

Registration Document

including the Annual Financial Report

2014

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

SIREN No. 542 088 067 – Paris Trade and Companies Register

Registration Document 2014

including the Annual Financial Report



The original French version of this translated Registration Document was filed with the *Autorité des marchés financiers* (AMF) on April 2, 2015, in accordance with article 212-13 of the AMF General Regulations. It may be used in support of a financial transaction provided that it is accompanied by an Information Memorandum approved by the *Autorité des marchés financiers*. This Registration Document 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 General Regulations, including:

- the Annual Financial Report issued pursuant to article L. 451-1-2-1 I and II of the French Monetary and Financial Code;
- Fromageries Bel's Management Report approved by the Board of Directors pursuant to articles L. 225-100 *et seq.* and articles L. 225-102-1 *et seq.* of the French Commercial Code (according to the "Grenelle II" law 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 No. 804/2004) and those of the Financial Report provided for in article L. 451-1-2 of the French Monetary and Financial Code as well as those of the Management Report provided for in articles L. 225-100 *et seq.* and articles L. 225-102-1 *et seq.* of the French Commercial Code (according to the "Grenelle II" law 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.





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

MORE THAN
400,000
METRIC TONS
OF CHEESE PRODUCED



1.7
BILLION
LITERS OF MILK
COLLECTED

5 CORE BRANDS
THAT ACCOUNT FOR MORE THAN **70%**
OF REVENUE



4 BRANDS
(The Laughing Cow®,
Kiri®, Leerdammer®,
Mini Babybel®) ranked
among **THE TOP 20**
CHEESE BRANDS
IN THE WORLD*



414
SUPPLIERS
(excluding the
purchase of milk)
assessed since 2011
on their environmental
performance

AND MORE THAN **25**
INTERNATIONAL AND LOCAL BRANDS



NEARLY
11,000 EMPLOYEES



15 OF THE **28**
PRODUCTION SITES**
CERTIFIED ISO 14001

85%
OF PRODUCTS
MANUFACTURED
AT SITES CERTIFIED
according to Global
Food Safety Initiative
standards***

27



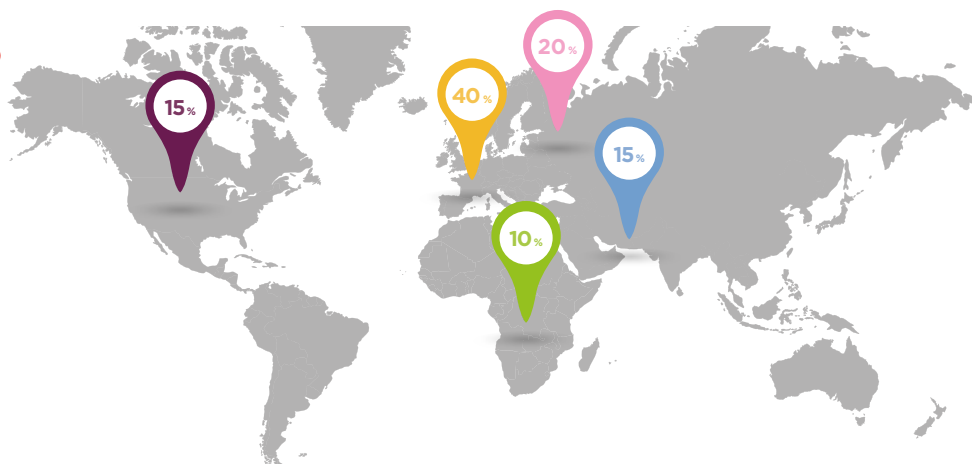
**PROJECTS HELPING
CHILDREN SUPPORTED**
by the Bel Foundation in 2014

* 2013 Zénith International study. ** In operation. *** Food quality and safety standards.

Breakdown of revenue (in millions of euros)

Of which more than **58%**
generated from the sale
of cheese in individual
portions

More than **17** BILLION
cheese portions sold
in **130** COUNTRIES



33 countries
in which the Group
operates

Western
Europe
M€ **1,122**

North
East Europe
M€ **552**

Americas,
Asia-Pacific
M€ **419**

Near and
Middle East
M€ **402**

Greater
Africa
M€ **288**

Selected financial information ^(a)

(in millions of euros)	2014	2013	% change
SALES	2,783	2,720	2.3%
Gross margin	809	822	-1.6%
Gross margin (as a % of sales)	29.1%	30.2%	
OPERATING INCOME	199	234	-15.0%
Of which: current operating income ^(b)	214	241	-10.9%
other non-recurring income and expense	(15)	(6)	
OPERATING MARGIN (as a % of sales)	7.2%	8.6%	
NET PROFIT	128	131	-2.9%
Of which: Group share	123	126	-2.3%
minority interests	5	5	
diluted per share (in euros)	18.07	18.44	-2.0%

(in millions of euros)	2014	2013	% change
TOTAL CAPITAL INVESTED	1,366	1,266	7.9%
Of which: equity, Group share	1,285	1,198	7.3%
minority interests	14	14	0.0%
net financial debt	67	54	24.1%

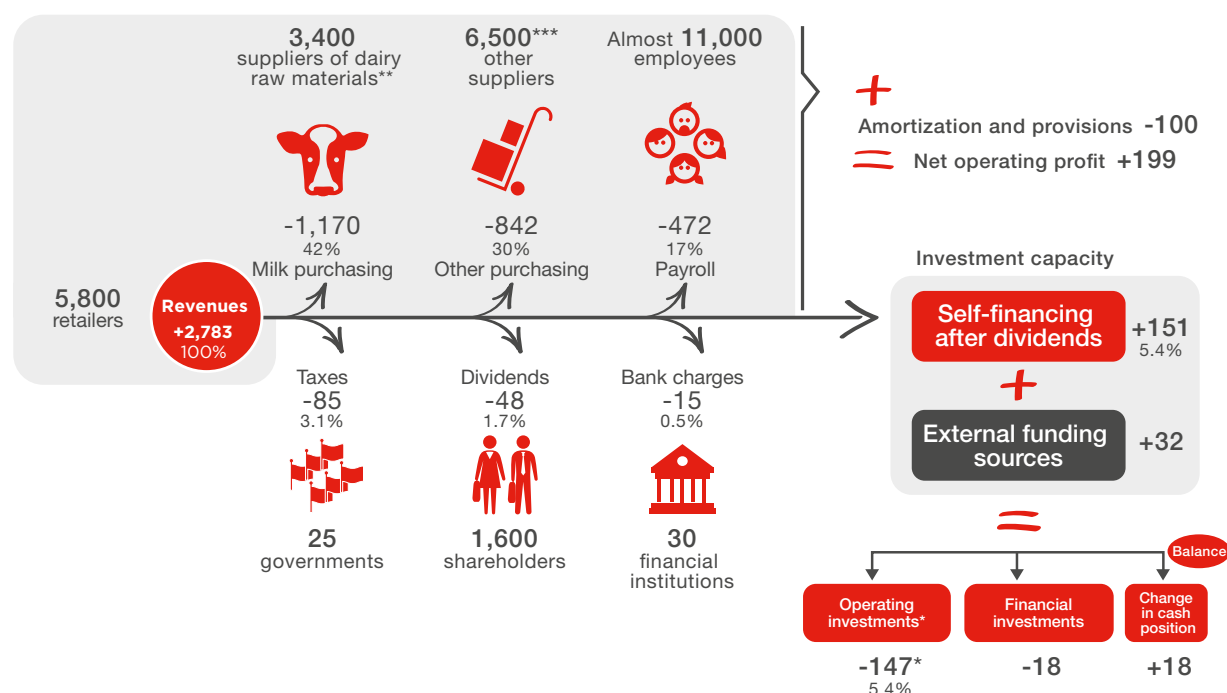
Cash flow	2014	2013	% change
From operating activities	180	234	-23.1%
From investing activities	(117)	(145)	-19.3%
From financing activities	(45)	(32)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18	57	

(a) Complete financial and accounting information, along with detailed financial statements are presented in chapter 4.

