the reversal of the €125,000 write-down on loans to and receivables from the participating interest in Bel Tunisie.

NOTE 17 • Share capital

Share capital was comprised of 6,872,335 shares with a par value of €1.50 and corresponding to 13,279,998 exercisable voting rights at the Annual General Meeting of Shareholders. Of the shares comprising the share capital, the Company held 45,374 of its own shares at December 31, 2013, with 8,578 shares awarded in March 2013 under the three-year 2010-2013 bonus share plan

and 5,282 shares awarded in May 2013 under the two-year 2011-2013 plan.

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, 2013, there were 6,407,663 double voting rights exercisable at the Annual General Meeting of Shareholders.

NOTE 18 • Regulated provisions

Provision charges and reversals corresponding to regulated provisions were recorded in extraordinary income (expense).

Fiscal year 2013

<i>(in thousands of euros)</i>	Amount at beginning of year	Increase (charges)	Decrease (reversals)	Amount at year-end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	47,514	7,490	11,120	43,884
Special revaluation provisions ^(a)	22		5	17
Reinvested capital gains	1,707			1,707
	49,243	7,490	11,125	45,608

(a) Only concerns the constructions line item.

The decrease in excess tax depreciation was primarily related to intangible assets, in particular internally produced software.

Fiscal year 2012

<i>(in thousands of euros)</i>	Amount at beginning of year	Increase (charges)	Decrease (reversals)	Amount at year-end
Provision for investment	903		903	
Provisions for price increases				
Excess tax depreciation	46,029	9,082	7,597	47,514
Special revaluation provisions ^(a)	25		3	22
Reinvested capital gains	1,707			1,707
	48,664	9,082	8,503	49,243

(a) Only concerns the constructions line item.

NOTE 19 • Changes in equity

(in thousands of euros)

Shareholders' equity at December 31, 2011	808,592
Revaluation adjustments	
Dividends (Combined AGM of May 10, 2012)	(34,362)
Additional paid-in capital	
Cancellation of dividends on treasury shares	145
Free reserves	
Investment grants	(425)
Regulated provisions	578
Profit for the year	30,085
Shareholders' equity at December 31, 2012	804,613
Revaluation adjustments	(3)
Dividends (Combined AGM of May 16, 2013)	(42,952)
Additional paid-in capital	
Cancellation of dividends on treasury shares	283
Free reserves	
Investment grants	(485)
Regulated provisions	(3,635)
Profit for the year	83,682
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2013	841,503

NOTE 20 • Provisions for contingencies and losses

(in thousands of euros)	Amount at beginning of year	Increase (charges)	Decrease (reversals)		RcIt	Amount at year-end
			Reversals – offset against expenses	Reversals – cancelled provisions		
Disputes and litigation	12,143	7,210	3,189	717		15,447
Foreign exchange losses	1,535	1,526	1,535			1,526
Restructurings	1,396		280	1,116		
Withholding tax	1,589	988	1,074			1,503
Stock option plan	4,477	2,267	3,128			3,616
Other	1,389	184	799			774
	22,529	12,175	10,005	1,833		22,866
<i>Of which charges and reversals:</i>						
<i>posted to operating income/expense</i>		3,439	5,001			
<i>posted to financial income/expense</i>		1,526	1,535			
<i>posted to extraordinary income/expense</i>		7,210	3,469	1,833		

The main increase for the year arose from trade disputes and litigation and extraordinary expense.

NOTE 21 • Other bonds

In 2012, two bonds were issued, including one for €140,000,000 maturing December 20, 2019, and the other for €20,000,000 maturing December 20, 2018, excluding €156,000 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 consisted primarily of a financial transaction in the Schuldschein market, which had several tranches:

- €140,000,000, with maturities of three years, five years and ten years at floating or fixed rates;
- \$110,000,000 (€79,762,000), with maturities of three years and five years at floating or fixed rates.

These amounts do not include €926,000 in accrued interest not yet due.

It should be recalled that in 2012, the Company had a private placing totaling €191,000,000, excluding €2,284,000 in accrued interest not yet due.

NOTE 23 • Sundry borrowings and financial liabilities

The main components of this line item were liabilities related to the participating interests in Grupo Fromageries Bel Espana for €100,628,000 including accrued interest (vs. €98,838,000 in 2012), Bel Belgique for €80,404,000 including accrued interest, and Bel Egypt Expansion for Cheese for €23,226,000, including

accrued interest (vs. €15,172,000 in 2012). Also encompassed were sundry borrowings of €100,000,000 in commercial paper, and €6,092,000 including accrued interest for the employee profit-sharing fund (vs. €5,578,000 in 2012).

NOTE 24 • Other credits from operations

The main components of this line item were trade and related receivables with credit balances totaling €18.752,000, vs. €14,840,000 in 2012.

NOTE 25 • Other liabilities – sundry payables

<i>(in thousands of euros)</i>	2013	2012
Interest-bearing advances from Group companies, excluding accrued interest	181,982	314,909
Surplus income tax payment on the profits of companies included in the tax consolidation scope	2,364	49
Provisioned debt for employee profit-sharing plan	2,950	3,170
Other	3,162	1,237
	190,458	319,365

NOTE 26 • Deferred income and unrealized gains on financial instruments

This line item consisted chiefly of the €19,362,000 valuation balance of derivatives posted to the balance sheet (see Note 13).

NOTE 27 • Effect of tax exemption assessments

<i>(in thousands of euros)</i>	2013	2012
Net profit for the year	83,682	30,085
Income tax	32,505	5,376
PRE-TAX PROFIT	116,187	35,461
Change in regulated provisions	(3,635)	579
PRE-TAX PROFIT EXCLUDING ASSESSED TAX EXEMPTIONS	112,552	36,040

NOTE 28 • Deferred income, accrued expense receivables and payables represented by bills of exchange

Deferred income

<i>(in thousands of euros)</i>	2013	2012
Trade and other receivables	5,292	3,251
Other receivables from operations	12,227	12,496
Sundry receivables	347	
Cash on hand and balances with banks	69	2
	17,935	15,749

Accrued expenses

<i>(in thousands of euros)</i>	2013	2012
Bonds	156	156
Bank borrowings	955	2,290
Sundry borrowings and financial liabilities	1,149	972
Trade and other payables	72,672	76,912
Tax, payroll and on-cost amounts payables	32,152	29,867
Other credits from operations	18,320	14,748
Amounts payable to fixed asset suppliers and related accounts	550	436
Other liabilities – sundry payables	1,981	10
	127,935	125,391

Receivables and payables represented by bills of exchange

<i>(in thousands of euros)</i>	2013	2012
Trade and other receivables	6,488	10,209
Trade and other payables		
Amounts payable to fixed asset suppliers and related accounts		

The Company does not make payments by bills of exchange. Its payables are settled by bank transfer.

NOTE 29 • Financial commitments

<i>(in thousands of euros)</i>	2013	2012
COMMITMENTS GIVEN		
Partnership liability in GIEs, SCIs, etc.	1,371	1,322
Retirement indemnities (see Note 29.1 below)	13,345	9,416
Guarantees made on behalf of a foreign subsidiary (Bel Shostka Ukraine, Bel Shostka Service and Quesos Bel Argentina)	10,877	11,446
	25,593	22,184
COMMITMENTS RECEIVED		
Syndicated credit lines (see Note 29.3 below)	520,000	670,000
Commercial paper issue	400,000	400,000
Export receivable guarantees	18,670	17,658
Performance bond	175	114
	938,845	1,087,772
RECIPROCAL COMMITMENTS (EXCLUDING CURRENCY FUTURES AND FINANCE LEASES)		
Real estate rentals	39,816	46,801
Less than a year	7,850	
One to five years	31,403	
More than five years	561	
Asset rentals	1,622	1,891
Less than a year	842	
One to five years	780	
More than five years		
Asset orders	553	506
Stock option plan	1,362	2,394
	43,353	51,592

29.1 Obligations arising from pensions, retirement and similar employee benefits

The end-of-career allocation was 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:
 - 64 for managers and executives,
 - 62 for non-executive technicians and supervisors,
 - 62 for all other employees;
- employee service years, mortality rate and employee turnover rate;
- the discount rate and the rate of inflation:
 - 2013: a nominal discount rate of 3.25%, including an inflation rate of 2.00%,
 - 2012: a nominal discount rate of 3.25%, including an inflation rate of 2.00%.

The end-of-career benefits allocated to employees were not provisioned for but were recorded in Off-balance sheet commitments (see above).

29.2 Existing stock option plans

The obligation 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 €3,616,000.

A breakdown of the bonus share plans is presented in the following table:

<i>(in thousands of euros)</i>	2013 cash plan	2013 share plan	2012 cash plan	2012 share plan	Total
Number of shares awarded at December 31, 2013	4,715	5,030	2,859	6,557	
Share value (in €)	258.66	185.31	170	200	
Award criteria: percentage provisioned	100	100	100	100	
Amount expensed in 2012			509	840	1,349
Amount expensed in 2013	1,326	538	48	355	2,267

The provision for the 2012 Fromageries Bel cash plan totaling €769,000 and representing 3,644 shares and the provision for the 2013 Fromageries Bel cash plan totaling €315,000 and representing 4,905 shares were also included in personnel expense.

29.3 Financial instruments

29.3.1 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.

29.3.2 Liquidity risk management

At December 31, 2013, the Group had significant including:

- a €160-million bond subscribed by private investors, with €20 million maturing in December 2018 and €140 million maturing in December 2019;
- an untapped €520-million credit line maturing in June 2016;
- a €500-million commercial paper program, of which €100 million was used.

To limit its carrying costs and counterparty risk and to reduce the size of its balance sheet, the Group in the second half of 2013 repaid a €191-million private placing ahead of the April 2014 maturity date.

Lastly, as part of an ongoing strategy to diversify its funding sources, while lengthening debt maturity, the Group tapped the Schuldschein market in the first half of 2013. The issue included several tranches:

- €140 million with maturities of three years, five years and ten years at floating or fixed rates;
- \$110 million at three years and five years, at floating or fixed rates.

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.

The Group implemented a policy of pooling liquidity at the Fromageries Bel level for all countries where the local currency was freely convertible and where there were no legal or fiscal limits on pooling local surpluses or financing local needs. Internal current accounts and intra-group compensation payment systems are managed by the Group Treasury Department.

In countries where surplus and financing pooling was not allowed, subsidiaries invested their surpluses in money market funds denominated in their local currency and, if needed, financed themselves primarily in local currency. Further, the dividend policy was systematically aimed at limiting recurring surpluses at the subsidiaries.

Some subsidiaries, however, may have had no alternatives to local currency financing. As a result, in cases where the local currency was devalued, the subsidiaries recognized the related financial loss.

Surplus liquidities were invested in money-market mutual funds or short-term certificates of deposit.

29.3.3 Foreign exchange risk management

Fromageries Bel 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 currencies through the use of derivative financial instruments. While the Treasury Department is not a profit center, the Group applies a global exchange-rate policy for all French, European and North American entities to hedge annual budgeted flows against risks linked to currency trading. Fromageries Bel harbors the Group Treasury 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, 2012, the maturity of the derivatives portfolio did not extend beyond January 31, 2014. The cash flow from the budgeted 2012 and 2013 hedges are expected in 2013 and 2014, and will thus impact income in the 2013 financial year.

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 mainly uses futures contracts, currency options, and cross-currency swaps.

At December 31, 2013, the Group had secured the following hedges:

Portfolio of currency forward contracts backed by trade receivables, trade payables or futures transactions

(in thousands of euros)			At December 31, 2013		At December 31, 2012	
Transaction type	Direction	Cross	Commitment	Market value	Commitment	Market value
Futures	Sell	DKKSEK	6,237	(93)	5,257	129
Futures	Buy	EURAUD	1,482	(7)	2,731	(19)
Futures	Buy	EURCAD	4,000	310	10,000	247
Futures	Buy	EURCHF	10,300	8	8,750	23
Futures	Buy	EURCZK	12,500	775	11,950	51
Futures	Buy	EURGBP	29,650	(377)	33,500	539
Futures	Buy	EURJPY	29,484	4,297	32,657	3,170
Futures	Buy	EURKRW	3,295	(61)	2,741	(67)
Futures	Sell	EURPLN	32,700	1,093	30,500	992
Futures	Buy	EURSEK	5,350	110	7,000	(36)
Futures	Buy	EURUSD	130,741	6,752	137,595	3,507
Futures	Buy	EURZAR	1,182	101	877	(15)
Futures	Sell	NOKSEK	2,029	62	1,771	7
Futures	Buy	USDCAD	5,323	101	7,208	16
TOTAL				13,071		8,544

NB: The transactions are presented according to the direction of the cross currency operation.

Portfolio of currency options backed by trade receivables, trade payables or futures transactions

(in thousands of euros)		At December 31, 2013		At December 31, 2012	
Transaction type	Cross	Commitment	Market value	Commitment	Market value
Call purchase	EURCAD	7,700	348	7,563	109
Put sale	EURCAD	5,350	(15)	4,313	(17)
Call purchase	EURCHF	4,500	22	6,550	28
Put sale	EURCHF	2,250	(11)	2,000	(2)
Call purchase	EURCZK	10,000	466	4,500	49
Put sale	EURCZK	5,100	(2)	2,250	(10)
Call purchase	EURGBP	36,000	155	37,000	271
Put sale	EURGBP	20,000	(216)	19,000	(104)
Call purchase	EURJPY	6,942	753	10,578	650
Put sale	EURJPY	3,643	(10)	12,412	(17)
Put purchase	EURPLN	25,000	546	25,000	902
Call sale	EURPLN	18,500	(111)	22,500	(166)
Call purchase	EURSEK	4,400	124	5,000	49
Put sale	EURSEK	3,050	(10)	3,500	(61)
Call purchase	EURUSD	74,933	2,627	112,158	2,149
Put sale	EURUSD	39,820	(171)	78,255	(342)
Call purchase	EURZAR	847	55	-	-
Put sale	EURZAR	918	(1)	-	-
Call purchase	USDCAD	2,189	27	1,530	26
Put sale	USDCAD	1,064	(7)	750	(9)
TOTAL			4,569		3,505

NB: The transactions are presented according to the direction of the cross currency operation.