(b) Income from ordinary activities in 2013.

Sharing the value created

In 2014, the value created by Fromageries Bel's employees was shared as follows (in millions of euros):



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

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

*** With annual sales above €10,000. 1.1 Presentation of the Group.

1.1 Presentation of the Group

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

The Bel Group's mission is sharing 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 everyone. 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 almost 130 countries.

Bel Group signed the United Nations' Global Compact in 2003, the first step in promoting corporate social responsibility (CSR).

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.

In 2014, the Group reasserted its values to ensure that they were a true reflection of Bel's history, ambitions and commitments. The three values – Dare – Care – Commit – guide employees in their daily activities and bring the team together around common working methods and a common culture.

Bel is a demanding, performance-focused company which puts its trust in its teams, values them and encourages the entrepreneurial spirit of its employees.

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 "Fromageries Bel".

More than just a cheese brand

In 1921, he trademarks "The Laughing Cow" brand, a totally new product in France 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.

Cheese maker 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 consumers' food and "cultural" universe.

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 ahead of 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.

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, the Near and Middle East and Asia-Pacific.

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 2014, Bel inaugurated the new Mini Babybel production plant in the United States, the brand's leading global market, to support its US growth. Bel now operates in 33 countries and has 28 production sites;
- 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.

2015

Bel Group will gather its Parisian teams in Suresnes and transfer its head office to a single site designed to accompany the Group in its development.

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 individual 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.

The Bel Group, with a portfolio of over 25 international and local brands sold in almost 130 countries, is adapted to meet the wide array of eating habits found around the world.

The commitment of its almost 11,000 employees, located in around 30 countries and at 28 production sites, contributes to the Group's growth which combines long-term vision, sustainable performance and international growth.

1.1.4 Strategy

The Group's sustainable growth strategy is based on the development of its core brands, innovation and team commitment: three drivers that have placed Bel in the number three position for branded cheese worldwide (*Source: 2013 Zénith International study*).

Expanding the geographical reach of core brands

Bel's five core brands are at the heart of the Group's growth model. They are each in their own way drivers of values that are always in perfect harmony with the consumers' expectations in terms of food: products which combine healthy indulgence and fun, with a touch of cheekiness.

The strength of these brands, along with their original product shapes, continues to offer substantial geographical growth prospects for the future.

This growth will focus on two approaches:

- rolling out brands in territories where Bel is already present with other brands;
- expansion into new markets.

The rolling out of brands in markets where Bel is already present may require innovative solutions in terms of production processes, recipes and packaging, on which the Group is already working.

The Bel Group continues to maintain and develop its fundamentals in all geographical regions:

- 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.

Expanding into new territories is based on a structured process of understanding market appeal and the Group's ability to establish itself quickly and strongly. Bel therefore carefully prioritizes opportunities in the regions in which it operates. A significant amount of resources will therefore be allocated to future growth drivers.

The creation in 2015 of an independent Asia-Pacific region alongside the Group's other five geographical regions is part of this initiative.

Finally, winning new consumers implies a more active approach to making the Group's products accessible to a greater number of customers.

Innovation

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

This spirit is in the Bel Group's genes. The Group encourages the empowerment of its teams at all levels, and encourages anticipation, creativity, experimentation, calculated risk taking and entrepreneurship.

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 state of mind.

Innovation generated within the Bel Group is multifaceted:

- **facilitating existing product ranges:** regular product launches broaden the Group's consumer offering and complement existing occasions and usages to better meet consumers' needs with, for example, the new flavors developed by the Leerdammer, Boursin and Apéricube brands;
- **renovating products:** changes in packaging to improve practicality and reduce the impact on the environment, and in recipes to improve the nutritional profiles of products and offer a better consumer experience, help the Group maintain consumer preference;

- **broadening the range of brands:** the Bel Group is present in three cheese growth segments, *spread – snack – slice*. The development of new products to create new usages and new occasions for consuming and enhancing Bel's offering in these segments is a priority.

In 2014, the Group confirmed the key role played by innovation in accompanying growth by appointing the Vice-President Research and Innovation to the Executive Committee. Management also adapted its organization to the challenges it faces and accelerated the implementation of its strategy. Activities are mainly steered by three entities:

- marketing, which is committed to understanding the fundamental needs of consumers and customers, usages and occasions to consume in each category, as well as to anticipating their evolution on the Group's main markets. Excellence in the field of understanding current and future expectations according to lifestyle is key to success and relies on the use of innovative tools to identify trends that will have an impact on eating habits and consumers' needs. The careful observation of consumer behavior in real life situations at key moments of the day, week or year; continuous monitoring of their discussions and view points on social media; sociology; as well as detailed studies of expectations and sensory assessments of products also contribute to this expertise;
- the Research and Innovation entity has extensive technical expertise in cheese-making technologies and basic and applied science (food engineering, microbiology, physicochemistry, etc.). This entity develops new technologies, recipes and packaging, thus creating technological barriers as well as providing us with sustainable competitive advantages for our core brands. Local brands will also benefit from carefully-managed progress in new technologies, recipes and packaging developed for the core brands. Over 100 research engineers and technicians work in three R&I centers;
- industrial teams create the conditions necessary to achieve innovation at all production sites worldwide. In addition to the innovative measures that are visible to the consumer are those which affect the manufacturing technologies and which allow the Bel Group to remain a step ahead of competitors.

The Group also works in partnership with universities, specialized public research bodies and selected suppliers.

Bel invests close to 1% of its revenue in its global research and development activities.

Employees' commitment

As a family company, Bel focuses on well-managed and sustainable growth, backed by its 11,000 employees worldwide. Their 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 priorities aimed at ensuring the development of the Company and its teams: Enjoy our workplace – Empower everyone – Grow further – Share success.

The three values of Dare – Care – Commit represent the unique nature of Bel. For each employee, these values represent a common set of principles to which to refer:

- Dare is needed to guarantee Group leadership and allow all employees to act and make decisions in a complex and uncertain world. The flexibility of organization and the enthusiasm of teams encourage challenging accepted practices and promote creativity. Bel's audacity therefore fuels innovation and performance in all its business lines;

- Commit is reflected in both individual and collective responsibility for operational excellence, but also in the integration of the expectations of all stakeholders: employees, consumers, partners, institutions, customers and suppliers. The Group helps achieve its goals by developing skills, insisting on quality and respecting the environment;
- Care is a mindset that governs relationships both within and outside the Company and is reflected in its "Sharing smiles" corporate signature. The Group is a strong believer in the strength of close relationships, which are simple, demanding, but fair and nourish confidence and respect to help it grow, encourage action and enable success. Just like its brand image, Bel believes in the impact of optimism and enthusiasm, positive transforming factors within the Company.

Harmonizing human resources policies and sharing a common approach to the management of the performance and development of talents within all Group entities also encourage employee commitment worldwide.

1.1.5 Group business sphere players

Customers, Retailers

The Bel Group aims to achieve optimal circulation, presence and visibility of its products *via* all available local distribution networks in all of the countries in which it is present. The marketing strategy is adapted to each country and to each network in order to efficiently meet the needs of each market and to adapt to the market position of competitors. This strategy also includes major coordination among the various countries and takes into account the international scale of the largest global distributors.

In Europe and North America, the distribution system is centered on major retailers, composed of companies belonging to retail groups, wholesalers and even, for Europe, independent entrepreneurs.

Major retailers have central purchasing bodies with which Bel negotiates agreements to sell its products. These agreements are negotiated according to local regulations in force and are generally reviewed annually. With this model, the degree of retail contribution varies by market. This model also exists, but to a lesser extent, in emerging markets.

In emerging markets, the Group signs agreements with retailers and/or importers which buy the products to sell them in conventional distribution channels (wholesalers, grocers, resale by portion, etc.). These agreements also include retail support provisions which are adapted to the local channels. In general, the Group signs long-term partnership framework agreements that are subject to annual target reviews.

In all cases, beyond the approved agreements, the ability to pass on changes in raw material prices is dependent on economic conditions and, for certain markets, on political and regulatory conditions. In certain countries, price increases are therefore subject to approval by the authorities.

Retail business in a certain region may be developed *via* the Group's subsidiaries or through importers or retailers with whom Bel has built up relationships of trust over the years. The subsidiaries are run and coordinated by the regional department.

Specific entities dedicated to managing, training and monitoring Bel's importers and/or retailers enable the Group, even when it does not have a subsidiary in a country, to closely follow the market in terms of both marketing and sales trends and ensure close contact with its retailers.

Bel's products are also distributed to the communities, restaurants, service stations and consumption sites served by wholesalers specialized in the Food Service channel. These customers are managed by a specific sales set up, which has acquired know-how over the years enabling the Group's brands to be highly present outside the home.

E-commerce, including in particular the retail websites of retail customers, also represents a major retail channel for the Group's brands, where they are becoming increasingly present.

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 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, the United States, Portugal, Slovakia, Ukraine, etc.). Processed cheeses are mainly made from cheese, butter and milk powder. In terms of fresh milk supply, the size of the collection regions are adapted to strict needs and is determined near the production sites.

For the milk powder, cheese and butter used in processed cheeses, supplies come from within the European Union under the terms of the Common Agriculture Policy for European plants, from US suppliers for US plants and are sourced globally for other regions;

- 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.

For packaging, the Group has launched a risk management policy through the implementation of contingency plans;

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

Over the past three years, the Group has applied a policy aimed at securing a large share (around half) of its supplies and access to the volumes required by its business through annual and multi-year framework agreements with a limited number of strategic suppliers.

Consumers

The Bel Group's brands entice millions of consumers worldwide each year. Bel must create products that meet the needs of this key stakeholder, in terms of pleasure, safety, health and accessibility.

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

(For further information, see paragraph 2.5 "Portions" and paragraph 2.6 "Trust in our brands").

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 technologies for which the Bel Group owns industrial property titles in numerous countries.

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

- in niche markets, the Group aims for a leadership position in the segments in which it operates, which in general represents a small share of the cheese market. These include markets in Western Europe, North East Europe and North America;
- in mass markets, where the offering is more concentrated, the segments in which the Group operates represent that core market. Bel has, or aims for, a leadership position with its brands in these segments, and as a result the position of market leader. These include African and Middle Eastern markets.

In addition to the traditional players (the "cheese" division of major international agri-food groups, international milk specialists and major milk co-operatives), new, and often regional, players are entering the market and hold strong local positions due to their size on their markets.

The overall trend in 2014 continued to be dominated by the consolidation and international expansion of market players.

1.2 Market trends

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

- **pleasure**, within which many sub-trends exist: the search for multi-sensorial experiences, the need to respect culinary traditions while at the same time reinventing them, sophistication, as well as ethnic discovery and the fusion of various food cultures;
- **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; (for further information, see paragraph 2.5. "Portions");
- **convenience** can be seen in terms of ease of use, the portion format and the option of more nomadic use;
- **product safety/traceability** (for further information see paragraph 2.6.1 "Quality, safety and traceability").

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

The Bel Group believes that an underlying trend exists in terms of reconciling pleasure and health, which are no longer contradictory, but even expected within the same product: treating yourself while looking after yourself. 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 identity and personality of the Group's brands reflect this desire to simultaneously deliver the organoleptic (relating to taste), nutritional and emotional benefits that consumers seek. The Laughing Cow brings the fundamental dairy nutritional elements to families coupled with pleasantness and fun. Mini Babybel, with its cheeky and playful personality, represents for everyone a nice and healthy snack. Kiri gives children all the indulgence 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 2014

The economic environment remained uncertain in 2014 with signs of a rebound in certain developed economies but a continued slowdown in emerging and developing market growth.

Global growth has remained weak and uneven overall.

The very modest growth seen in Europe has not allowed for a global reduction in unemployment rates, which remain at historic levels, in particular in Southern Europe.

Social and political uncertainty in a certain number of countries in which the Group operates, such as the Near and Middle East and Ukraine, has risen.

Finally, during the first half of 2014, the price of dairy raw materials continued the upward trend which began in 2013. Despite a deceleration during the last quarter, the average price of raw materials remained markedly higher in 2014 than in 2013.

This situation, which does not bode well for consumer spending, slowed the growth of volumes sold and led the Group to continue with its selective price increase policy.

Inventory levels continued to be correctly managed.

1.3 2014 markets and business

The Group has seen a strong increase in raw material prices since mid-2013, despite the beginning of a deceleration during the last quarter of 2014, and currency effects have been largely negative during the fiscal year.

Retail sales price adjustments and measures undertaken to improve operating efficiency were not enough to fully overcome these negative impacts. Thus, the Group's operating income was €199 million, down 15.0% compared with 2013.

It included non-recurring expenses of €15.3 million vs. €6.4 million in 2013. The financial statements for 2014 reflected the financial impact relating to the decision to move the Group's head office in 2015.

Sales and operating income by region changed as follows:

	At December 31, 2014		At December 31, 2013		Change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
<i>(in thousands of euros)</i>						
Western Europe	1,122	119	1,073	121	4.5%	-1.0%
North East Europe	552	3	597	13	-7.5%	-75.4%
Americas, Asia-Pacific	419	17	417	36	0.4%	-52.1%
Greater Africa	288	28	272	30	5.8%	-6.5%
Near and Middle East	402	32	361	36	11.6%	-10.1%
GROUP TOTAL	2,783	199	2,720	234	2.3%	-15.0%

In Western Europe

Sales in the region totaled €1,222 million in 2014, up 4.1% *versus* 2013 excluding the impact of foreign exchange fluctuations, despite a continuing difficult economic climate and a declining cheese market.

This performance demonstrated the efficient marketing strategies implemented in the region's markets throughout the year, and in particular the dynamic trend of core brands, which increased and consolidated their market share in all countries for the fourth year in a row. Bel's market position in its strategic categories (slices, spreads and in particular snacks), was greatly strengthened thanks to substantial advertising investments and a strong in-store boost.

Thus, Mini Babybel sales saw record growth, coming in particular from France, but also in Italy, Spain and Portugal. The brand has grown strongly in Western Europe since 2011, boosted by a new advertising campaign and the rearranging of displays in sales outlets.

Leerdammer also saw sales growth in 2014, in particular in slices, thanks to a solid innovation program. The brand's growth was particularly strong in France, the United Kingdom and Switzerland.

Kiri continued to develop its usages thanks to a culinary platform and unique recipes that are easy-to-prepare with the family, boosted by an advertising campaign entitled "Cooking with 4 hands".

The Laughing Cow saw sustained growth thanks to the relaunch of Cheez Dippers. Sales were good in Spain, Portugal and France, with an impressive increase in volumes.

Boursin sales remained stable compared with 2013, despite certain products from the range, such as Boursin cheese rolls, benefiting from a prioritization strategy and seeing strong sales growth.

Growth in Western Europe was boosted by sales in France, the Group's historical market which represents around half of the region's business.

The significant increase in raw material prices during the year weakened the sales margin, but the Group continued to develop its promotional investments to support its brands' growth.

Thanks to industrial and operational productivity efforts, operating income for the region reached €119 million in 2014, *versus* €121 million in 2013.

In North East Europe

Revenue for North East Europe was €552 million in 2014, *versus* €597 million in 2013, a drop of 4.5% excluding the impact of foreign exchange fluctuations, in a difficult climate marked by geopolitical and security uncertainties in Ukraine.

Countries in this region saw contrasting results. Germany, the leading market in the region, was affected by the increase in raw material prices, which led to a reduction in promotional volumes. In Ukraine, the region's leading market for The Laughing Cow, the geopolitical climate and the depreciation of the local currency (hryvnia) had a direct impact on business.

Markets in central Europe, faced with strong competition in the processed cheese segment, were stable and supported in particular by the local Slovak brand Karichka.

Markets in North Europe continued to expand, with impressive sales growth compared with 2013.

The core brands also saw mixed results.

Mini Babybel saw volume growth and recorded promising performances in all countries in the region, in particular in Scandinavian countries and the Netherlands where growth was in double digits.