Portfolio of currency forward contracts set up with Group subsidiaries

(in thousands of euros)				At December 31, 2013		At December 31, 2012	
Transaction type	Direction	Cross	Entity	Commitment	Market value	Commitment	Market value
Futures	Buy	DKKSEK	Bel Nordic	404	7	770	(48)
Futures	Sell	EURCAD	Bel Canada	-	-	315	20
Futures	Sell	EURCHF	Bel Suisse	300	(55)	836	16
Futures	Sell	EURCZK	Bel Syry Cesko	2,166	(172)	190	(5)
Futures	Sell	EURGBP	Bel UK	4,651	(78)	5,182	404
Futures	Buy	EURPLN	Bel Polska	5,513	(6)	4,023	101
Futures	Sell	EURSEK	Bel Nordic	450	(8)	514	33
Futures	Sell	EURUSD	Bel Brands USA	4,282	(266)	13,170	794
Futures	Buy	EURUSD	Bel USA	3,895	280	151	(14)
Futures	Buy	NOKSEK	Bel Nordic	-	-	137	(1)
Futures	Sell	USDCAD	Bel Canada	-	-	624	(15)
Futures	Sell	USDMXN	Qesos Bel Mexico	-	-	-	-
Futures	Sell	CHFUSD	Bel Brands USA	1,181	(44)	-	-
Futures	Sell	EURGBP	SICOPA	1,000	29	-	-
TOTAL					(313)		1,285

NB: The transactions are presented according to the direction of the cross currency operation.

Fromageries Bel guarantees its subsidiaries' foreign-currency denominated budget year flows through annual foreign exchange guarantees. These guarantees are issued once the previous budget year has been collected. At December 31, 2013, Fromageries Bel's

subsidiary hedging portfolio hedged only the subsidiaries' foreign exchange risks related to the 2013 budget year and collected in 2014.

Portfolio of currency forward and option contracts to hedge future dividend or share transaction flows

(in thousands of euros)			At December 31, 2013		At December 31, 2012	
Transaction type	Direction	Cross	Commitment	Market value	Commitment	Market value
Futures	Buy	EURGBP	1,000	(29)	-	-
Futures	Buy	EURUSD	-	-	5,763	(52)
TOTAL				(29)		(52)

NB: The transactions are presented according to the direction of the cross currency operation.

(in thousands of euros)			At December 31, 2013		At December 31, 2012	
Transaction type		Cross	Commitment	Market value	Commitment	Market value
Put purchase		EURUSD	-	-	22,814	445
Call sale		EURUSD	-	-	15,686	(77)
TOTAL				-		368

NB: The transactions are presented according to the direction of the cross currency operation.

Portfolio of currency forward contracts to hedge future investment outflows on fixed assets

(in thousands of euros)			At December 31, 2013		At December 31, 2012	
Transaction type	Direction	Cross	Commitment	Market value	Commitment	Market value
Futures	Buy	EURUSD	1,000	21	9,913	(467)
Futures	Buy	CHFUSD	1,181	44	-	-
TOTAL				65		(467)

NB: The transactions are presented according to the direction of the cross currency operation.

Portfolio of swaps to hedge financing flows denominated in local currencies

(in thousands of euros)			At December 31, 2013			At December 31, 2012		
Transaction type	Cross		Direction	Commitment	Market value	Direction	Commitment	Market value
Swap	EURCAD		Sell	8,730	(8)	Sell	5,108	(10)
Swap	EURCHF		Sell	6,610	(11)	Sell	6,041	8
Swap	EURCZK		Buy	3,640	(6)	Buy	4,940	8
Swap	EURGBP		Sell	5,850	3	Sell	2,317	11
Swap	EURJPY		Buy	575	8	Buy	447	(2)
Swap	EURMXN		Buy	836	6	Buy	232	(2)
Swap	EURPLN		Buy	650	-	Sell	7,362	(38)
Swap	EURSEK		Sell	1,671	22	Sell	-	-
Swap	EURUSD		Sell	21,802	(49)	Sell	36,815	(61)
TOTAL					(35)			(86)

NB: The transactions are presented according to the direction of the cross currency operation.

Other transactions outside the hedging transactions category

(in thousands of euros)		At December 31, 2013		At December 31, 2012	
Transaction type	Cross	Commitment	Market value	Commitment	Market value
Put sale	EURZAR	792	(20)	-	-
TOTAL			(20)		-

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, 2013, 80% to 100% of the net exposure relative to the main currencies in the 2014 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 rate curves, exchange prices and volatility curves, as well

as valuation models. The Treasury Department has the requisite in-house means for calculating the valuations.

29.3.4 Interest-rate risk management

Most of the Group's financing is arranged by the Fromageries Bel company, 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, 2013, the Group hedged interest-rate risk through interest-rate swaps or cross-currency swaps.

(in thousands of euros)		At December 31, 2013		At December 31, 2012	
Transaction type	Commitment currency	Nominal	Market value	Nominal	Market value
Fixed-rate borrower swaps	EUR	0	0	150,000	(5,215)
Cap purchase	EUR	0	0	60,000	0
Floor sale	EUR	0	0	60,000	(1,104)
Fixed-rate borrower swaps	USD	36,256	189	0	0
Cross-currency EURTRY swap	TRY	7,456	1,554	0	0
TOTAL			1,743		(6,319)

The interest-rate swaps and zero-premium collars, which combine simultaneous cap purchases and floor sales, maturing in 2014, were cancelled in the second half of 2013, following early repayment of the €191-million loan.

The following hedging balance corresponds to the Group's floating-rate loans.

Hedging balance in USD

	2014	2015	2016	2017	2018
Interest-rate swaps	50	50	50	30	30

In the first half of 2013, the Group hedged the risk on \$50 million worth of floating-rate, USD-denominated Schuldschein issues, representing nearly 50% of the nominal amount issued at floating rates.

Market value of interest rate hedges*(in millions of euros)*

	At December 31, 2013	At December 31, 2012
Vanilla derivatives	0.2	(6.3)
Derivatives incorporated in €191-million loan	0.0	0.8
Cross-currency EURTRY swap	1.6	0.0
TOTAL	1.7	(5.5)

*Vanilla derivatives include only interest-rate swaps.***29.3.5 Counterparty risk management**

All short-term cash investments and financial instruments were arranged with major counterparties, in accordance with both safety and liquidity rules. “Major counterparties” were banks from the banking pool and were primarily French establishments. Money-market mutual funds offering daily liquidity or certificates of deposit accounted for most of the short-term cash investments.

The Group’s counterparty risk was non-material and totaled 19,000 at December 31, 2013.

29.3.6 Share-price risk management

At December 31, 2013, Fromageries Bel had no equity derivatives.

29.4 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 year-end closing date.

The Company may periodically be subject to tax audits.

In this respect, 2013 net profit was weighed down by a tax adjustment of some €20 million claimed against Fromageries Bel for the 2008 financial year. The Group is contesting this tax adjustment and has decided to pursue legal recourse.

NOTE 30 • Parent company consolidating the Group’s financial statements

The financial statements of Fromageries Bel, the parent company of the Bel Group, were included in the consolidation of the Unibel Group.

NOTE 31 • Significant subsequent events

In March 2014, Fromageries Bel extended and amended the initial June 2016 maturity of its €520-million bank credit line.

The new maturity date is March 2019, with two opportunities for extending the maturity for one year in March 2015 and March 2016. The financial terms and conditions were revised down, with all banks involved in the initial loan agreeing to the new terms and conditions.

Maturities of receivables and payables

(in thousands of euros)	Gross amounts	Maturity	
Headings and line items		Due in one year or less	Due in more than one year ^(e)
RECEIVABLES			
Fixed asset receivables			
Loans to and receivables from participating interests	11,676	11,676	
Loans ^(a)	5,876		5,876
Other	10,807	1,368	9,439
Current asset receivables			
Trade and other receivables	215,719	215,719	
Other	39,523	39,523	
Prepaid expenses	4,637	2,125	2,512
	288,238	270,411	17,827
DEBTS			
Other bonds ^(b)	160,156	156	160,000
Borrowings ^(b) and current used facilities at banks ^{(c)*}	222,621	1,903	220,718
Sundry borrowings and financial liabilities ^{(b)**}	310,351	125,010	185,341
Trade and other payables	200,000	200,000	
Tax, payroll and on-cost amounts payables	38,757	32,555	6,202
Amounts payable to fixed asset suppliers and related accounts	688	688	
Income tax payable	21,522	21,522	
Other liabilities ^{(d)(e)}	209,364	206,414	2,950
Deferred income			
	1,163,459	588,248	575,211
(a) Loans granted during the year	268		
Loans recovered during the year			
(b) Borrowings subscribed during the year	927,004		
Borrowings reimbursed during the year	807,658		
(c) Of which			
- originally no more than two years	1,903		
- originally more than two years	220,718		
(d) Of which to associates (other debts line item)	184,346		
(e) Debts maturing in more than five years	2,950		

* Of which the €191,000,000 private placing maturing in April 2014.

** Of which €100,000,000 in commercial paper.

Participating interests and investments in associates

(in thousands of euros)	Amounts	
	Subsidiaries	Affiliated companies
LINE ITEM		
Participating interests	995,673	
Loans to and receivables from participating interests	10,115	
Other long-term financial assets	8,457	
Loans		4
Other financial investments		
Trade and other receivables	61,257	
Other current assets	13,699	
Subscribed capital called and unpaid		
Sundry borrowings and financial liabilities	204,259	
Trade and other payables	110,148	
Amounts payable to fixed asset suppliers and related accounts		
Other liabilities	184,744	
Dividends and interest income	79,133	
Other financial income	376	
Financial expense	2,972	

Related-party relationships :

Cash management agreement with Unibel

At December 31, 2013, the Company had received a €41,840,000 cash advance from the Unibel company. The advance, bearing interest at the EONIA rate plus 120 basis points, generated a financial cost of €467,000, which was posted in the 2013 fiscal year.

Service agreement with Unibel

In 2013, €6,452,000 were booked as part of the service agreement with Unibel.

List of subsidiaries and affiliates

	(Currencies in thousands)			(in thousands of euros)				
Company	Share capital ^(c)	Equity other than share capital ^(c)	Percentage of share capital held	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Amount of endor-sements, guarantees, and letters of intent provided by the Company	Dividends collected by the Company during the year
				Gross amounts	Net amounts			
I – DETAILED INFORMATION								
Subsidiaries (more than 50%-owned by the Company)								
French companies								
Fromageries Picon – 16 Bd Malesherbes – 75008 Paris	EUR 600	EUR 4,493	99.97	5,638	5,638			2,199
Fromageries Bel Production France – 16 Bd Malesherbes – 75008 Paris	EUR 48,917	EUR 132,672	100.00	132,209	132,209			14,543
Société Anonyme des Fermiers Réunis – 12 Cours Louis-Lumière – 94306 Vincennes	EUR 7,200	EUR 10,818	99.85	18,118	18,118			959
SOFICO – 16 Bd Malesherbes – 75008 Paris	EUR 2,339	EUR 8,055	99.96	2,376	2,376			1,029
Fromagerie Boursin SAS – Route de St-Aquilin – 27120 Croisy-sur-Eure	EUR 2,825	EUR 17,752	100.00	23,630	23,630			1,149
SICOPA – 16 Bd Malesherbes – 75008 Paris	EUR 591,402	EUR 331,249	100.00	780,174	780,174			44,947
LVQR Diffusion – 16 Bd Malesherbes – 75008 Paris	EUR 50	EUR 56	100.00	50	50			
Foreign companies								
Bel Tunisie – Tunis/Tunisia	TND 3,000	(TND 7,695)*	99.00	2,053	0	1,662		
Bel Syrie – Damascus/Syria	SYP 1,045,000	(SYP 54,399)	99.98	15,660	0			3,393
Bel Algérie SpA – Algiers/Algeria	DZD 2,358,693	DZD 3,362,508	99.02	21,170	21,170		35,234 ^(a)	5,099

II – GENERAL INFORMATION

Subsidiaries not covered in paragraph I

(1) French subsidiaries (aggregate)	102	102						
(2) Foreign subsidiaries (aggregate)	12,206	12,206	2,601	14,436 ^(b)	5,249			

(a) Of which 23,636,000 related to a letter of guarantee.

(b) Of which 3,009,000 related to a letter of guarantee.

(c) General Accounting Charter data for French companies and IFRS data for foreign companies.

* 2008 data.

Table of investments and participating interests

(in thousands of euros)		Net carrying amount on the balance sheet	
		2013	2012
PARTICIPATING INTERESTS			
French companies			
3,706,666	Fromagerie Boursin SAS	23,630	23,630
239,635	Société anonyme des fermiers réunis (SAFR)	18,118	18,118
39,426,793	Société industrielle commerciale et de participation (SICOPA)	780,174	780,174
132,208,521	Fromageries Bel Production France	132,209	132,209
155,865	Société financière et commerciale (SOFICO)	2,376	2,376
19,995	Fromageries Picon	5,638	5,638
2,377	ATAD	83	83
999	Société des produits laitiers (SPL)	15	15
3,333	LVQR Diffusion	50	
Companies with a net carrying value below €15,000		4	4
		962,297	962,247
Foreign companies			
122,957	Bel Egypt Expansion for Cheese Production	11,584	11,584
2,335,653	Bel Algérie SPA	21,170	21,170
594	Bel Tunisie		
1,044,745	Bel Syrie		
8	Bel Vietnam	620	500
Companies with a net carrying value below €15,000		2	2
		33,376	33,256
TOTAL PARTICIPATING INTERESTS		995,673	995,503
OTHER LONG-TERM FINANCIAL ASSETS			
French companies			
5,162	Lactoserum France	140	140
1,120	Sogal- Socamuel	17	17
45,374	Fromageries Bel	8,457	11,444
Companies with a net carrying value below €15,000		25	25
		8,639	11,626
Foreign companies			
26,044	Parmalat	56	46
		56	46
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		8,695	11,672
MARKETABLE SECURITIES AND MONEY MARKET INSTRUMENTS		331,989	367,748

Company earnings and other financial highlights over the past five years (Sections R. 225-81, R225-83 and R. 225-102 of the Commercial Code)

Item	2009	2010	2011	2012	2013
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 outstanding common shares	6,872,335	6,872,335	6,872,335	6,872,335	6,872,335
II. TRANSACTIONS AND RESULTS FOR THE FISCAL YEAR					
Revenue, net of VAT	1,167,524,757	1,233,264,948	1,323,239,235	1,348,442,118	1,396,926,890
Profits before income tax, employee profit-sharing, amortization depreciation and provisions	60,552,570	100,988,662	68,029,363	82,403,232	120,942,743
Income tax	33,800	7,015,905	2,110,277	5,375,821	32,504,903
Employee profit-sharing for the year	2,136,902	2,751,841	1,473,720	3,170,277	2,870,214
Earnings after income tax, employee profit-sharing, amortization and depreciation and provisions	58,091,837	79,001,885	61,536,908 ^(a)	30,085,250	83,681,844
Dividends paid out	33,330,825*	41,234,010*	34,361,675*	42,952,094*	42,952,094* ^(b)
III. EARNINGS PER SHARE					
Earnings after income tax and employee profit-sharing, but before amortization depreciation and provisions	8.50	13.27	9.38	10.75	12.45
Earnings after income tax, employee profit-sharing, amortization and depreciation and provisions	8.45	11.50	8.95	4.38	12.18
Dividend per share	4.85	6.00	5.00	6.25	6.25
IV. PERSONNEL					
Average number of employees during the year	887	861	884	944	973
Total payroll for the year	61,575,588	60,242,143	67,262,028	68,690,186	70,028,440
Total payroll on-costs for the year (social security, employee welfare)	26,072,872	26,885,774	31,461,689	33,097,576	35,220,021

* 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".