Leerdammer volumes fell, strongly correlated to the decrease in promotional investments in Germany. In turn, the brand benefited from major promotional investments for its successful launch in Sweden and Denmark. It also seduced German consumers with its new "Leerdammer Snack" product.

The snack market grew in all of the region's markets and confirmed the potential of the Mini Babybel and Leerdammer brands on this strategic segment for Bel.

The Laughing Cow, supported by investments to maintain its positions in Ukraine, saw a drop in volumes directly due to the local geopolitical climate.

In 2014 there were tougher trade relations and strong volatility in the price of raw materials due to the Russian embargo on dairy products coming mainly from the European Union.

Moreover, difficulties arising in the expansion of business in Ukraine led the Group to write down the remainder of its assets based in this country for a total amount of €3.2 million in 2014.

Operating income, at just €3 million in 2014, was therefore down markedly compared with the €13 million recorded in 2013.

In the Americas, Asia-Pacific

The region's markets saw a return to growth in 2014, with a 2.4% increase in revenue (excluding the impact of foreign exchange fluctuations).

This growth was mainly driven by the North American markets, with an increase in sales in Canada and the United States. The situation was more varied in Asia-Pacific countries, with an overall decrease in the level of consumption in two of the region's growth markets – Japan and Vietnam. The Japanese market was also faced with a weak yen and an increase in price regulation.

In the United States, growth returned with an increase mainly due to Mini Babybel. The brand saw an increase in sales volumes, thanks in particular to a new advertising campaign based on the lunch box. This strong trend can be seen on a market where consumers are increasingly attracted by products focused on healthy snacks. The Brookings plant, after its successful launch in July 2014, will increase local production capacity to support the brand's growth in the country. At the same time, the repositioning of The Laughing Cow to the "sensible snacks" concept and a daring relaunch plan has helped trigger a rebound in sales. Local brands also contributed to growth in the region, boosted by Price's and Mercks.

The Canadian market continued to grow for the seventh year in a row. This growth was driven by double-digit sales growth for Boursin, supported by the renewal of its advertising campaign. The major success of Boursin confirms the relevance of marketing and sales plans launched for this "pleasure" product which is synonymous with conviviality.

In Latin America, 2014 sales were down compared with 2013, with a year of transition for Mexico and import difficulties in Brazil, Argentina and Venezuela.

In the Asia-Pacific region, China, Australia and Korea recorded positive trends.

Vietnam saw a decrease in sale volumes against a backdrop of a global fall in consumption.

Finally, sales in Japan declined. Bel Japan adjusted its logistics and distribution approach and formed a local production partnership aimed at producing closer to the consumer and guaranteeing optimal product quality.

The Americas- Asia-Pacific region split in 2015. Asia-Pacific thus becomes a region in its own right, with a dedicated organization aimed at accelerating the Group's expansion in these high-growth markets.

Operating income for the region was €17 million in 2014, *versus* €36 million in 2013, due in particular to volatile foreign exchange rates and support provided for commercial repositioning in certain markets within the region.

In Greater Africa

Sales in the region were up 6.6% to €288 million in 2014, *versus* €272 million in 2013 (excluding the impact of foreign exchange fluctuations), in a context of a slowdown in economic growth in Africa.

The Group consolidated its position as leader in the region's main markets, despite a decline in consumption in North Africa and the impact of the Ebola outbreak in West Africa.

The Algerian and Moroccan markets remained the region's star markets, with a strengthening of Bel's leadership position in Morocco and a strong performance in Algeria with double-digit growth compared with 2013.

This overall performance was driven by The Laughing Cow and Kiri core brands as well as by local brands. These results confirm the relevance of brand promotional measures within the region and the growth momentum in blocks with for example "The Laughing Cow Chef" in Algeria and the product innovation policy, in particular thanks to the launch of "The Laughing Cow block" in Morocco.

The Greater Africa region continued to grow in 2014 and consolidated its profitability despite the highly negative impact of the price of raw materials and foreign exchange fluctuations, which were offset in particular by the appreciation in prices and industrial productivity and Supply Chain gains.

Operating income therefore reached €28 million in 2014, close to the €30 million registered in 2013.

In the Near and Middle East

For the Near and Middle East region, 2014 was a year of confirming profitable growth fundamentals. Undeterred by the political instability in certain countries and security-related challenges in others, revenue was up sharply by 12.3% *versus* 2013 on a comparable exchange rate basis. It reached €402 million for the fiscal year, *versus* €361 million in 2013.

All of the region's markets saw positive trends, with in particular strong revenue growth in Levantine countries, where business expanded due to exceptional performances in all countries. In the Gulf countries, in particular Saudi Arabia, the Group's market share was stable.

Growth was driven by major marketing investments as well as a dynamic innovation policy with the launch of promising offers such as Kiri Labneh and Kiri spread in Egypt, Libya and Middle-Eastern countries and the launch of the new Méga Picon portions in Lebanon.

The marked increase in production capacity in Turkey and the productivity optimization and operational excellence programs within the region's sites also encouraged growth.

A commercial development program was rolled out and helped strengthen Bel's positions in the Persian Gulf and the Levant.

The Group's growth in the Near and Middle East was driven by products being tailored to consumers' needs, in particular with The Laughing Cow and Kiri core brands in portions or spreadable format. Local brands also contributed to growth.

Against a backdrop of high volatility and uncertainty the agility and responsiveness of the teams, along with optimized organization and logistic costs, supported profitable growth in the region.

Operating profit for the region therefore reached €32 million in 2014, *versus* €36 million in 2013.

Non-recurring events that impacted the Group's main activities and markets in 2014

Excluding the elements described in the previous paragraphs, no non-recurring events impacted the Group's main activities and markets in 2014.

1.4 Trends likely to affect production, sales and inventories in 2015

The economic context may brighten, with a modest recovery in developed countries.

This trend may be supported by the drop in oil prices seen in recent months.

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

Growth in emerging and developing markets should remain stable, hampered by the fragility of commodity-exporting countries and weaker growth prospects in Asia.

In these conditions, the expected recovery in global growth therefore remains fragile as confirmed by regular adjustments to the growth forecasts of certain economies.

The price of dairy raw materials may be influenced by the continuing Russian embargo on food products and the phasing out of the milk quota system in Europe by spring 2015.

The reconciliation of central purchasing bodies in France and at the European level may further complicate relationships with supermarket retailers.

The high volatility of foreign exchange fluctuations may continue to impact profitability. Around half of the Group's business is outside the euro zone, with a strong exposure to the US dollar.

Lastly, the geopolitical and social climate in some markets in the Near and Middle East and in Greater Africa remains sensitive, and in some cases very unstable. The climate in Ukraine continues to require close 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 Japan).

At December 31, 2014, the 28 active production sites were located as follows:

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

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 €122 million in 2014, compared with €149 million in 2013, representing 4.4% and 5.5% respectively of consolidated sales.

In 2014, the Group finished building and launched production at its Brookings plant in the United States.

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 paragraph 1.6.2 "Industrial and environment-related risks" and paragraph 2.4 "Reducing the environmental footprint" in this Registration Document), and changes to IT systems.

Main investments in progress

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

In 2014, the main projects undertaken involved:

- the expansion of production capacity in Vietnam, the Netherlands and France;
- finalizing the SAP IT platform;
- the development of new products;
- the adaptation, maintenance and restructuring of industrial equipment;
- the respect and protection of the environment.

1.6 Risk factors and insurance policy

The Bel Group regularly carries 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;
- definition and implementation of treatment plans aimed at limiting risk.

The risk management system is described more fully in 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.

Any crisis affecting the dairy industry and the natural qualities of milk could also have a negative impact on the Group's activities, due to a negative media impact even if the crisis has no direct link with the Group's business.

The Group has a monitoring structure in place to identify as early as possible any likely emerging risks which are directly or indirectly related to its production. After assessing the level of risk, the Group applies the best-adapted and most efficient measures according to the level of criticality.

For example, in 2013 the Group committed to a multi-year investment budget to set up foreign-body identification systems on its production lines.

For further details on managing food quality and safety, see paragraph 2.6.1 "Quality, safety, and traceability".

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 2.3.1 "Health and safety in the workplace".

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 through external and organic growth. Before any major investments are made, in-depth analyses are carried out to assess the quality of the growth opportunities and to measure expected growth and cost synergies. A risk appraisal is always performed.

Any growth project 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 Bel 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



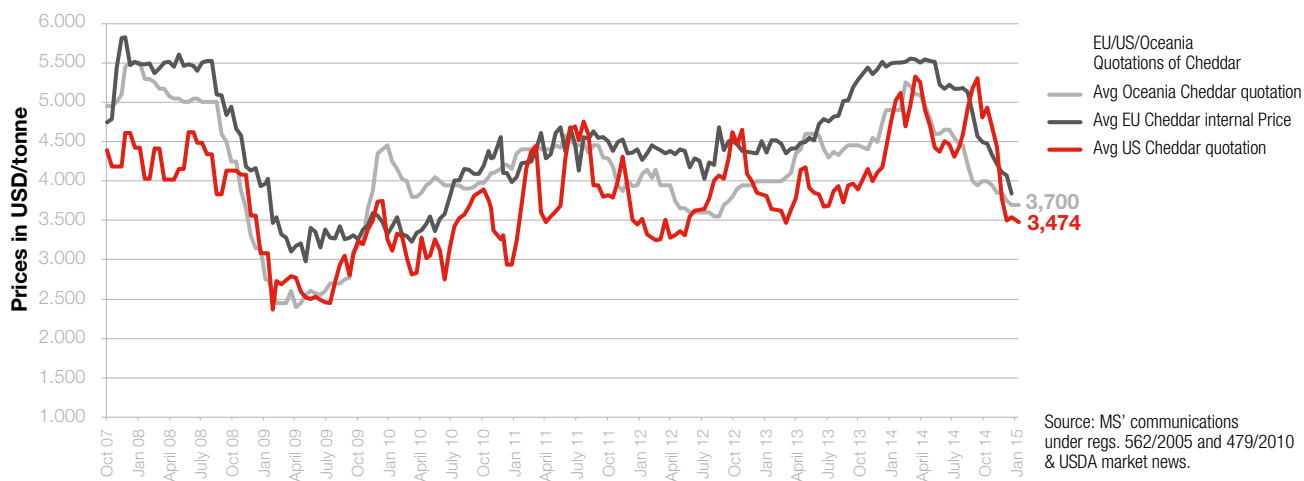
Butter prices



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. Bel might not find alternative sources in the event of default by some of its suppliers, which could affect its results and activity. The Group's 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 28 operational 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. Bel put in place prevention and business continuity plans. The Group has also taken out insurance, damage and operating loss policies to cover risks. These are presented in paragraph 1.6.7 "Group insurance

and risk coverage". 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 Group is present in relatively mature and highly competitive markets. In the rest of the world, some international dairy and/or cheese groups have front rank 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 products. The 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 in 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.

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 paragraph 2.4 "Reducing the environmental footprint".

For information on programs of adaptation to the consequences of climate change, see paragraph 2.4.3 "Energy and greenhouse gas emissions".

1.6.3 Risk relating to information systems

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

Although these applications are monitored and constantly upgraded, any failures of the applications or 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 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 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.

Various measures are aimed at reducing the Bel Group's exposure to cyber-attack risks. These include updating the IT Systems

Security Policy and implementing it at the Management level; sharing security best practices with third parties involved in the development of these systems; and running regular intrusion tests.

Additional information is provided in 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 Financial and Legal Affairs and Information Systems, 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 presented in Note 4.15 "Financial instruments" 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. In 2014, the Group strengthened its liquidity by negotiating an amendment/extension to its €520 million credit line: the maturity was extended from 2016 to 2019 with the possibility of further extending it to 2020 and 2021, and conditions were revised downwards. This line has not been used. The Group has a strong liquidity position since Fromageries Bel, the centralizing entity for the Group's surpluses, had a substantial amount of excess cash (€436 million) at December 31, 2014.

Fromageries Bel's loan contracts include the obligation to meet certain covenants, including a ratio of indebtedness to current operating 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 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. The Group Treasury Department manages internal current accounts and a system for offsetting inter-company payments.

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. The dividend policy was also systematically aimed at limiting recurring surpluses at the subsidiaries. In 2014, the Group further reduced the cash trap of Morocco and Egypt, which represents most of its available non-centralized cash.

Some subsidiaries 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 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 horizon of 18 months.

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, 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 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, 2014, 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 Group has made considerable efforts to protect and defend its portfolio of trademarks worldwide.

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 health and environmental standards, customs systems, 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. Numerous regulations may also indirectly limit the sale of its products.

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. Bel 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 proceedings and arbitration

At December 31, 2014, 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 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 Reputational risk

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

The mindshare of the Bel brands is based on quality, food safety, and proximity to consumers. The communication policies that the brands deploy internationally, in particular in digital media, increase their reputational risk.

The Group's reputation 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 publicly.

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. The Bel Group is therefore vigilant with regard to all of its brand communications.

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

The Group's risk management system was strengthened in 2014 by the introduction of web and local press monitoring and the training of our representatives in addressing media in a crisis situation.

A responsible public relations policy has been shared with all Group spokespeople to ensure a coordinated and managed approach to engage with external stakeholders, based upon listening and respect.

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.

1.6.7 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 fire sprinkler 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.





2

Corporate Social Responsibility

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2.1 Vision of sustainable growth

In 2003, we made a commitment by signing the United Nations Global Compact, and officially proclaimed our vision of a responsible company: a company that combines economic and financial performance, employability and development of the men and women who make up its life force, concern for the environment and the living world on which our activities are highly dependent.

Today, after more than 10 years of continuous improvement in these areas, we have decided – in accordance with the guidelines of the Global Reporting Initiative – to focus our communication on our progress, around the challenges that we and our key stakeholders consider essential to guarantee the Sustainable Development of our Group. In 2014, our CSR Leaders, representatives of our different business lines and their correspondents inside our local entities carried out the huge task of prioritizing our responsibilities. We are convinced that this exercise will help our employees gain better understanding of the impact of their individual and collective contribution to meet the corporate, social and environmental challenges facing us.

In 2015, we shall continue this work by clarifying the goals and the associated performance indicators.

Our mission is to share smiles with families by bringing the pleasure of dairy goodness: proposing recipes that respond both to the expectations of our consumers and to those of public health authorities is a prime, central challenge for our Group.

The employability of our employees is now, more than ever, at the heart of our social responsibility: versatility on our production sites, development of skills and internal mobility will continue to be key focuses of our human resources policy.

I shall make sure that Bel continues to maintain constructive dialog with all its stakeholders. I particularly wish that the relationships with our suppliers and customers continue to be guided by ethical principles, which allow Bel to be recognized as a trustworthy business partner.

Our teams will continue to pay particular attention to children, in how they communicate to them and also in the community outreach initiatives developed to enhance their well-being.

Drawing strength from our remarkable history, our unique and globally-recognized brands, our industrial expertise and our commitment to all, I'm convinced that we have all the competitive advantages required to achieve our Sustainable Development ambitions.

In 2014, Bel Group renewed its commitment to comply with these 10 principles and declared that it had reached the “Advanced” level for its Communication on Progress. The Group published a Corporate Social Responsibility Report reporting on the progress made on each of these principles.

Antoine Fiévet

Chairman and Chief Executive Officer of Fromageries Bel,

December 18, 2014

Bel's development is based on the convictions that have made it number three worldwide on the branded cheese market and the global leader in individual cheese portions:

- societal issues – in the broadest sense – must be considered alongside economic issues in all decisions taken by managers. This conviction is reflected in the resilience of the Bel model built on listening to its stakeholders;
- a model cannot be sustainable unless it creates financial value for the company while ensuring positive economic windfalls for its stakeholders. This allows the company to prepare for its future responsibly. This conviction is reflected in the value sharing method created by the Group;
- the benefits of dairy products must be shared with as many people as possible. This is the message conveyed by Bel's mission statement: “to share smiles to the faces of families through the pleasure of dairy goodness”;
- smiles and enthusiasm are the success factors: Bel's signature “Sharing smiles” characterizes the mindset of its employees.