(a) Amount modified versus the 2011 Registration Document.

(b) Preliminary amount.

4.5.2.2 Statutory Auditors' Report on the annual financial statements for the year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the Management Report and in the documents addressed to shareholders. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

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, 2013, on:

- the audit of the accompanying financial statements of Fromageries Bel;
- the justification of our assessments;
- the specific verification and information required by law.

These annual financial statements have been approved by 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 about whether 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 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. 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, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- participating interests listed on the balance sheet in the amount of €996 million at December 31, 2013, were measured at acquisition cost and written down based on their value in use,

as described in Note 1.3 of the notes 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 departments, examining on a test basis the calculations made by the Company, and reviewing management's procedures for approving the estimates;

- furthermore, as disclosed in Note 1.8 of the financial statements, your company used estimates in accounting for risks related to litigation and disputes.

We assessed your company's approaches, data and assumptions on which the estimates were based, 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 which is 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 the consistency with the annual financial statements of the information given in the Management Report of Board of Directors, and 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 (*Code de commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we have also verified that acquisitions of interests and controlling interests in companies and the identity of shareholders and holders of voting rights were disclosed in the Management Report.

Neuilly-sur-Seine and Paris, April 2, 2014

The Statutory Auditors

Deloitte & Associés

Pierre-Marie Martin

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt

4.5.3 Information related to the Statutory Auditors

Identity of the Statutory Auditors and alternate Statutory Auditors of the financial statements

Statutory Auditors

Deloitte & Associés, represented by Pierre-Marie Martin
185, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine

The Deloitte Touche Tohmatsu company, which became Deloitte & Associés in 2005, was appointed Statutory Auditor by the Combined Annual General Meeting of Shareholders on June 25, 1988. Its mandate was renewed by the May 12, 2010 Combined Annual General Meeting of Shareholders for a period of six years expiring in 2016, at the end of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

The Deloitte & Associés company is a member of the Versailles Institute of Statutory Auditors (*Compagnie régionale des commissaires aux comptes de Versailles*).

Grant Thornton, represented by Vincent Frambourt
100, rue de Courcelles – 75017 Paris

The Grant Thornton company was appointed Statutory Auditor by the May 12, 2010 Combined Annual General Meeting of Shareholders for a period of six years, expiring in 2016, at the end of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

The Grant Thornton company is a member of the Paris Institute of Statutory Auditors (*Compagnie régionale des Commissaires aux comptes de Paris*).

Alternate Statutory Auditors

Société Bureau d'Etudes Administratives Sociales et Comptables (BEAS)

7/9, Villa Houssay – 92200 Neuilly-sur-Seine

The BEAS company was appointed alternate Statutory Auditor by the May 25, 1998 Combined Annual General Meeting of Shareholders. Its mandate as alternate Statutory Auditor to Deloitte & Associés was renewed by the May 12, 2010 Combined Annual General Meeting of Shareholders for a period of six years, expiring in 2016, at the end of the Ordinary General Meeting of Shareholders called to approve the financial statements for the year ending December 31, 2015.

The BEAS company is a member of the Versailles Institute of Statutory Auditors (*Compagnie régionale des Commissaires aux comptes de Versailles*).

L'Institut de Gestion et d'Expertise Comptable (IGEC)

3, rue Léon Jost – 75017 Paris

The IGEC company was appointed alternate Statutory Auditor by the May 12, 2010 Combined Annual General Meeting of Shareholders for a period of six years, expiring in 2016, at the end of the Ordinary General Meeting of Shareholders called to approve the financial statements for the year ending December 31, 2015.

The IGEC company is a member of the Paris Institute of Statutory Auditors (*Compagnie régionale des Commissaires aux comptes de Paris*).

Information related to the resignation or non-renewal of Statutory Auditors

There were no resignations or non-renewals during the 2013 financial year.

Fees paid to the Statutory Auditors and members of their networks

	Deloitte & Associés				Grant Thornton			
	Amounts		%		Amounts		%	
	2013	2012	2013	2012	2013	2012	2013	2012
<i>(in thousands of euros)</i>								
AUDIT								
Auditorship, auditing, review of Company and consolidated financial statements								
• Issuer	198	147	27%	22%	182	178	27%	27%
• Fully consolidated companies	385	423	53%	62%	421	408	62%	62%
Other due diligence and services directly related to the auditors' mission								
• Issuer	113	72	16%	11%	60	56	9%	
• Fully consolidated companies			0%	0%			0%	
SUB-TOTAL	696	642	96%	94%	663	642	97%	97%
Other services provided by the auditors' networks to fully consolidated subsidiaries								
Legal, tax advisory, labor-related	28	39	4%	6%	10	10	1%	
Other					9	10		
SUB-TOTAL	28	39	4%	6%	19	20	3%	3%
TOTAL	724	681	100%	100%	682	662	100%	100%

4.6 Auditing of annual financial information

4.6.1 Certification of auditing of historical financial information

Refer to the Statutory Auditors' Reports related to the consolidated financial statements and the annual financial statements for the year ended December 31, 2013, in paragraphs 4.5.1.2 and 4.5.2.2 respectively of the present registration document.

For prior years, refer to the following reports, which are incorporated by reference into the present registration document, pursuant to article 28 of Regulation (EC) No. 809/2004 of the European Commission:

- the Statutory Auditors' Reports relative to the consolidated financial statements and the annual financial statements for the year ended December 31, 2012, as well as the financial statements themselves, may be consulted under paragraphs 20.3.1.1.2 and 20.3.2.2 respectively of the Company's registration document, filed with AMF on April 4, 2013, under filing number D.13-0294;

- the Statutory Auditors' Reports relative to the consolidated financial statements and the annual financial statements for the year ended December 31, 2011, as well as the financial statements themselves, may be consulted under paragraphs 20.3.1.2 and 20.3.2.2 respectively of the Company's registration document, filed with AMF on April 4, 2012, under filing number D.12-0279;

The two registration documents mentioned above are available at the AMF website (www.amf-france.org) and the Company's website (www.groupe-bel.com).

4.6.2 Other information verified by the Statutory Auditors

In the consolidated financial statements

The amount of Research and Development expenditure totaled €16,611,000 for the 2013 financial year.

In the annual financial statements

Trade payables by due date are presented in the following tables:

At December 31, 2013 (amounts in euros)				
Trade payables due at the end of the year	Trade payables due at 31 days	Trade payables due at 60 days	Trade payables due at over 60 days	Total
10,958,734	110,564,009	6,099,176	0.00	127,621,919

In accordance with Section 223 quarter and Section 39.4 of the French Tax Code, non-tax deductible expenses and charges totaled €335,033 and corresponded to €127,312 in tax.

At December 31, 2012 (amounts in euros)				
Trade payables due at the end of the year	Trade payables due at 31 days	Trade payables due at 60 days	Trade payables due at over 60 days	Total
9,639,088	84,153,579	7,448,909	199,475	101,441,051

4.6.3 Financial information not included in the financial statements

This paragraph is not applicable.

4.7 Date of latest financial information

The most recent fiscal year for which financial information was audited was the year ended December 31, 2013.

4.8 Financial information for interim and other periods

4.8.1 Quarterly and half-year financial information

4.8.2 Financial information for interim periods

These paragraphs are not applicable since at the time of this writing no financial positions had been reported after December 31, 2013.

4.9 Dividend payout policy

Fromageries Bel has paid out the following net dividends per share over the past five years:

<i>(in euros per share)</i>	2009	2010	2011	2012	2013 (subject to approval by the AGM of May 14, 2014)
Net dividend	4.85	6.00	5.00	6.25	6.25

Since January 1, 2006, individual shareholders who reside in France are eligible for the 40% tax-base rebate under sub-paragraphs two of paragraph three of Section 158 of the French Tax Code.

The Combined General Meeting of Wednesday, May 14, 2014, will be asked to approve a dividend of €6.25 per share for the 2013 financial year. If approved, the dividend will be paid out on Tuesday, May 20, 2014.

The declaration of future net dividends will depend on the Company's ability to generate profitable earnings, its financial position, its growth strategy, and any other factor deemed relevant by the Board of Directors.

4.10 Legal and arbitration proceedings

Information pertaining to legal and arbitration proceedings is disclosed in paragraph 1.6.5 "Legal risks" of the present registration document.

4.11 Significant changes in the issuer's financial or trading position

The Group's net financial debt fell from €194 million (representing 19% of equity) at December 31, 2011, to €54 million (representing 4% of equity) at December 31, 2013.

Over the past three years, there have been no acquisitions or disposals of operations that have significantly impacted the Group's debt.

In 2013, the Group continued its policy initiated in 2012 to diversify its funding sources, while lengthening its debt maturity. For further related information, see Notes 4.17 and 4.18 to the consolidated financial statements.





5

Shareholding and Stock market ⁽¹⁾

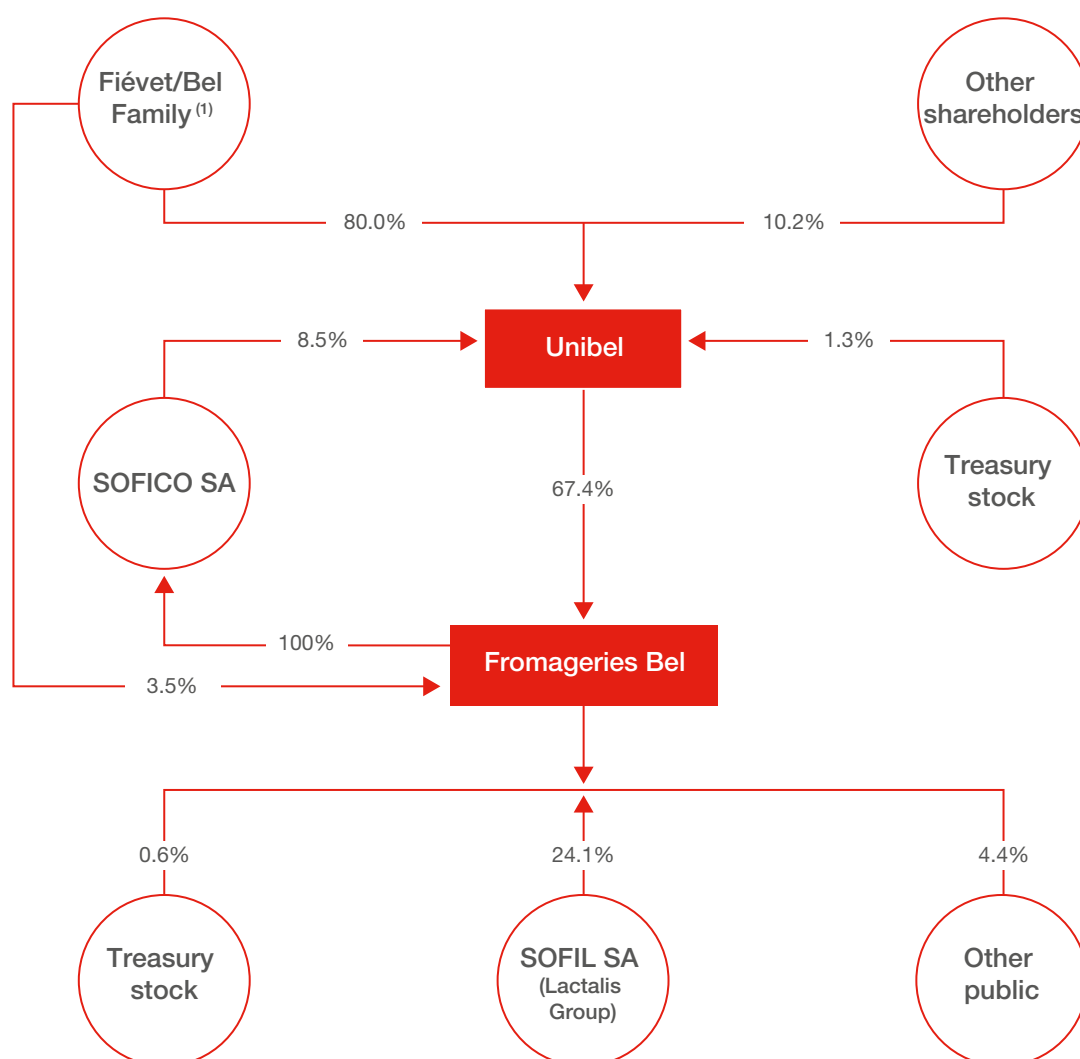
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(1) This chapter is part of the Board of Directors Chairman's Report.

5.1 Shareholding and share capital

5.1.1 Shareholding as of December 31, 2013 and over the last three years

Shareholding organizational chart of the Bel Group



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

To the issuer's knowledge, Fromageries Bel's share capital is broken down between shareholders as follows:

Fromageries Bel as of December 31, 2013	Share capital		"Gross" Voting Rights		GM Voting Rights	
	Number	%	Number	%	Number	%
Unibel ^(a)	4,634,897	67.44%	9,132,369	68.53%	9,132,369	68.77%
Fiévet-Bel Family group ^(b)	237,221	3.45%	473,959	3.56%	473,959	3.57%
TOGETHER	4,872,118	70.89%	9,606,328	72.09%	9,606,328	72.34%
SOFIL/Lactalis group ^(c)	1,653,323	24.06%	3,306,646	24.81%	3,306,646	24.90%
Other shareholders	301,520	4.39%	367,024	2.75%	367,024	2.76%
SUB-TOTAL PUBLIC	1,954,843	28.45%	3,673,670	27.57%	3,673,670	27.66%
Treasury stock	45,374	0.66%	45,374	0.34%	-	0.00%
TOTAL	6,872,335	100.00%	13,325,372	100.00%	13,279,998	100.00%

(a) Company controlled at the highest level by the Fiévet-Bel family.

(b) Signatories of the Unibel agreement of September 2013.

(c) Company controlled at the highest level by the Besnier family.

No material change has occurred in shareholding or voting rights since December 31, 2013.

The share capital is comprised of 6,872,335 shares, to which 13,325,372 gross voting rights and 13,279,998 voting rights eligible for General Meetings are attached. This difference corresponds to treasury shares.

97% of shares are in registered form and held by 189 shareholders. 93.9% of shares receive double voting rights after being registered continually for four years. In early July 2013, 1,381 shareholders together held 202,362 bearer shares, *i.e.* more than 99% of existing bearer shares.

Unibel, a French corporation (*société anonyme*) with a Management Board and Supervisory Board, held more than 2/3 of the share capital and voting rights (AMF notice No. 210C0461 dated May 28, 2010). It is controlled by members of the Fiévet-Bel Family group, who are bound by an agreement published by the French Financial Markets Authority on September 26, 2013 (notice No. 213C1436). These shareholders currently control 80.0% of the share capital and 88.0% 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 shares in treasury.

The Lactalis group, controlled by the Besnier family through its subsidiary Société pour le Financement de l'Industrie Laitière, SOFIL, holds more than 20% of the share capital and voting rights of Fromageries Bel (AMF notice No. 211C0106 dated 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. No shareholder outside the family group or SOFIL holds more than 1% of the share capital or voting rights.

No threshold crossings were declared during the year.

Under articles 787 B, 885 Ia and 885 Ic of the French General Tax Code, share retention agreements, called "Dutheil agreements", have been signed by shareholders, and in particular by members of the Fiévet-Bel and Unibel Family groups.

The most recent commitments have the following features:

Retention commitment

Regime	Collective
Record date/start date	12/24/2013
Initial duration of the collective commitment	2 years
Renewal	tacit, every 3 months
% of share capital on the signing date	38%
% of voting rights on the signing date	39%
Executive signatory	Antoine Fiévet
Signatory holding at least 5% of share capital	Unibel

For the record, tax exemptions from the "Dutheil" agreements are not definitively acquired until after a total of six years of individual or collective share retention.

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 General Shareholders' Meetings over the last three years.

	12/31/2013			12/31/2012			12/31/2011		
	Shares	% of share capital	% of GM voting rights	Shares	% of share capital	% of GM voting rights	Shares	% of share capital	% of GM voting rights
Unibel ^(a)	4,634,897	67.44%	68.77%	4,634,897	67.44%	68.76%	4,634,897	67.45%	68.55%
Fiévet-Bel Family group ^(b)	237,221	3.45%	3.57%	267,034	3.89%	3.97%	260,662	3.79%	3.91%
Together	4,872,118	70.89%	72.34%	4,901,931	71.33%	72.73%	4,895,559	71.24%	72.46%
SOFIL/Lactalis group ^(c)	1,653,323	24.06%	24.90%	1,653,657	24.06%	25.03%	1,653,657	24.06%	25.03%
Other shareholders	301,520	4.39%	2.76%	257,513	3.75%	2.24%	294,214	4.28%	2.51%
Sub-total public	1,954,843	28.45%	27.66%	1,911,170	27.81%	27.27%	1,947,871	28.34%	27.54%
Treasury stock	45,374	0.66%	0.00%	59,234	0.86%	0.00%	28,905	0.42%	0.00%
TOTAL	6,872,335	100.00%	100.00%	6,872,335	100.00%	100.00%	6,872,335	100.00%	100.00%

(a) Company controlled at the highest level by the Fiévet-Bel family.

(b) Signatories of the Unibel agreements of September 2013, or the April 2001 agreement for previous years.

(c) Company controlled at the highest level by the Besnier family.

5.1.2 Information on the control of the Company's share capital

To the Company's knowledge, no agreement exists which contains clauses concerning at least 0.5% of shares or voting rights and which provides for preferential sale or purchase conditions, nor does any agreement exist whose implementation could, at a later date, lead to a change in control of the Company.

In the event of a change in control of Fromageries Bel, its banks and investors may request reimbursement of the bond issue dated December 20, 2012 (tranches of €20 and €140 million), the advances granted for the €520 million multi-currency revolving credit facility from June 8, 2011 and its extension dated March 5, 2014, the Schuldschein issues carried out in 2013 in US dollars and euros, with maturities ranging from three to ten years, for an equivalent of €224 million and a few financing arrangements for certain non-French subsidiaries for a total amount of €5 million, plus interest and any other sums due, and provided that the majority of the banks/lenders request this reimbursement. A change in control would occur if the Company's principal shareholders cease to hold, directly or indirectly, more than half of the share capital and voting rights of Fromageries Bel.

No other agreement would be modified or would end in the event of a change in control of the Company.

The family shareholders are represented by Antoine Fiévet, Chairman and Chief Executive Officer, who is also Chairman of the Unibel Management Board, and by Florian Sauvin, director and

member of the Unibel Management Board. Unibel, the Group's main shareholder and lead holding company, is a director of the Company. Its permanent representative is Pascal Viénot, who is also a member of Unibel's Supervisory Board and Chairman of the Audit Committee. Bruno Schoch, a member of Unibel's Management Board, is Deputy Chief Executive Officer of the Company.

Measures taken to ensure that control is not abused are as follows:

- a majority of directors on the Board of Directors are independent (four out of seven members): Michel Arnaud, Fatine Layt, James Lightburn and Luc Luyten;
- a charter modeled after the IFA (*Institut Français des Administrateurs* – the French Institute of Directors) Charter has been put in place, to which all directors are required to adhere. The charter defines a director's duties, specifying, in particular, that directors must act in the best interest of the Company under any circumstances; that they must represent all shareholders; that they are duty-bound to abstain in the event of a conflict of interests.

The composition of the administrative and management bodies is detailed above in section 3.1, and the main governance principles applied are presented in section 3.2.

5.1.3 Share capital

5.1.3.1 Situation as of December 31, 2013

The amount of share capital subscribed for and fully-paid up as of December 31, 2013 is €10,308,502.50. It is divided up into 6,872,335 shares with a par value of €1.50.

Each share confers the right to ownership in the Company's assets, a share in the profits and in the liquidation surplus, proportional to the percentage of share capital that it represents.

5.1.3.2 Securities giving access to the capital, shares that do not represent share capital, options

As of December 31, 2013, there are no securities giving access to the capital, no shares that do not represent share capital, nor any options. Information on free share award programs in place is detailed below in section 5.2.3 "Stock options/performance shares".

■ Delegations and authorizations granted by the General Meeting to the Board of Directors (in accordance with article L. 225-100 of the French Commercial Code) currently valid or terminated during the year

Date of the Meeting	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 of Directors
May 12, 2011	Authorization given to the Board of Directors to increase share capital in favor of employees who are members of a company savings scheme, without preferential subscription rights for the latter. This delegation shall cancel and supersede the delegation given by the General Meeting on May 12, 2010	The maximum nominal amount of capital increases may not exceed 0.1% of the share capital	26 months, <i>i.e.</i> until July 11, 2013	None
May 10, 2012	Authorization given to the Board of Directors to grant free shares, already existing or to be issued by the Company for personnel and/or corporate officers of the Company and of its subsidiaries	30,000 shares	38 months, <i>i.e.</i> until July 9, 2015	^(a)

(a) In accordance with this delegation, the Boards of Directors of May 10, 2012 and August 29, 2013 adopted free share award plans relating to existing shares. The Board granted 12,364 shares, subject to presence and performance conditions. Therefore, based on this resolution, it can still grant 17,636 shares.

5.1.3.3 History of 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
1/1/2009	Starting position	-	-	-	10,308,502.50	6,872,335
12/31/2013	Final position	-	-	-	10,308,502.50	6,872,335

5.1.3.4 Crossing statutory thresholds

In addition to the thresholds defined in legal and regulatory provisions, article 10 of the Company's articles of association states that any individual or legal entity, acting alone or in concert, who has obtained, in any manner, alone or in concert, within the context of articles L. 233-7 and *seq.* of the French Commercial Code, a number of securities representing a share equal to 1% of share capital and/or voting rights at the General Meeting or any multiple of this percentage, must inform the Company of the total number of shares that they possess *via* certified mail with return

receipt requested, addressed to the head office within fifteen days of crossing the 1% threshold. This obligation applies under the same conditions mentioned above each time that the percentage of share capital and/or voting rights possessed falls below one of the above thresholds. In the event that the above-mentioned stipulations are not complied with, the shares exceeding the threshold that are 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 regulations currently in effect. However, except in the case

of crossing one of the thresholds listed in aforementioned article L. 233-7, this penalty shall only be applied upon the request of one or more shareholders holding, together or separately, at least 5% of share capital and/or voting rights of the Company, and recorded in the General Meeting minutes.

5.1.3.5 Changes to shareholders' rights

Any change in rights attached to securities making up the Company's share capital is governed by legal requirements. The articles of association do not define any specific provisions.

5.1.3.6 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 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 Annual Ordinary General Meeting meets at least once per year, during the six months 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;
- 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 revocation of directors and their replacement;

- the right to participate in 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 third business day prior to the 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 or recording 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 General Meeting in person, any shareholder may participate in it by either:

- 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 choice 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 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.

5.1.4 Double 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 is granted to fully paid-up shares for which evidence has been provided that the share has been registered under the same shareholder for at least four years.

This benefit is only granted to French shareholders or shareholders from European Union Member States.

The double voting right automatically ceases for any share that has been converted to bearer form or is 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 conserve the rights acquired.

Furthermore, in the event of a capital increase by incorporation of reserves, profits or issue 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.

5.2 Stock Market

There are 6,872,335 Fromageries Bel shares listed on double call auction on the NYSE 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.

5.2.1 Change in Fromageries Bel share price and traded share volumes

	In €			Number of securities traded	Volume In k€	Average trading price In €	Average closing price for CAC All Tradable Index
	Highest	Lowest	Last				
2009	134.90	78.02	129.00	57,816	6,036	104.40	2,654
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
January 2012	179.99	170.21	179.00	313	56	177.32	2,418
February 2012	192.88	175.51	189.90	4,040	756	187.03	2,553
March 2012	190.00	173.50	182.50	1,911	347	181.54	2,612
April 2012	189.00	178.00	188.00	1,650	300	182.09	2,449
May 2012	184.50	173.55	184.00	1,006	181	180.22	2,329
June 2012	184.00	177.00	180.50	896	164	182.83	2,299
July 2012	189.00	178.00	182.20	1,586	290	182.62	2,405
August 2012	189.00	175.30	181.02	1,006	182	180.59	2,562
September 2012	185.00	180.10	185.00	1,547	283	183.25	2,613
October 2012	188.00	183.00	185.00	6,943	1,278	184.12	2,581
November 2012	186.00	170.00	185.00	2,009	367	182.63	2,599
December 2012	187.50	181.00	181.10	2,086	381	182.85	2,803
2012	192.88	170.00	181.10	24,993	4,585	183.46	2,511
January 2013	188.00	180.00	188.00	2,493	461	184.84	2,803
February 2013	194.00	180.10	194.00	1,480	276	186.64	2,783
March 2013	217.00	194.20	209.05	2,144	443	206.84	2,860
April 2013	226.00	208.00	226.00	1,867	406	217.34	2,815
May 2013	300.00	230.00	300.00	6,387	1,798	281.54	2,980
June 2013	300.00	267.00	283.40	2,216	645	291.02	2,860
July 2013	295.00	273.00	290.00	4,521	1,314	290.75	2,914
August 2013	290.00	276.00	276.00	1,393	398	285.75	3,054
September 2013	276.00	258.00	262.00	625	167	267.26	3,112
October 2013	268.99	252.00	264.98	1,607	420	261.41	3,193
November 2013	269.50	255.00	255.30	1,518	400	263.47	3,239
December 2013	279.50	255.00	271.01	959	256	267.08	3,164
2013	300.00	180.00	271.01	27,210	6,985	256.71	2,983
January 2014	290.00	268.50	285.00	727	205	281.32	3,239
February 2014	290.00	281.00	285.00	524	148	282.66	3,284

(source: NYSE Euronext)

5.2.2 Summary of transactions of managers and similar persons

In accordance with article 621-18-2 of the French Monetary and Financial Code and article 223-26 of the French Financial Markets Authority's General Regulations, no transactions on the Company's securities from managers or similar persons have been recorded since early 2013.

5.2.3 Stock options/performance shares

No stock option program is in effect in the Group for the year ended December 31, 2013 or prior years.

However, free 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 within this context since April 2011.

Since this date, a plan has been put in place each year. Below is a summary table of plans that have had an impact on the 2013 financial year.

Fromageries Bel AGA Plans

Plan Number	2	3	4	5	6	7
Award date	5/13/2008	8/26/2009	3/24/2010	5/12/2011	5/10/2012	8/29/2013
Vesting date	5/13/2011	8/26/2012	3/24/2013	5/12/2013	5/10/2014	8/30/2015
Availability date	5/13/2013	8/26/2014	3/24/2015	5/12/2015	5/10/2016	8/30/2017
Number of securities granted	10,620	11,515	12,010	7,243	7,234 ^(a)	5,130 ^(a)
Number of securities transferred	9,904	8,074	8,578	5,282	N/A	N/A
Number of employee beneficiaries	53	62	69	76	91 ^(a)	92 ^(a)

(a) Subject to presence and performance conditions.

In 2013, the vesting period for the 2010 and 2011 AGA plans ended after three and two years. Based on achieving 75% in the two plans, of ROCE (Return On Capital Employed) and EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization or Earnings Before Interest, Taxes, Provisions and Amortization) objectives measured over two years, the ownership of respectively 8,578 and 5,282 existing shares was transferred to 69 and 76 beneficiaries.

On August 29, 2013, the Board of Directors decided on the 7th AGA plan. 5,130 existing shares were awarded to 92 beneficiaries. These shares shall be transferred to the beneficiaries in August 2015 according to the ROCE and EBITDA performance achieved in 2013 and 2014 and subject to a condition of presence.

With these shares, 9,810 performance units valued at the price of the share and subject to the same performance conditions have been granted for payment in August 2015.

No corporate officer was awarded free shares.

The ten largest awards to employees represented 1,962 shares.

After taking into account the known starts and results, as of December 31, 2013, 11,587 existing shares were still likely to be awarded under the sixth and seventh plans.

As of December 31, 2013, employees did not hold any stake in Fromageries Bel's share capital within the meaning of article L. 225-102 of the French Commercial Code.

5.2.4 Share buyback program: report and description

Report on share buyback programs

The Combined General Meeting of May 16, 2013 authorized the Board of Directors, for eighteen months starting from said Meeting, *i.e.* until November 15, 2014, to implement a share buyback program, in accordance with the provisions of the French Financial Markets Authority's General Regulations, and European Commission Regulation No. 2273/2003 dated December 22, 2003. This delegation shall cancel and supersede the delegation given by the General Meeting on May 10, 2012.

During 2013, Fromageries Bel neither acquired nor sold treasury shares. Therefore, there were no trading costs.