Bel wants its activities to be performed, everywhere, and under all circumstances, in accordance with its values and principles set out in its Code of Best Business Practices.

The strength and competitiveness of the Group's business model are driven by four specific factors:

- a committed player, close to its employees and the communities where it operates;
- an industrial expertise developed over 150 years;
- a business model in individual portions;
- strong brands that built trust with their consumers.

Bel wants to make these four specific factors the foundation of its CSR approach, thereby strengthening its competitiveness and guaranteeing its sustainable growth.

2.1.1 CSR and governance

The Group's organization facilitates the recognition of societal challenges from the managerial levels to the teams. The Group's governance is detailed in chapter 3 of the Registration Document.

The strong presence of the family shareholding guarantees that economic and societal challenges are taken into consideration in medium and long-term decisions.

Bel demonstrated its commitment when, at the initiative of its Chairman and Chief Executive Director, it became one of the first companies to join the Global Compact, only three years after it was launched by the United Nations. The Group has been reporting annually on its progress for more than 10 years now.

Member since 2003 of the United Nations Global Compact, the Bel Group undertakes to comply with and promote in all its activities, the 10 fundamental principles of the Global Compact and report every year on the initiatives taken.

The Chairman of Fromageries Bel, Antoine Fiévet, is also the Chief Executive Officer. This two-fold responsibility ensures consistency between the Board of Directors' discussions and the taking of operational decisions that impact the Group's economic and societal ambitions. The other members of the Executive Committee represent different kinds of expertise that allows them to take into consideration all the societal commitments facing the Group. The Vice President of Human Resources, Communication and Sustainable Development reports directly to the Chairman and Chief Executive Officer, who ensures that management bodies are constantly aware of the latest societal issues.

The CSR Department manages the change required to rally the teams around complex but fundamental challenges so that the Group's growth is genuinely "sustainable". It ensures that the policies and procedures implemented by the various business lines and entities reflect and promote the creation of societal value expected by the Group. It reports on the progress of the projects conducted in a continuous improvement approach to the

governance bodies, all employees, the legislator and lastly, to all other stakeholders.

The CSR Department relies on a network of CSR Leaders appointed by the business line departments. Each CSR Leader works with their own correspondents present in the local entities to respond to the challenges specific their area of expertise.

Clear guidelines

Bel's CSR program is modeled on three international frameworks: the United Nations Global Compact, ISO 26000 and the fourth generation of the Global Reporting Initiative (see the "Cross-reference Table").

The standards and reference systems used directly involve employees and help them to meet the Group's challenges. The precautionary principle underlies most of the continuous improvement initiatives pursued and detailed in this chapter.

■ External reference guides

Food safety management is based on international reference guides recognized by the Global Food Safety Initiative (GFSI). For any new site created by the Group, obtaining GFSI certification must be effective within a maximum period of one year after the beginning of production. This period is extended to two years in case of a takeover or a new subcontracting agreement carried out on an uncertified site.

OHSAS 18001 is applied for occupational health and safety management and ISO 14001 for environmental management. The Group's new sites are expected to be OHSAS 18001 and ISO 14001 certified within the year and within two years respectively, after the start of production. The periods are extended by one year in case of a takeover of an uncertified site.

Number of certified Bel sites	2012	2013	2014 ^(a)	2015 targets
According to GFSI standards	15	20	21	28 ^(b) (100%)
ISO 14001	9	12	15	27 (100%)
OHSAS 18001	5	5	12	28 ^(b) (100%)

(a) Scope: 27 Bel production and R&I sites, excluding the Brookings site, since production began there in the middle of 2014.

(b) Pursuant to the Group's rules, the Brookings site should be GFSI and OHSAS 18001 certified no later than year-end 2015.

■ Internal reference guides

Investment projects exceeding €500,000, regardless of their financing method (shareholders' equity, lease finance, sub-contracting agreement, etc.), are subject to economic and social ratings. Below a certain social rating, the Investment Committee demands a corrective progress plan and may refuse the project. This evaluation allows employees to fully assess the economic as well as the societal value expected to be created from the projects they submit.

Steering and reporting

Bel Group considers the reporting requirements pursuant to French law to be an opportunity to improve how it manages its non-financial performance.

The CSR Leaders propose ideas in the choice of key performance indicators to ensure that they make sense with respect to the activity of teams (see "Note on methodology"). Combined into a global scope, these indicators allow the Group to meet the requirements of article 225 of the French law of July 10, 2010 known as the "Grenelle II" law (see "Cross-reference table of social, environmental and societal information").

The Group breaks down its communications on its progress in order to be "in accordance" with the core criteria of the guidelines of the Global Reporting Initiative (GRI) in its 4th generation and to retain the "Advanced level" of the Global Compact that it reached in 2013.

In accordance with the GRI G4 guidelines, this chapter will focus on the "material" aspect, in other words those which the Group's internal and external stakeholders consider material to their activities.

Pursuant to article L. 225-102-1 of the French Commercial Code known as "Grenelle II" law and according to the provisions of the decree of May 13, 2013 (published on June 14, 2013 and codified in the Commercial Code in articles A. 225-1 *et seq.*), Bel appointed one of its Statutory Auditors as an independent third party in charge of verifying chapter 2 of the 2014 Registration Document.

This verification concerns the presence and sincerity of environmental, social and societal disclosures from both a qualitative and quantitative viewpoint.

Its previous 2013 CSR Report published in April 2014 is also available.

This Registration Document, as well as the 2014 CSR Report are available on the website www.groupe-bel.com. The latter is also available on the following websites:

- www.unglobalcompact.org;
- www.database.globalreporting.org;
- www.corporateregister.com;
- www.ethicalperformance.com.

Contact: rse@groupe-bel.com

2.1.2 Interactions with stakeholders

Bel Group's stakeholders are the individuals and organizations that directly or indirectly "impact" or "are impacted by" its activities. They come from different backgrounds, mainly due to the international popularity of its brands and the geographically diverse location of its industrial sites.

Relations with stakeholders are deliberately not centralized at the level of the Group's CSR Department. Nevertheless, the CSR Department ensures that the different departments maintain a dialog with their own stakeholders and consult them on relevant matters. This decentralized organization enables these exchanges to be accounted for at the operational level.

Key stakeholders	Themes and concerns
Shareholders, investors, financial institutions	Sustainable growth of the company
Consumers, consumer associations	Food safety quality – Nutritional values – Quality/price ratio – Gustatory pleasure
Employees, social partners, future employees	Social dialog – Training, mobility, employability – Well-being at work – Safety – Fair compensation – Non-discrimination
Dairy producers, dairy professional organizations	Support for the development of the sector
Suppliers, subcontractors	Long-term commercial relations – Loyal treatment – Impartial selection
Retailers	Satisfaction of their customers
Public authorities	Compliance with laws and regulations – "Civic" commitment
Local authorities	Respect for the environment – Job creation – Economic rewards
NGO – Academic world	Collaboration and/or challenge on common issues
Media	Interest of information for their own target

Bel wants to take action to

- Integrate the expectations of stakeholders in its decision making.
- Be recognized as a responsible partner by its key stakeholders.

Action levers

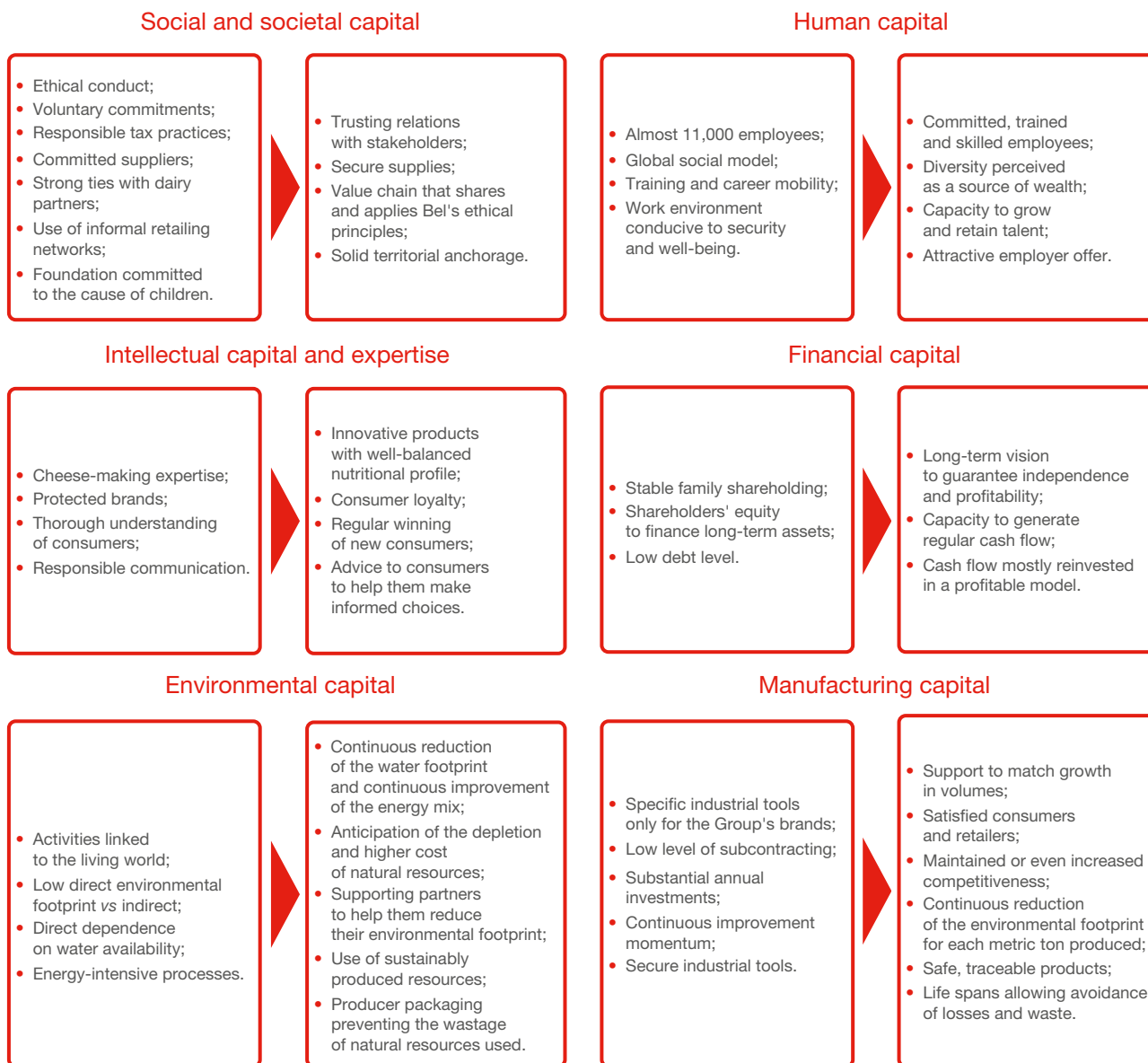
- Listening and dialog with stakeholders at all levels (business lines, entities).

Highlights of 2014

- Eight priority challenges adopted after the materiality analysis conducted at the corporate level.
- For each priority, implementation of a multi-functional working group expanding the spectrum of the stakeholders consulted around a given subject.

Return on capital employed

Bel uses different forms of capital to finance its various activities. To be “sustainable”, its growth should allow the creation of value not just for the Group but also for all stakeholders concerned.



Sharing created economic value

The economic wealth generated by the Group's growth is shared with all stakeholders in its ecosystem (see diagram “Sharing the value created”, paragraph 1.1).

Materiality analysis

In 2014, Bel launched a survey to identify the priority challenges on which the CSR process should focus and thereby ensure better coherence between its growth and societal performance ambitions. A panel of 170 stakeholders (50% internal and 50% external) was

consulted. This panel was composed to represent the different geographical areas in which Bel operates and the variety of its external stakeholders.

With regard to the results of this analysis, the CSR Department identified eight priority areas which were approved by the Group's Management and Executive Management:

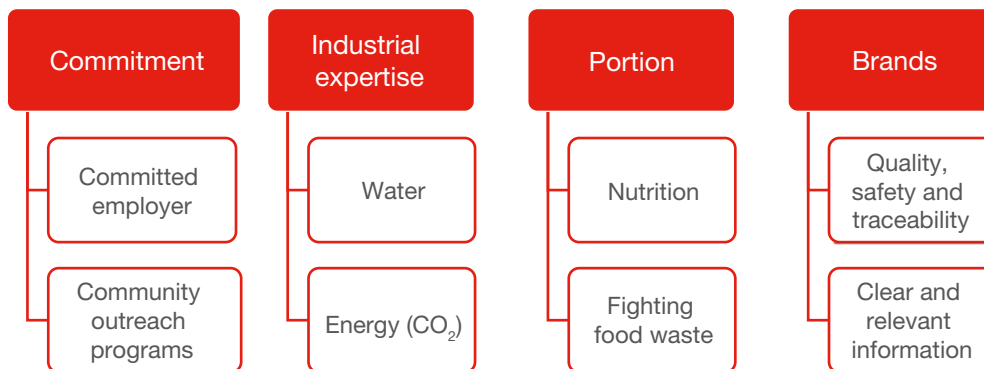
- be a committed employer attentive to its employees;
- be involved in the communities where the Group is located;
- accept its environmental responsibility extended to its supply chain. Bel wants to give special visibility to the two progress

areas tackled from very different angles: sustainable water management, on one hand and on the other hand, optimization of the energy mix, with a reduction of its carbon footprint in addition;

- marketing recipes that address the basic nutritional needs of the target populations and responding to their expectations for natural products;

- contributing to the reduction of any form of food loss or waste;
- implementing the strictest possible controls to guarantee quality, safety and complete traceability of products;
- giving its consumers clear and relevant information that allows them to make informed food choices.

To support this prioritized progress, Bel relies on the four specific features that underlie its strength and guarantee its competitiveness.



Changes in the presentation of the CSR program

This prioritization, in line with the 4th generation of the Global Reporting Initiative's guidelines, led Bel to modify the presentation of its communication about its progress.

The previous presentation was organized around five pillars, which reflected the essence of the Group:

- a player that makes total purchases of nearly €2 billion every year from numerous suppliers and that is present in communities across 33 countries: partnerships and company;
- a manufacturer which operates in 28 different sites: environmental footprint;
- products consumed in nearly 130 countries: responsible nutrition and products;

- highly popular brands: responsible communication and consumption;
- and almost 11,000 employees present worldwide: committed employer.

The current presentation around eight challenges reflects the progress areas that are considered priorities by the Group. That is the guiding principle of this chapter, which highlights a closer relationship between the Group's Sustainable Development ambitions and its societal performance. The ambitions associated with these eight challenges are part of the Group's strategic priorities. They will be detailed with the associated performance indicators in the CSR Report for the fiscal year 2015.

2.2 Ethical behavior

Bel ensures that it conducts its activities in a way that allow it to earn the full trust of its consumers and all its stakeholders; confidence which the Group cannot achieve without its growth objectives.

The responsible purchasing policy that Bel pursues and optimizes each year ensures that its suppliers are as engaged as it is, and sometimes together, in continuously improving programs.

2.2.1 Ethics in activities

Bel wants its activities to be managed, everywhere, and under all circumstances, in accordance with its values and principles set forth in its Code of Best Business Practices. The Group expects its managers to create a positive motivating effect on their teams.

Bel wants to take action to

- Ensure that the professional practices and decisions made are in line with the ethical principles which the Group has set itself.
- Be known as a standard for the respect of children's rights.

Action levers

- Clear management policies and systems shared with all employees.
- Dedicated governance and organization.

Highlights of 2014

- Identification of the major points to monitor in terms of ethics.
- Integration of respect for the Group's values in the evaluation of the performance of managers.