However, 13,860 shares were transferred to the beneficiaries of the 4th and 5th free share award plans.

No reallocation of treasury shares to another purpose occurred in 2013.

Number of treasury shares as of December 31, 2013

Number of treasury shares	45,374
% of capital in treasury stock	0.66%
Value based on purchase price	€8,456,897.40
Net carrying value	€8,456,897.40
Par value	€68,061

Description of the share buyback program submitted to the Combined General Meeting on Wednesday, May 14, 2014

Pursuant to the provisions of article 241-2 of the French Financial Markets Authority's General Regulations, as well as European Regulation No. 2273/2003 dated December 22, 2003, this description aims to describe the purposes and terms of the Company's share buyback program. This program shall be subject to the authorization of the General Meeting on Wednesday, May 14, 2014.

Breakdown by objective of share capital held on February 28, 2014

Number of shares held directly and indirectly: 45,374, representing 0.66% of share capital.

Number of shares held broken down by objective:

Supporting the stock price via a liquidity contract	None
External growth transactions	None
Covering stock options or other employee shareholding plans	45,374
Covering marketable securities entitling the allocation of shares	None
Cancellation	None

Fromageries Bel does not use derivatives; therefore there are no open purchase or sale positions.

At the end of 2013, 11,587 shares were likely to be awarded to Group employees under free share award programs in place, subject to performance conditions. This figure is to be compared with 45,374 treasury shares held as of the same date.

New share buyback program

- authorization of the program: General Meeting on Wednesday, May 14, 2014;
- securities concerned: ordinary shares;
- maximum proportion of share capital authorized for the buyback: 10% of share capital (*i.e.* 687,233 shares as of the date of this report), it being specified that this limit is 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;
- the Company may not hold more than 10% of its share capital. Considering the number of shares already held (45,374 shares, *i.e.* 0.66% of share capital), the maximum number of shares that may be purchased is 641,859 shares (*i.e.* 9.34% of share capital) unless the securities already held are sold, transferred or canceled;
- maximum purchase price: €350;
- maximum amount for the program: €240,531,550.

Terms of the buyback: purchases, disposals and transfers may be carried out by any means on the market or over-the-counter, including by transactions on blocks of securities, it being specified that the resolution submitted for shareholder vote does not limit the portion of the program that can be carried out by purchasing blocks of securities. These transactions may also be carried out during a public offering in compliance with regulations in effect.

- Objectives:
 - 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;
 - keep the purchased shares for subsequent use in exchange or in payment for potential external growth transactions, it being specified that the shares purchased to this effect may not 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 granted by the General Shareholders' Meeting on May 14, 2014, in its fifteenth extraordinary resolution;
 - support the secondary market or the liquidity of the share through an investment service provider *via* a liquidity contract, in compliance with the AMAFI Code of Conduct approved by the French Financial Markets Authority, if such a contract is implemented.
- Duration of the program: 18 months starting from the General Meeting on May 14, 2014, *i.e.* until November 13, 2015.



Combined General Meeting

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6.1 Agenda of the General Meeting on May 14, 2014

ORDINARY ITEMS

- Approval of the annual financial statements for the year ended December 31, 2013, approval of expenses and charges that are not tax-deductible.
- Approval of the consolidated financial statements for the year ended December 31, 2013.
- Allocation of income for the year and dividend distribution.
- Statutory Auditors' report on regulated agreements and undertakings, and approval of these agreements.
- Authorization to give 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.

EXTRAORDINARY ITEMS

- Amendment to the articles of association to stagger the terms of office of Board of Directors members – Corresponding amendment to article 13 of the Company's articles of association.
- Amendment to the articles of association defining the procedures for designating a director to represent employees – Corresponding amendment to article 13 of the Company's articles of association.

ORDINARY ITEMS

- Renewal of Florian Sauvin as a director.
- Renewal of Luc Luyten as a director.
- Renewal of Michel Arnaud as a director.
- Renewal of Unibel as a director.
- Renewal of Antoine Fiévet as a director.
- Appointment of Nathalie Roos as a director.
- Appointment of Thierry Billot as a director.

EXTRAORDINARY ITEMS

- Authorization to give to the Board of Directors to cancel the shares that the Company purchased as provided for under article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, and ceiling.
- Delegation of authority to give to the Board of Directors to increase share capital by issuing shares without preferential subscription rights for members of the company savings scheme in accordance with articles L. 3332-18 and *seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issue price, possibility to award free shares in accordance with article L. 3332-21 of the French Labor Code.

ORDINARY ITEMS

- Powers to carry out formalities.

6.2 Presentation of the resolutions by the Board of Directors

Approval of the 2013 annual and consolidated financial statements

(1st and 2nd resolutions)

Shareholders are requested to approve the annual and consolidated financial statements for the year ended December 31, 2013, which showed a profit of €83,681,843.89 and a consolidated net profit – Group share of €125,785,000. The business activities and results of this year are presented to you in the registration document, including the Company's Annual Financial Report as well as the Board of Directors' Management Report, available on the Company's website.

Shareholders are also requested to approve the overall amount of costs and expenses referred to in article 223c and in article 39-4 of the French General Tax Code, *i.e.* the sum of €335,032.78 and the corresponding tax.

Allocation of income

(3rd resolution)

After having stated that the Company's year ended December 31, 2013 showed a reported consolidated net profit – Group share of €83,681,843.89, the shareholders are requested to approve the following allocation of income:

2013 income	€83,681,843.89
Retained earnings previously brought forward	€189,290,073.75
<i>i.e.</i> a distributable profit of	€272,971,917.64

We propose to allocate the total thus earned as follows:

Maximum dividend distribution equal to:	€42,952,093.75
Minimum retained earnings to carry forward after allocation	€230,019,823.89
The dividend per share for this year would therefore amount to	€6.25 gross per share

The 2013 dividend would be allocated on May 15, 2014 and made payable on May 20, 2014.

Approval of regulated agreements and undertakings that fall under article L. 225-38 of the French Commercial Code

(4th resolution)

Shareholders are requested to approve each of the agreements mentioned in article L. 225-38 of the French Commercial Code regularly authorized by the Board of Directors.

Please note that only new agreements concluded during the past financial year are presented at this Meeting. Only one new agreement was concluded in 2013. This agreement pertains to the sale by Unibel to Fromageries Bel of all of the shares of LVQR Diffusion for their par value. LVQR Diffusion's business involves the development and marketing of by-products carrying the Group's brands.

The agreements concluded previously, and the effects from which continued throughout the year, are the service agreement and cash flow agreement concluded with Unibel on December 14, 2001 and September 21, 2007, respectively.

These agreements are also presented in the Statutory Auditors' special report and related documents shown in section 3.5.1 of this registration document.

Acquisition by the Company of treasury shares and cancellation of shares purchased within the context of article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, and ceiling

(5th and 15th resolutions)

Shareholders are requested to authorize the Company to purchase its own shares in accordance with the provisions of article L. 225-209 of the French Commercial Code and according to the rules determined by the provisions of the French Financial Markets Authority's General Regulations (5th resolution).

This authorization shall terminate the authorization given to the Board of Directors by the General Meeting on May 16, 2013 in its 5th resolution.

This authorization would be granted to the Board of Directors for eighteen months and would pertain to a total number of shares purchased representing up to 10% of share capital, *i.e.* 687,233 shares, for a maximum purchase price of €350 per share, *i.e.* a total maximum amount of €240,531,550.

The objectives of the buyback carried out in virtue of this authorization, according to regulations in effect, shall be as follows: potential external growth transactions, covering stock option plans and other forms of share grants to employees and/or officers, covering securities giving rights to share awards, liquidity contract and potential cancellation of all or part of the shares acquired. This new delegation shall cancel and supersede any authorization previously given to the same effect, up to the portion not used, starting from the General Meeting.

These securities may be purchased or sold, one or more times, at any moment and including, where applicable, during public offer periods, by any means and notably over-the-counter, on the market or off the market, or through a public offering or acquisition or disposal of a block, in compliance with regulations in effect. The Company would reserve the right to use options or derivatives under applicable regulations.

Furthermore, as the existing authorization is expiring, we request that shareholders authorize the Board of Directors, for a new duration of twenty-four months, to cancel, within the legal limit, one or more times, all or part of the Company's treasury shares for the implementation of share buyback plans, within the limit of 10% of share capital, and to reduce the corresponding share capital by allocating the difference between the purchase price of the canceled shares and their nominal value to available premiums and reserves (*15th resolution*).

Amendments to the articles of association

(6th and 7th resolutions)

Shareholders are requested to amend article 13 of the articles of association to include:

- the provisions necessary to implement and maintain procedures to stagger the terms of office of members of the Board of Directors for one, two or three years (*6th resolution*).

In fact, as it currently stands, the terms of office of five out of seven directors expire at the end of the Annual General Meeting held in 2014 to approve the 2013 financial statements. The Appointments and Compensation Committee has assessed this situation and recommends that the renewal of directors' terms of office be staggered and balanced. Within this context, it is proposed to the Board of Directors to submit an amendment of the articles of association to the General Shareholders' Meeting to put in place this procedure to stagger renewals;

- the method for designating a director or directors representing Group employees, under the provisions of article 225-27-1 of the French Commercial Code, in accordance with article 9 of the Law on Employment Protection dated June 14, 2013 (*7th resolution*); upon the recommendation of the Appointments and Compensation Committee, it is proposed to keep the designation by the Central Works Council.

Terms of office of Directors

(8th, 9th, 10th, 11th, 12th, 13th and 14th resolutions)

The terms of office of Antoine Fiévet, Florian Sauvin, Luc Luyten, Michel Arnaud and Unibel expire at the end of the General Meeting. Following the Appointment and Compensation Committee's recommendation, and subject to the adoption of the 6th resolution presented above, it is therefore proposed to renew their terms for durations that allow a staggering of the terms of office.

It is therefore proposed to renew:

- the terms of office of Florian Sauvin and Luc Luyten for one (1) year, expiring at the end of the General Meeting to be held in 2015 called to approve the financial statements for the previous year;
- the terms of office of Michel Arnaud and Unibel for three (3) years, expiring at the end of the General Meeting to be held in 2017 called to approve the financial statements for the previous year;
- the term of office of Antoine Fiévet for four (4) years, expiring at the end of the General Meeting to be held in 2018 called to approve the financial statements for the previous year.

In the event that the 6th resolution is rejected, it is proposed to renew the terms of office of Mr. Sauvin, Mr. Luyten, Mr. Arnaud, Mr. Fiévet and Unibel for four (4) years, expiring at the end of the General Meeting to be held in 2018 called to approve the financial statements for the previous year.

In addition, upon the Appointment and Compensation Committee's recommendation, the Board of Directors submits to the shareholders for approval the candidatures of Nathalie Roos and Thierry Billot to serve as directors, for four years, expiring at the end of the General Meeting to be held in 2018 called to approve the financial statements for the previous year. In the event of a favorable vote, the Board shall be composed of at least 20% women, in accordance with the provisions of the Law dated January 27, 2011.

Nathalie Roos has held the position of General Manager of L'Oréal Group in Germany since August 2013.

Thierry Billot has held the position of Executive Vice President of Brands at the Pernod Ricard Group since July 2008.

Information pertaining to the director candidates is presented in section 6.3 of this chapter. Information pertaining to directors whose terms are up for renewal is listed in section 3.1.2 of chapter 3.

We would like to specify that the Board of Directors has deemed that Luc Luyten, Michel Arnaud, Thierry Billot and Nathalie Roos can be considered as independent in regards to the independence criteria of the Middenext Code used by the Company as a reference guide for corporate governance.

Authorization to give to the Board of Directors to increase share capital for employees

(16th resolution)

Shareholders are requested to grant a new delegation of authority to the Board of Directors for a twenty-six month period starting from the Meeting, *i.e.* until July 13, 2016, in order to increase share capital, one or more times, at the times and according to the terms it determines, by issuing ordinary shares or marketable securities giving access to the Company's capital, reserved for current and former employees who are members of the Company or Group's company savings scheme(s) made up of the Company and all of the French or foreign companies related to it, within the meaning of articles 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, within the limit of 1% of share capital.

The implementation of this type of capital increase assumes the elimination of shareholders' preferential subscription rights for employee recipients of the issue.

The price of shares to issue would be determined according to the conditions and limits set by applicable legal and regulatory provisions.

This delegation shall cancel and supersede the authorization given by the General Meeting on May 12, 2011 in its eighth resolution.

Powers to carry out formalities

(17th resolution)

Shareholders are requested to give all powers to those who hold copies or excerpts of the minutes containing its deliberations to carry out any filing formalities required by legal and regulatory provisions in effect.

The Board proposes that the resolutions thus submitted be approved.

6.3 Biographies and information on the candidates for director

Information pertaining to directors whose terms are up and proposed for renewal is listed in section 3.2.1 of the registration document.

Nathalie Roos, born in 1965, French

Business address: L'Oréal Deutschland GmbH – Georg Glock Strasse 18 – 40 474 Dusseldorf – Germany

Term of office

The appointment of Nathalie Roos will be proposed to the General Meeting on May 14, 2014 for four years, *i.e.* until the end of the General Meeting to be held in 2018.

Biography, management expertise and experience

Nathalie Roos joined the L'Oréal Group in October 2012 where she has held, since August 2013, the position of General Manager of Germany, the Group's 4th largest market worldwide with sales of more than €1 billion.

Formerly, after her first professional job as head of sales at Kraft Jacobs Suchard (1987-1989), Nathalie Roos spent a large portion of her professional career at the Mars Group. Between 1989 and 2000, she held various positions at Mars France, such as head of Sales Promotion, then she advanced in the Marketing and Sales Departments and became Head of the Milky Way and Bounty brands, Account Manager of large national accounts and lastly, was Head of the Retail Network of Brasserries Kronenbourg (2000-2004).

Nathalie Roos became Chairperson and Chief Executive Officer of Mars Chocolat France in 2004, then Chairperson of the MARS, Inc. Group's European markets from 2009 to 2012.

In terms of professional associations, in 2008, she took over as Chair of the Industry and Trade Committee of the Association Nationale des Industries Alimentaires (French association of agribusiness, or ANIA). She also chairs the Board of Directors of the Institut de Liaison et d'études des industries de Consommation (a French professional association for the consumer industry, ILEC) and shares the position of Vice-Chairman of the *Syndicat du Chocolat* (Chocolate Union).

Nathalie is a graduate of the École Supérieure de Commerce de Reims. In 2008, she was awarded the *Prix de la Direction Générale du Trophée du Management RMS-Network* (Executive Management Award, Management Trophy RMS Network), which is an award presented by the alumni association of the École Supérieure de Commerce de Reims.

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

None

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

- General Manager of L'Oréal Germany
- Member of the Board of Directors of Clinique Adassa in Strasbourg
- Member of the association "Les Cigognes" (The Storks – A French association supporting single mothers)
- Regional Councilor of the Alsace region
- Vice-Chairman of the regional employment competitiveness cluster

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

None

Terms of office held which expired during the last five years

- Chairman and Chief Executive Officer of Mars Chocolat France

Restrictions preventing the sale of a stake in the share capital

None

Thierry Billot, born in 1955, French

Business address: Pernod Ricard – 12 place des États-Unis – 75016 Paris

Term of office

The appointment of Thierry Billot will be proposed to the General Meeting on May 14, 2014 for four years, *i.e.* until the end of the General Meeting to be held in 2018.

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 starting in 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. He has held the position of Executive Vice President of Brands since July 1, 2008.

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

None

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

- Director of Champagne Perrier-Jouet
- Director of Martell & Co SA
- Director of G.H. Mumm & Cie S.V.C.S.
- Member of the Supervisory Board of Pernod Ricard Europe, Middle East and Africa
- Director of Ricard SA

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

- Director of Irish Distillers Ltd
- Director of The Absolut Company AB
- Director of Irish Distillers Group
- Director of Havana Club International

Terms of office held which expired during the last five years

None

Restrictions preventing the sale of a stake in the share capital

None

6.4 Draft resolutions

ORDINARY ITEMS

First resolution – Approval of the annual financial statements for the year ended December 31, 2013, approval of expenses and charges that are not tax-deductible

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, after having reviewed the Company's annual financial statements for the year ended December 31, 2013, including the balance sheet, income statement and notes, the Board of Directors' Report, Chairman's Report and Statutory Auditors' Reports, approves the annual financial statements for the year ended December 31, 2013 as they were prepared and presented, which showed a profit of €83,681,843.89, as well as the transactions reflected in these accounts and summarized in these reports.

The General Meeting approves the amount of expenses and costs referred to in articles 223c and 39.4 of the French General Tax Code, the total amount of which amounts to €335,032.78, as well as the corresponding amount of tax.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2013

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, after having reviewed the Board of Directors' Reports, Chairman's Report and Statutory Auditors' Reports on the consolidated financial statements for the year ended December 31, 2013, approves the consolidated financial statements as they were prepared and presented to it by the Board of Directors, showing a consolidated net profit – Group share of €125,785,000, as well as the transactions reflected in these financial statements and summarized in these reports.

Third resolution – Allocation of income for the year and dividend distribution

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, after having reviewed the Board of Directors' Report, decides to allocate the income for the year, i.e. a profit of €83,681,843.89 as follows:

Starting point

Retained earnings previously brought forward	€189,290,073.75
Income for the period	€83,681,843.89
Distributable profit	€272,971,917.64

Allocation of income

Distribution of a dividend of €6.25 gross per share, i.e. a maximum dividend to distribute equal to	€42,952,093.75
Minimum retained earnings to carry forward after allocation	€230,019,823.89
TOTAL	€272,971,917.64

The dividend shall be allocated on May 15, 2014 and shall be paid on May 20, 2014.

As the Fromageries Bel shares that may be held by the Company on the date that the dividend is allocated are not intended for this purpose, the sums corresponding to the unpaid dividends for these shares shall be allocated in retained earnings.

Pursuant to article 243a of the French General Tax Code, the General Meeting notes that all of the dividends distributed are eligible for the 40% tax allowance mentioned in article 158-3-2 of the French General Tax Code, it being specified that only shareholders who are physical persons and who reside in France for tax purposes are eligible for this tax deduction.

The General Meeting notes that the earnings per share for the last three years were respectively as follows:

For the financial year	Earnings eligible for the tax allowance		Earnings not eligible for the tax allowance
	Dividends	Other distributed earnings	
2010	€41,234,010.00 ^(a) , i.e. €6 per share	-	-
2011	€34,361,675.00 ^(a) , i.e. €5 per share	-	-
2012	€42,952,093.75 ^(a) , i.e. €6.25 per share	-	-

(a) Including the sums corresponding to the dividends not paid out at the rate of treasury shares (which were allocated to retained earnings).

Fourth resolution – Statutory Auditors' special report on regulated agreements and undertakings, and approval of these agreements

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, after having reviewed the Statutory Auditors' special report on agreements and undertakings referred to in article L. 225-38 of the French Commercial Code, approves the new agreements mentioned therein.

Fifth resolution – Authorization to give to the Board of Directors for the Company to buy back its own shares as provided for under article L. 225-209 of the French Commercial Code

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, after having reviewed the Board of Directors' Report, authorizes the Board of Directors, in accordance with the provisions of articles L. 225-209 and *seq.* of the French Commercial Code, with the option to sub-delegate, to have the Company purchase a maximum number of shares representing up to 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.

The maximum purchase price of shares under this resolution shall be €350 per share (or the counter value of this amount on the same date in any other currency).

In the event of a transaction on the share capital, notably the division or regrouping of shares or free share awards, the aforementioned amount shall be adjusted to reflect the same proportions (a 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 total amount allocated to the buyback program authorized by this resolution shall not exceed €240,531,550.

These securities may be purchased or sold, one or more times, at any moment and including, where applicable, during public offer periods, by any means and notably over-the-counter, on the market or off the market, or through a public offering or acquisition or disposal of a block, in compliance with regulations in effect. The Company reserves the right to use options or derivatives under applicable regulations.

The objectives of the buybacks carried out pursuant to this authorization shall be as follows:

- keep the purchased shares for subsequent use in exchange or in payment for potential external growth transactions, it being specified that the shares purchased to this effect may not exceed 5% of the Company's share capital;
- 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 adoption of the 15th resolution below.
- 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 approved by the French Financial Markets Authority, if such a contract is implemented.

The number of shares that the Company shall hold at any moment may not exceed 10% of the shares composing the Company's share capital.

These transactions must be carried out in compliance with the rules determined by the provisions of the French Financial Markets Authority's General Regulations concerning market conditions and intervention periods.

The General Meeting confers all powers to the Board of Directors, with the option to sub-delegate, to decide on the implementation of this authorization, to determine the terms of the buyback carried out, to make any adjustments to the maximum purchase price due

to transactions on the share capital, to place any trading orders, to enter into any agreement, to file any public offers, to carry out any required formalities, and in general, do anything that may be necessary in this regard.

This authorization is granted for eighteen months starting from this Meeting, *i.e.* until November 13, 2015. It shall cancel and supersede, starting from this day, where applicable, the portion not used, of the previous delegation given to the Board granted by the General Meeting on May 16, 2013 in its fifth resolution, to carry out transactions on the Company's shares.

EXTRAORDINARY ITEMS

Sixth resolution – Amendment to the articles of association to stagger the terms of office of Board of Directors members – Corresponding amendment to article 13 of the Company's articles of association

The General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, after having reviewed the Board of Directors' Report, decides:

- to introduce provisions in the articles of association to implement and maintain a staggering of members of the Board of Directors' terms of office;
- to amend the first paragraph of article 13 of the articles of association "Board of Directors", accordingly and as follows, with the rest of the article remaining unchanged:

"1° The Company is managed by a Board composed of at least three members and no more than twelve members, unless special provisions as defined by law are applied in the event of a merger.

The duration of a director's term of office is four years. By way of exception, and exclusively in order to implement and maintain the staggering of the directors' terms of office, the Ordinary General Meeting may appoint one or more directors for one (1) year, two (2) years or three (3) years.

Any member is eligible for re-election. The number of directors who are individuals, and permanent representatives of legal entities, over the age of 72, may not exceed half of the directors in office (rounded up) as of December 31 each year. When this percentage is surpassed, the oldest person is considered to have resigned from his/her office. However, in compliance with this percentage, upon the decision of the General Meeting, this age limit is not applicable to one or more directors whose terms of office could be maintained or renewed."

Seventh resolution – Amendment to the articles of association defining the procedures for designating a director to represent employees – Corresponding amendment to article 13 of the Company's articles of association

The General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, and after having reviewed the Board of Directors' Report, decides:

- to introduce a method of designating a director or directors representing the Group's employees into the articles of association, in accordance with the provisions of article L. 225-27-1 of the French Commercial Code;
- to insert, as a result, a second paragraph within article 13 of the articles of association as follows:

"2° The Board of Directors also includes a director representing the Group's employees, pursuant to article L. 225-27-1 of the French Commercial Code.

The duration of the term of office of the director representing employees is four years.

In the event that the position of director representing employees is vacant for any reason, the vacant seat is filled under the conditions set forth by article L. 225-34 of the French Commercial Code.

With the exception of the rule defined in article 13-3 of the present articles of association for directors appointed by the General Meeting, the director representing employees on the Board is not required to possess a minimum number of shares.

The director representing employees is designated by the Central Works Council."

Paragraphs 2° and 3° of article 13 of the articles of association are respectively renumbered paragraphs 3° and 4°. The rest of the article remains unchanged.

ORDINARY ITEMS

Eighth resolution – Renewal of Florian Sauvin as a director

The General Meeting hereby decides to renew Florian Sauvin as a director, for one (1) year, expiring at the end of the Meeting held in 2015 called to approve the financial statements of the previous year, subject to the adoption of the sixth resolution pertaining to the amendment of article 13 of the articles of association, or, in the event that the sixth resolution is not adopted, for four years, expiring at the end of the Meeting held in 2018 called to approve the financial statements for the previous year.

Ninth resolution – Renewal of Luc Luyten as a director

The General Meeting hereby decides to renew Luc Luyten as a director, for one (1) year, expiring at the end of the Meeting held in 2015 called to approve the financial statements of the previous year, subject to the adoption of the sixth resolution pertaining to the amendment of article 13 of the articles of association, or, in the event that the sixth resolution is not adopted, for four years, expiring at the end of the Meeting held in 2018 called to approve the financial statements for the previous year.

Tenth resolution – Renewal of Michel Arnaud as a director

The General Meeting hereby decides to renew Michel Arnaud as a director, for three (3) years, expiring at the end of the Meeting held in 2017 called to approve the financial statements of the previous year, subject to the adoption of the sixth resolution pertaining to the amendment of article 13 of the articles of association, or, in the event that the sixth resolution is not adopted, for four years, expiring at the end of the Meeting held in 2018 called to approve the financial statements for the previous year.

Eleventh resolution – Renewal of Unibel as a director

The General Meeting hereby decides to renew Unibel as a director, for three (3) years, expiring at the end of the Meeting held in 2017 called to approve the financial statements of the previous year, subject to the adoption of the sixth resolution pertaining to the amendment of article 13 of the articles of association, or, in the event that the sixth resolution is not adopted, for four years, expiring at the end of the Meeting held in 2018 called to approve the financial statements for the previous year.

Twelfth resolution – Renewal of Antoine Fiévet as a director

The General Meeting hereby decides to renew Antoine Fiévet's term as a director for four (4) years, expiring at the end of the General Meeting to be held in 2018 called to approve the financial statements for the previous year.

Thirteenth resolution – Appointment of Nathalie Roos as a director

The General Meeting hereby decides to appoint Nathalie Roos, residing at 9 rue de l'Alette – 67000 Strasbourg – France as a director, in addition to the members currently in office, for four (4) years, expiring at the end of the General Meeting to be held in 2018 called to approve the financial statements for the previous year.

Nathalie Roos has stated that she accepts the duties entrusted to her, and will comply with all legal and regulatory requirements in effect, notably concerning the total number of directorships that one individual may hold.

Fourteenth resolution – Appointment of Thierry Billot as a director

The General Meeting hereby decides to appoint Thierry Billot, residing at 6 avenue Camoens – 75116 Paris – France as a director, in addition to the members currently in office, for four (4) years, expiring at the end of the General Meeting to be held in 2018 called to approve the financial statements for the previous year.

Thierry Billot has stated that he accepts the duties entrusted to him, and will comply with all legal and regulatory requirements in effect, notably concerning the total number of directorships that one individual may hold.

EXTRAORDINARY ITEMS

Fifteenth resolution – Authorization to give to the Board of Directors to cancel the shares that the Company purchased, as provided for under article L. 225-209 of the French Commercial Code

The General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, after having reviewed the Board of Directors' Report and the Statutory Auditors' Report:

1. authorizes the Board of Directors to cancel, at its sole discretion, one or more times, within the limit of 10% of share capital calculated on the day the decision to cancel is made, deducting any potential shares canceled during the 24 previous 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 starting from this Meeting, *i.e.* until May 13, 2016;
3. confers to the Board of Directors the power to carry out the transactions required for such cancellations and corresponding reductions of the share capital, and as such, to modify the Company's articles of association to accomplish any formalities required.

Sixteenth resolution – Delegation of authority to give to the Board of Directors to increase share capital by issuing shares without preferential subscription rights for members of a company savings scheme, in accordance with articles L. 3332-18 and *seq.* of the French Labor Code

The General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, after having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, deliberating in accordance with articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and L. 3332-18 and *seq.* of the French Labor Code:

1. authorizes the Board of Directors, if it deems appropriate, and at its sole discretion, to increase share capital one or more

times by issuing ordinary shares or marketable securities giving access to the Company's share capital for members of one or more company or group savings plans established by the Company and/or the French or foreign companies affiliated with it, under the conditions of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code;

2. eliminates, in favor of these persons, preferential subscription rights to shares which could be issued under this delegation;
3. grants this delegation for a period of twenty-six (26) months starting from this Meeting;
4. limits the maximum nominal amount of the increase(s) that could be carried out by using this authorization to 1% of the amount of share capital held at the time of the Board of Directors' decision to carry out this increase. Where applicable, the additional amount of ordinary shares to issue in order to preserve the rights of holders of marketable securities giving access to the Company's share capital shall be added to this amount, in accordance with law and potential applicable contractual stipulations calling for other adjustments;
5. decides that the price of new shares to be issued, in accordance with the first portion of this delegation, may not be more than 20% below, or 30% when the lock-up period defined by the plan pursuant to articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, the share's average opening prices quoted on the 20 Stock Market days prior to the Board of Directors' decision to increase share capital and issue corresponding shares, nor greater than this average;
6. decides, in accordance with the provisions of article L. 3332-21 of the French Labor Code, that the Board of Directors may allocate to the beneficiaries defined in the first paragraph above, free of charge, shares to be issued or shares already issued or other securities giving access to the Company's share capital to be issued or already issued, for (i) the contribution which could be paid pursuant to the company or group savings plan regulations and/or (ii) the discount, where applicable;
7. notes that this delegation cancels and supersedes any previous delegation with the same purpose.

The Board of Directors may or may not implement this delegation, take any measures and carry out any necessary formalities.

ORDINARY ITEMS

Seventeenth resolution – Powers for formalities

The General Meeting gives all powers to anyone who possesses an original, a copy or an excerpt of these Meeting minutes in order to carry out any filing and disclosure formalities required by law.





7

Additional information

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7.1 Person responsible for the Registration Document and 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 fair image of the assets, financial position and results of the Company and all of the companies included in its scope of consolidation, and that the Management Report included in this registration document in the chapters and sections indicated in the cross-reference tables included in chapter 7 present an accurate depiction of the development of the business, results and financial position of the Company and all of the companies included in the scope of consolidation as well as a description of the main risks and uncertainties with which it is confronted.

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 document and have read the document in its entirety.

The historical financial information presented in this document was the subject of the Statutory Auditors' Reports, which are published following this information in sections 4.5.1 and 4.5.2.

The report on the 2013 consolidated financial statements shown in section 4.5.1.2 contains one observation on the change in accounting method pertaining to the application of IAS 19 Revised "Employee benefits" as of January 1, 2013.

Paris, April 3, 2014

Chairman and Chief Executive Officer

Antoine Fiévet

7.2 Information about the Company

Corporate name and trade name

Fromageries Bel

This legal name may or may not be followed by the tag line:
La vache qui rit [The Laughing Cow].

Place of registration and registration number

RCS (Trade and Companies Registry) number: 542 088 067
Paris

NAF / APE code (French industry classification number)
1051 C – Cheese manufacturing

Date of incorporation and duration

Date of incorporation: November 16, 1922

Expiration date: December 31, 2040, unless company is dissolved early or the Extraordinary General Shareholders' Meeting decides to extend the duration

Head office, legal form and applicable legislation

Head office: 16 boulevard Malesherbes – 75008 Paris – France

Telephone: +33 1 40 07 72 50

Legal form: French corporation (*société anonyme*) with a Board of Directors

Fromageries Bel is a French corporation (*société anonyme*) governed under French law, subject to all legislation governing commercial businesses in France, and in particular, to all provisions set forth by the French Commercial Code and the provisions of its articles of association.

Corporate financial year

From January 1 to December 31 each year.

Corporate purpose

(Excerpt from the articles of association – article 2)

The company's object, in all countries, is:

- The trade, manufacture and transformation of all dairy products, their derivatives and their components.

- The construction, acquisition, sale, leasing, transformation and appropriation of all buildings and premises required for the company's operation.
- The study, creation, registration, purchase, hire, use or representation of all patents, manufacturing processes or marks.
- The acquisition of holdings in all companies having for object the manufacture and marketing of all chemical products.

More generally, all industrial, commercial or financial operations, involving both real and intangible property, which may relate directly or indirectly to the corporate purpose or likely to promote its development, such as for example, the dissemination or sale of objects of an advertising nature or intended to promote sales.

And all of the aforementioned, in all ways, direct or indirect, in accordance with the methods which will seem appropriate, without any restriction both as an intermediary and by intervention and, in particular, by the study and the creation of new companies or by acquiring interests in any existing companies, 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 companies or absorbing them.

Conditions on fixing and allocation of profit

(Excerpt from the articles of association – article 26)

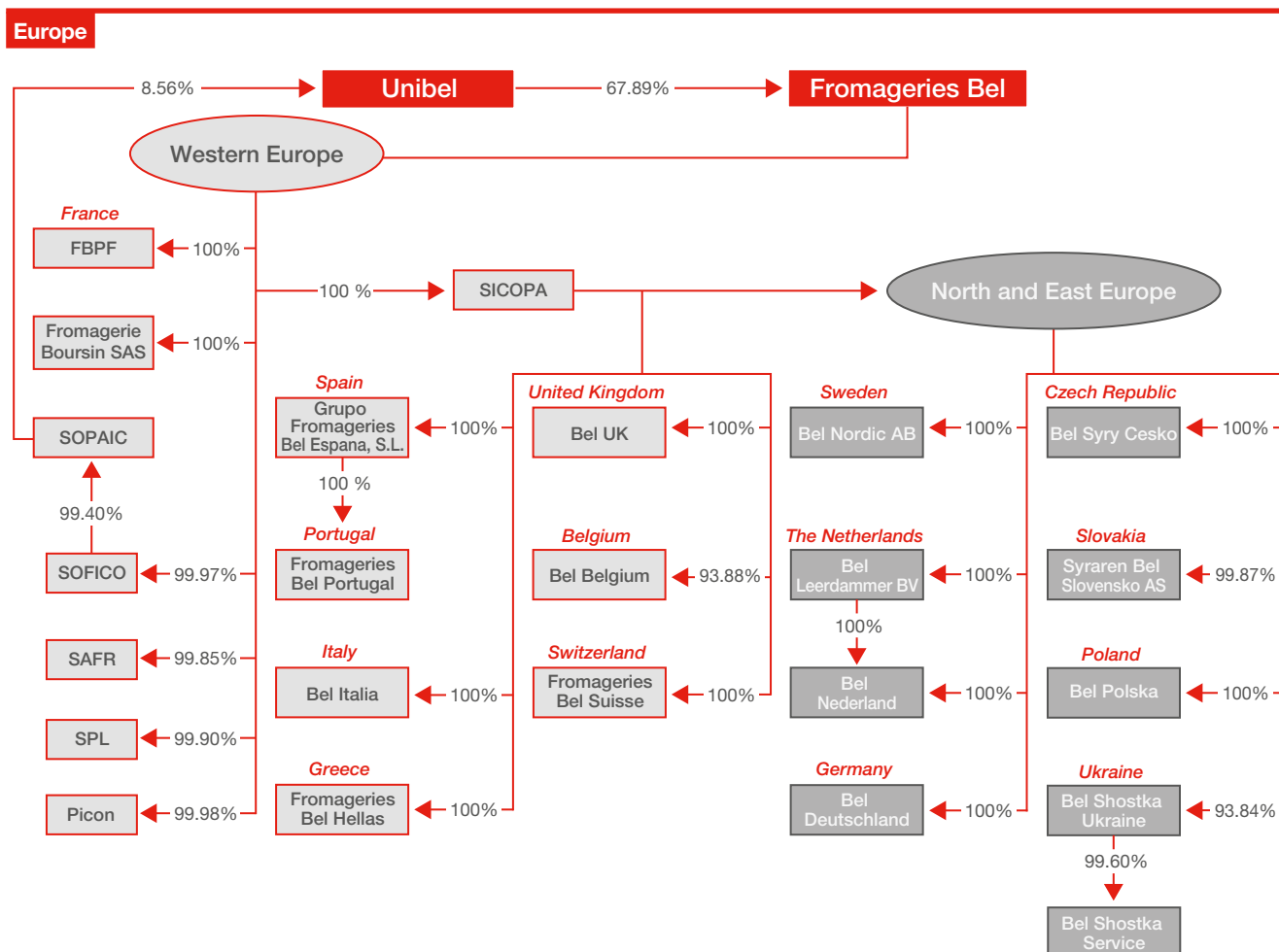
If the distributable profits determined in accordance with the law and noted by the annual ordinary General Shareholders' Meeting after approval of the accounts are sufficient, the General Shareholders' Meeting may decide to assign them to one or several reserve accounts whose allocation or use it controls, to carry them over or to distribute them to the shareholders as dividends.

The annual General Shareholders' Meeting has the ability to grant to each shareholder, for all or part of the dividends paid or interim dividends, an option between payment in cash and/or in shares.

The meeting may, in addition, collect all sums in the reserve funds at its disposal for their distribution to shareholders, on condition that the accounts from which the debits thus made are stated. However, dividends are made as a priority using the distributable profits of the financial year.

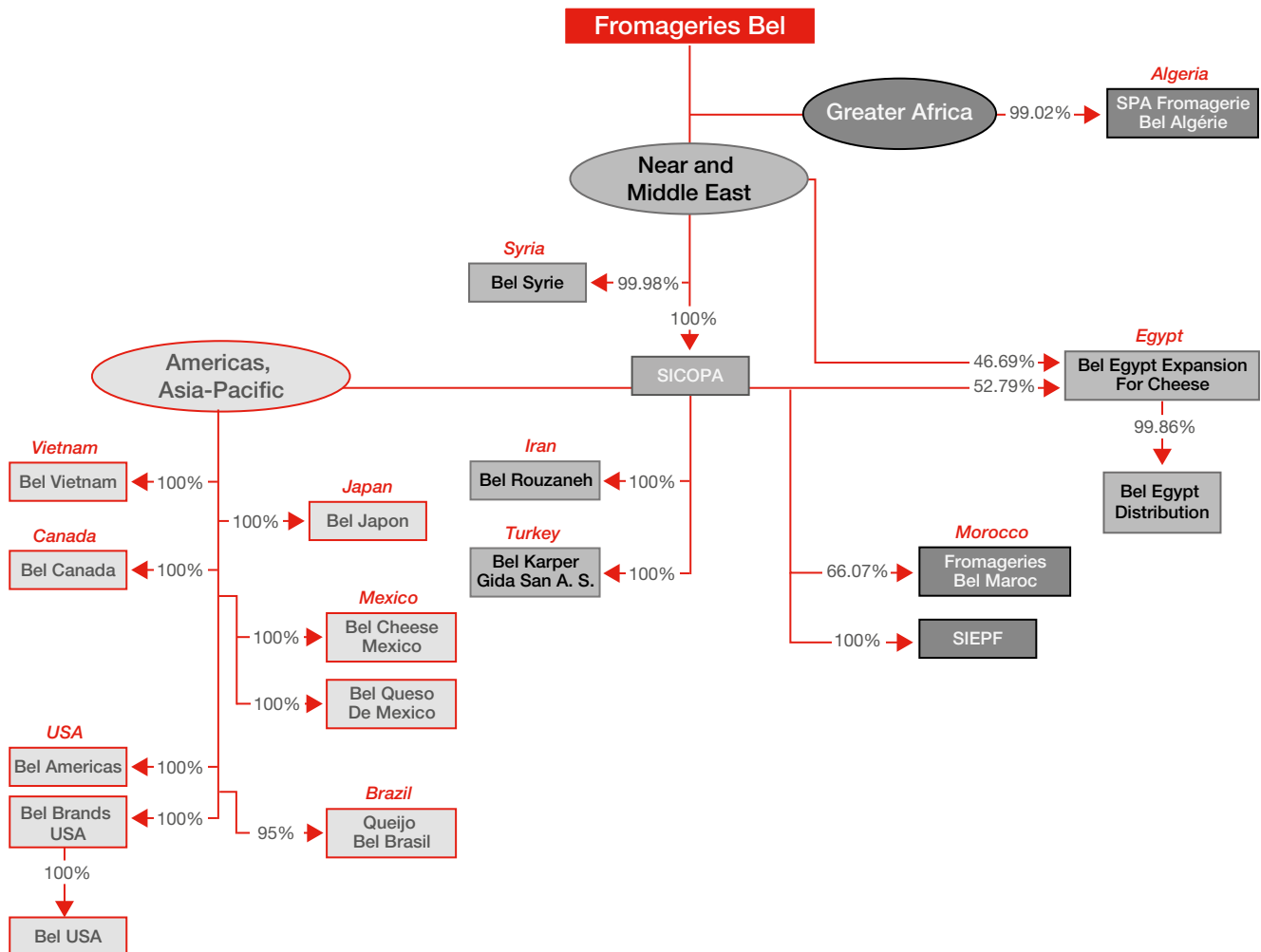
Except in the case of a reduction of capital, no distribution may be made to the shareholders where the equity is, or would become, as a result of the latter, less than the amount of the share capital plus the reserves that the law does not allow to be distributed.

7.3 Information on subsidiaries and interests



NB: only consolidated companies and interests of over 2% are represented. The percentages of the Group's total controlling interests in each subsidiary are listed in Note 11 of the Notes to the consolidated financial statements published in section 4.5.1.

Rest of the world



7.4 Material contracts

Contracts concluded by the Company and its subsidiaries in the normal course of business are not presented below.

The Group has committed to acquiring interests held by third parties, shareholders in certain consolidated companies, if they wish to exercise their option to sell. The exercise price of these

options is generally dependent upon the profitability and financial position of the entity concerned on the date the option is exercised.

Please refer to Note 4.17 of the notes to the consolidated financial statements, which are presented in section 4.5.1 of this registration document concerning the amount of commitments recognized as of December 31, 2013.

7.5 Publicly available documents

Information on the Group is available on the corporate website www.groupe.bel.com, under the Finance heading.

The articles of association, General Meeting minutes, Statutory Auditors' Reports as well as other corporate documents can be

consulted at the Company's head office with the Secretariat of the Board of Directors, located at 16 boulevard Malesherbes – 75008 Paris – France.

7.6 Cross-reference tables

7.6.1 Cross-reference table with Appendix 1 of European Regulation 809/2004

This cross-reference table lists the headings of Appendix 1 of European Regulation number 809/2004 and corresponds to the sections of the registration document, which mentions the corresponding information.

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2	Statutory Auditors	4.5.3
2.1	Name and Address	4.5.3
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6.2	Primary markets	1.3
6.3	Exceptional events	1.3
6.4	Dependency	1.6.1
6.5	Competitive position	1.1.7
7	Organizational chart	7.3
7.1	Brief description of the Group	1.1
7.2	List of main subsidiaries	4.5.1 Note 11
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	2.4
9	Review of the financial position and results	4.3
9.1	Financial position	4.3.1
9.2	Operating income	4.3.2
9.2.1	Important factors	4.3.3
9.2.2	Significant changes in sales or net proceeds	4.3.2
9.2.3	External influences	4.3.3

	Chapters or sections of the registration document
10 Cash and share capital	4.4
10.1 Information on share capital	4.4.1
10.2 Cash flow	4.4.2
10.3 Borrowing conditions and funding structure	4.4.3
10.4 Restriction of the use of share capital	4.4.4
10.5 Expected sources of financing	4.4.5
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	Not applicable
13.1 Main assumptions	Not applicable
13.2 Statutory Auditors' Report	Not applicable
14 Administrative, Management and Executive Management bodies	3
14.1 Information concerning corporate officers	3.1.2
14.2 Conflicts of interest at the administrative, management and executive management level	3.1.3
15 Compensation and benefits	3.2
15.1 Compensation paid	3.2.1 and 3.2.2
15.2 Provision for retirement or others	3.2.3
16 Functioning of the administrative and management bodies	3
16.1 Expiration date of terms of office	3.1.2 and 3.1.4
16.2 Service contracts linking members of the administrative and management bodies	3.1.3
16.3 Information on Committees	3.1.4.2
16.4 Compliance with the corporate governance regime in effect	3.1.1
17 Employees	2.7
17.1 Number of employees	2.7.1
17.2 Shareholding and stock options	3.2.2 and 5.2.3
17.3 Employee shareholding agreement	5.2.3
18 Main shareholders	5.1
18.1 Company shareholding	5.1.1
18.2 Voting Rights	5.1.4
18.3 Control of the Company	5.1.2
18.4 Change in control	5.1.2
19 Related-party transactions	3.5
20 Financial information concerning the assets, financial position and results of the Company	4
20.1 Historical financial information	4.1
20.2 Pro forma financial information	4.2
20.3 Financial statements (annual and consolidated financial statements)	4.5
20.4 Audits of historical annual information	4.6.1
20.5 Date of last financial information	4.7
20.6 Interim financial information and other	4.8
20.7 Dividend distribution policy	4.9
20.8 Legal proceedings and arbitration	4.10
20.9 Significant change in the financial or commercial position	4.11
21 Additional information	
21.1 Share capital	5.1.3 and 5.2.4
21.2 Articles of incorporation and articles of association	3.1.2, 5.1.3, 5.1.4 and 7.2

		Chapters or sections of the registration document
22	Material contracts	7.4
23	Information from third parties, expert certifications	Not applicable
23.1	Identity	N/A
23.2	Declaration	N/A
24	Publicly available documents	7.5
25	Information on shareholdings	7.3

7.6.2 Cross-reference table with the Annual Financial Report

In order to make it easier to read this report, the below cross-reference table 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 222-3 of the French Financial Market Authority's General Regulations.

ANNUAL FINANCIAL REPORT	Chapters or sections of the registration document
1. Annual financial statements	4.5.2
2. Consolidated financial statements	4.5.1
3. Management Report (within the meaning of the French Monetary and Financial Code)	
3.1 Information contained in article L. 225-100 and 225-100-2 of the French Commercial Code	
• Analysis of the development of the business	1.3
• Analysis of the results	4.3.2
• Analysis of the financial position	4.3.1
• Social indicators	2.7
• Main risks and uncertainties	1.6
• Summary table of delegations in progress pertaining to capital increases	5.1.3
3.2. Information contained in article L. 225-100-3 of the French Commercial Code	
• Factors liable to have an impact in the event of a public offer	5
3.3. Information contained in article L. 225-211 of the French Commercial Code	
• Company share buybacks	5.2.4
4. Declaration of the individuals who assume responsibility for the Annual Financial Report	7.1
5. Statutory Auditors' Reports on the annual and consolidated financial statements	4.5.2.2 and 4.5.1.2
OTHER DOCUMENTS INCLUDED IN THE REGISTRATION DOCUMENT:	
6. Communication relating to Statutory Auditors' fees	4.5.3
7. Chairman's Report on the conditions under which the work of the Board and internal control procedures have been prepared	
• Composition of the Board	3.1.2 and 3.1.3
• Corporate Governance	3.1
• Internal control procedures and risk management	3.3
• Participation in General Meetings	5.1.3
• Compensation policy for corporate officers	3.2
• Factors liable to have an impact in the event of a public offer	5
8. Statutory Auditor's Report on the Chairman's Report	3.4
9. Description of the share buyback program	5.2.4

7.6.3 Cross-reference table with the Board's Management Report to the Annual General Meeting

This appendix refers readers to the sections and chapters of the registration document that make up the elements of the Board's Management Report to the Meeting as required by articles L. 225-100 and *seq.*, L. 232-1, R. 225-102 and *seq.* of the French Commercial Code.

Management Report of the parent company	Chapters or sections of the registration document
Situation and business activities of the Company during the year	1.1 and 1.3
Analysis of the change in business, results and financial position	1.1.4.3 and 4.5.2
Progress made and difficulties encountered	1.3
Non-financial performance indicators	2
Foreseeable changes in the situation and outlook	1.2 and 1.4
Significant post-balance sheet events	4.5.2 Note 2
Research and Development activities	1.1.4 and 4.6.2
Business activities of the subsidiaries	1.3
Significant equity investments or controlling interests	4.5.1 Note 1.6
Notice of holding more than 10% of the share capital in another company by shares	7.3
Items of calculation and result of potential adjustments for securities giving access to share capital in the event of a transaction with preferential subscription rights, free share awards, distribution of reserves or issue premiums, change in profit sharing or capital depreciation	Not applicable
Items of calculation and result of potential adjustments of the basis for exercising stock options or marketable securities giving access to share capital in the event that the Company buys treasury shares at a higher price than that quoted on the Stock Exchange	Not applicable
Injunctions or financial penalties for anti-competitive practices	Not applicable
Information on payment terms for the Company's accounts payable and accounts receivable	4.6.2
Terms of office and positions held by each corporate officer	3.1.2
Information on the use of financial instruments	4.5.1 Note 4.18
Description of the main risks and uncertainties	1.6
Exposure to price, credit, liquidity and cash flow risks	1.6.4 and 4.5.1 Note 4.18
Information pertaining to the breakdown of share capital	5.1
Self-monitoring	5.1
Employee shareholding on the last day of the financial year	5.2.3
A summary statement of transactions carried out by managers on the Company's securities	5.2.2
Table and report on delegations pertaining to capital increases	5.1.3
Information defined in article L. 225-211 of the French Commercial Code in the event that transactions are carried out by the Company on its own shares	5.2.4
Information set forth in article L. 224-100-3 of the French Commercial Code liable to have an impact in the event of a public offer	5
Non-tax deductible expenses	4.6.2
Amount of dividends distributed during the last three years	4.9
Compensation and benefits of any kind of each corporate officer	3.2
Exercise and lock-up conditions of options by executive corporate officers	Not applicable
Lock-up conditions for the free shares granted to executive corporate officers	3.2.3
Table of results over the last five years	4.5.2.1

It also refers to the sections containing the items in the Group's Management Report as provided for by articles L. 233-26 and L. 225-100-2 of the French Commercial Code.

GROUP MANAGEMENT REPORT	Chapters or sections of the registration document
Situation and business activities during the year	1.1 and 1.3
Foreseeable changes in the situation and outlook	1.2 and 1.4
Significant events that occurred after year-end	4.5.1 Note 10
Research and Development activities	1.1.4 and 4.6.2
Information on the use of financial instruments	4.5.1 Note 4.18
Analysis of the change in business, results and financial position	1.1 and 4.3
Description of the main risks and uncertainties	1.6

7.6.4 Cross-reference table of social, environmental and societal information

Chapter 2 fulfills the requirements of the implementing decree of article 225 of the “Grenelle II” Act dated July 10, 2010 (articles L. 225-102, R. 225-105-1, R. 225-105-2 of the French Commercial Code) and contains information from the GRI Sustainable Development Guidelines.

The table below indicates the location of the information in chapter 2.

		GRI G4⁽¹⁾	The Bel Group CSR Report
SOCIAL INFORMATION			
a) Employment	Total workforce	G4-9	2.7.1 Bel employees: key figures
	Breakdown of employees by gender, age, and geographical region	G4-10 LA1 LA12	2.7.1 Bel employees: key figures
	Hires and dismissals	LA1	2.7.1 Bel employees: key figures
	Compensation and salary increases	G4-52	2.7.7 Share success 2.1.2.3 Sharing created value ⁽²⁾
b) Organization of work	Organization of working hours	G4-10	2.7.1 Bel employees: key figures (rate of job insecurity and absenteeism) 2.7.4 Enjoy our workplace
	Absenteeism	LA6	2.7.4 Enjoy our workplace – Absenteeism due to illness ⁽³⁾
c) Labor-management relations	Organization of social dialogue: rules and procedures regarding information, consultation and negotiation with personnel		2.7.5 Empower everyone – social dialogue
	Overview of collective agreements		2.7.5 Empower everyone – list of 2013 collective agreements
d) Health and safety	Health and safety conditions	LA2	2.7.3 Ensuring everyone's health and safety 2.7.4 Enjoy our workplace – Employee benefits
	Report on the agreements signed with trade unions or staff representatives regarding health and safety at work	LA8	2.7.5 Empower everyone – list of 2013 collective agreements
	The frequency rate and severity rate of work accidents and accounting for occupational illnesses	LA6 LA7	2.7.3 Ensuring everyone's health and safety
e) Training	Training policies implemented	LA10 LA11	2.7.6 Grow Further – Training 2.7.5 Empower everyone – Performance assessment
	Total number of training hours	LA9	2.7.6 Grow Further – Training

		GRI G4 ⁽¹⁾	The Bel Group CSR Report
f) Equal treatment	Measures favoring gender equality	LA12 LA13	2.7.6 Grow Further – Equal opportunities
	Measures favoring the employment and integration of disabled people	LA12	2.7.6 Grow Further – Equal opportunities
	The anti-discrimination policy	LA12	2.7.6 Grow Further – Equal opportunities
g) Promotion of and compliance with the ILO fundamental conventions	Respect for the freedom of association and the right to collectively		2.1.3.2 Respecting human rights 2.7.5 Empower everyone – social dialogue
	Elimination of employment discrimination and discrimination at elimination of forced and compulsory labor		2.1.3.2 Respecting human rights 2.7.6 Grow Further – Equal opportunities
	Elimination of forced labor and compulsory labor		2.1.3.2 Respecting human rights 2.3.2 Sustainable purchasing policy
	Effective abolition of child labor		2.1.3.2 Respecting human rights 2.1.3 Bel's principles of Corporate Social Responsibility 2.3.2 Sustainable purchasing policy
ENVIRONMENTAL INFORMATION			
a) General environmental policy	Organization of the Company to deal with environmental issues and environmental assessment or certification measures	G4-DMA	2.4.1 Environmental policy
	Training and informing employees on environmental protection		2.2.3 Mobilizing all of the Group's employees
	Resources devoted to preventing environmental risks and pollution	EN31	2.4.1 Environmental policy – Amount invested for environmental protection
	Amount of provisions and guarantees for environmental risks	EN29	2.4.1 Environmental policy – Amount invested for environmental protection
b) Pollution and waste management	Measures to prevent, reduce or redress emissions into the air, water and soil that are adversely affecting the environment	EN21 EN22 EN24	2.4.5 Reducing waste, emissions and managing environmental nuisances and risks
	Measures to prevent, recycle and eliminate waste	EN23 EN24 EN25 EN27	2.4.5 Reducing waste, emissions and managing environmental nuisances and risks 2.5.3 Developing more responsible packaging
	Dealing with noise pollution and any other form of pollution specific to an activity	SO2	2.4.5 Reducing waste, emissions and managing environmental nuisances and risks – Noise pollution
c) Sustainable use of resources	Water consumption and water supply according to local constraints	EN8	2.4.2.2 Water
	Raw material consumption and measures to improve their efficiency in use	EN1 EN2	2.4.2.1 Dairy raw materials 2.5.3 Developing more responsible packaging
	Energy consumption and measures taken to improve energy efficiency and use of renewable energies	EN3 EN5 EN6	2.4.2.3 Energy
	Land use	-	NA ⁽⁴⁾

		GRI G4 ⁽¹⁾	The Bel Group CSR Report
d) Climate change	Greenhouse gas (GHG) emissions	EN15 EN16 EN18 EN19 EN30	2.4.3 Reducing the Bel Group's greenhouse gas emissions
	Adapting to the effects of climate change	EC2	2.4.3 Reducing the Bel Group's greenhouse gas emissions – Adapting to the effects of climate change
e) Protection of biodiversity	Measures taken to safeguard or develop biodiversity	EN11 EN12	2.4.4 Taking into consideration respect for biodiversity
INFORMATION ON SOCIETAL COMMITMENTS IN FAVOR OF SUSTAINABLE DEVELOPMENT			
a) Territorial, economic and social impact of the Company's business	Regarding employment and regional development	EC1 EC8	2.1.2.3 Sharing the value created from the Bel Group's business model 2.3.3.1 Economic and social impact of the Group's activities in the 33 countries where it operates
	On neighboring or local populations	EC8	2.3.3.1 Economic and social impact of the Group's activities in the 33 countries where it operates
b) Dealings with people or organizations benefiting from the Company's activity	The conditions for dialogue with stakeholders	G4-24 G4-25 G4-26 G4-27	2.2.4 Relationships with the Group's stakeholders
	Partnership or philanthropic actions	G3-FP2	2.3.3.2 Philanthropic actions: The Bel Foundation 2.3.3.3 Other philanthropic projects led by Bel and its various entities 2.6.3 Involving the brands in actions of good citizenship and solidarity
c) Subcontracting and suppliers	Factoring social and environmental challenges into the purchasing policy	LA14 LA15 EN33 HR10	2.3.1 Encouraging more sustainable dairy production 2.3.2 Sustainable purchasing policy
	The significance of subcontracting and social and environmental responsibility in dealings with suppliers and subcontractors	LA14 LA15 G4-12 EN32 EN33 HR10 SO9 SO10	2.3.2 Sustainable purchasing policy
d) Fair operating practices	Actions to prevent corruption	G4-56 G4-57 G4-58 SO3 SO4	2.1.3 Bel's principles of Corporate Social Responsibility
	Measures to protect consumer health and safety	PR1 G3-FP5 PR3 G3-FP8 EN27	2.5.1 Ensuring product quality, safety and traceability 2.5.2 Improving the nutritional quality of products 2.6.1 Making information more accessible for consumers 2.6.2 Developing responsible advertising and promotional campaigns
	Other actions in favor of human rights	HR10 G3-FP2	2.5.4 Innovating to make the Group's products more accessible

Additional explanations:

(1) Handled entirely or partially.

(2) The Group considers that the average salary per employee indicator is not representative of its salary policy. In fact, fluctuations may be the sole result of a geographic movement in employees.

(3) The Group chose to monitor absenteeism due to illness as a performance indicator of the People First policy. In fact, it wants to ensure that working conditions do not become a factor of absenteeism. It considers an illness absenteeism rate of 2.5% as a warning threshold not to cross.

(4) Land use has not been identified as a relevant subject for the Group, insofar as the amount used by its plants is very limited in scope.

Other GRI indicators: general information

GRI G4 ^(a)	The Bel Group CSR Report
Strategy and analysis: G4-1, G4-2	2.1.1 Trends and challenges for Bel
Profile of the organization G4-3, G4-4, (G5-5), G4-6, G4-7, G4-8, G4-9, G4-10, (G4-12), G4-15	2.2.2 The Group's guidelines 2.3 Partnerships and society
Relevant aspects and scopes identified: G4-17, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23	2.9 Note on methodology 2.1.2.1 The five pillars of the Bel Group's CSR program
Report profile: G4-28, G4-29, G4-30, (G4-31)	2.9 Note on methodology
Governance G4-33, G4-34, G4-35, G4-36, G4-39	2.2.1 Governance of the Bel Group

(a) Handled entirely or partially.



Sharing smiles

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