Shared benchmarks

The Group shares a certain number of benchmarks that it uses to steer the decisions and behavior of its employees.

■ **Values**

The Group's values were reviewed in 2014. There are three: "Dare, Care and Commit". They were adopted after a survey of more than 2,300 employees worldwide.

■ **Code of Best Business Practices**

The Group's Code of Best Business Practices constitutes the foundation of its information architecture. It is completed by internal policies and charters, as well as external voluntary commitments. The seven principles of the code do not replace the national laws and regulations in force, which the teams are required to follow. When the regulation of a country is even more rigorous than an ethical rule stipulated in the code, this national regulation shall prevail. The Code of Best Business Practices is translated into 13 languages. It is accessible in French and English on the Group's website www.groupe-bel.com

■ **Vision of leadership**

Bel expects its managers to have a positive influence on the attitudes, behavior and choices of all their teams. This is what is expressed in the five managerial skills that structure its leadership model:

- ensuring the commitment and developing employees;
- combining a strategic and operational approach;
- developing the collaboration for enhanced efficiency;
- daring to innovate;
- knowing how to prioritize for better results.

Watch points to monitor in terms of ethics

Since May 2013, Bel has created an Ethics Committee that reports to the Chairman and Chief Executive Officer. This committee is chaired by an independent director and brings together various functions (CSR, legal, human resources, sustainable purchasing, marketing, etc.). It has the task of:

- verifying the proper distribution of all policies dealing with ethics;

- analyzing the Group's major objectives with respect to the seven principles stated in the Code of Best Business Practices. In this respect, the committee may issue to the Chairman and Chief Executive Officer its opinion – on an advisory basis – on all the objectives that it considers worth commenting on;
- to check the processing of alerts on any conduct identified as contrary to these principles.

The Ethics Committee has identified five key watch points to monitor in terms of ethics.

Watch points in terms of ethics

Production sites established in countries with a high or extremely high risk of non-compliance with human rights
Brands geared towards children
Commercial activities in countries perceived as very corrupt
Acting directly with the public authorities
Use of natural resources to produce

Respect for human rights
Respect for children's rights
Fighting corruption
Responsible lobbying
Respect for the environment

From mid-2015, the Ethics Committee will rely on a network of around twenty Ethics experts present in the Group's main entities.

In 2015, the Group will implement an alert system allowing its employees to report breaches of the principles of Best Business Practices.

Under the responsibility of the Ethics Committee, the Group will continue its communications and training actions relating to the principles of the code.

■ Respect for human rights

As a signatory to the United Nations Global Compact, Bel 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.

Protecting the basic rights of employees is one of the seven principles of Bel's Code of Best Business Practices, in reference to 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. The Group tolerates no violation of these principles. On each of its business sites, the Human Resources Manager, under the authority of his/her Director, is responsible for the application of these principles.

However, Bel does not limit its compliance with human rights to work standards alone. Other policies and charters clarify Bel's commitments and contribute to compliance with them:

- Sustainable Purchasing Charter;
- Zero accident policy;
- People First Social Charter;

- Protection of private data policy;
- Certifications;
- Environmental policy.

The various departments that issued these policies oversee their application and implementation.

■ Respect for the rights of children

With respect to the positioning of most of its brands, Bel considers that protecting children's rights is a major challenge. Its reference framework is comprised of the Guidelines on children's rights and the undertakings prepared jointly by UNICEF, "Save the Children" organization and the Global Compact. For further information: www.unicef.org/csr

Bel ensures that its operators always respect children's rights in the conduct of their activities.

As a direct or indirect employer

- Bel's Code of Best Business Practices and its Sustainable Purchasing Charter refer explicitly to conventions 138 and 182 of the ILO.
- The occupational health and safety policy applies to everyone without any age discrimination.
- Local agreements give parents time off for their young or sick children.
- Once again, in 2014 Bel was awarded the "Happy Trainees" label in recognition of the work experience it offers to its young trainees.
- 3,500 street vendors – mostly women – benefit from the "Sharing Cities" program which allows them to increase their family income.
- Today, numerous families receive assistance under the "Gente produz e preserva" project.

As a dairy industry business

- Some of the Group's recipes are designed to ensure that a portion, without excess, contributes to the daily requirements of the children eating the cheese, knowing that healthcare authorities everywhere recommend the inclusion of dairy products in children's diets.
- The Responsible Communications Charter which the Group shares with its agencies, recalls the strict principles which have to be respected by its communications when they directly target children under 12.
- The Group ensures the stronger security of the private data collected from children.

As a company concerned about its environment

- The Group takes measures to limit its impacts on the environment and in particular on water and energy, resources that are essential for the well-being of families.
- The sponsorship initiatives, implemented by Bel's corporate foundation, is focused on children.
- Bel encourages its brands to get involved in pro-children community outreach initiatives.

■ Fighting corruption/Responsible commercial practices

As a signer of the United Nations Global Compact, Bel is aware that corrupt actions present risks and can expose the Group, its executives and each of its employees to sanctions such as criminal prosecution, fines or even loss of contracts.

Bel reminds its employees through its Sustainable Purchasing Charter of the seven commitments that it takes through its suppliers:

- loyal treatment;
- impartial selection;
- confidentiality and respect for intellectual property;
- assistance for improving the performance of its suppliers;
- communication transparency;
- promotion of local economic development;
- refusal to be dependent.

The Group has implemented guides, policies and voluntary measures for enhanced oversight of its activities depending on the region: embargo, fighting corruption, compliance with competition laws, etc.

In 2014, Bel generated more than 20% of its sales (in value) in countries where the risk of corruption is high or very high (with a score below 40 in the Transparency International corruption perception index in 2014). In countries defined as "at risk", the Group trained all Management committees on the rules that it wants all its employees to implement to avoid all risks of corruption and is vigilant on their application.

In 2014, Bel signed the "Supply Chain Initiative" in 16 European countries which account for more than 40% of its sales. The Initiative is a voluntary self-regulating code which states 10 principles to be followed in the context of commercial relations. The majority of them are stated in the Code of Best Business Practices.

■ Responsible lobbying

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

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

In 2014, Bel joined the European Union transparency register (www.ec.europa.eu/transparencyregister).

Examples of organizations that the Group belongs to:

- Centre National Interprofessionnel de l'Économie Laitière;
- Fédération Nationale des Industries Laitières;
- Association de la Transformation Laitière Française;
- European Dairy Association;
- International Dairy Federation;
- etc.

■ Respect for the environment

The life cycle analyses conducted by Bel highlight that between two thirds and three fourths of its environmental footprint is due to stages outside its production sites.

Respecting the environment therefore means for the Group not only implementing continuous improvement on its sites, but especially by guiding its suppliers towards the adoption of more sustainable production methods and its consumers to avoid waste.

The way in which Bel takes into consideration respect for the environment is detailed in paragraph 2.4 “Reducing the environmental footprint”. Note that after its materiality analysis, land use was not identified as a key issue for the Group, given that the space occupied by its plants is very small. At present, all of the land owned, leased or managed by the Group is situated outside of protected areas. When requesting an operating permit, each site’s position is analyzed with respect to the sensitivity of the natural environment and the potential impact of its activities.

Furthermore, the Group’s installations are designed to reduce their noise levels, especially when they are located close to residential areas. Measurements are taken every two years internally or by a service provider to monitor and control the compliance of the sound level at the boundary of the property and the emergence level for the most at-risk residents. Action to reduce noise levels is taken when the noise emergence exceeds local standards or that noise is perceived as a nuisance (see “Territorial anchoring of facilities”, paragraph 2.3.2).

2.2.2 Ethics in the upstream value chain: suppliers

With an annual amount of nearly two billion euros, the amount allocated to the Group’s purchasing represents nearly three quarters of its sales. With regard to this major contribution to the Group’s economic performance, but also – due to its extended responsibility – to its societal performance, the Purchasing Department strives to:

- optimize the processes to anticipate and reduce the risks linked to the volatility of raw materials;
- develop safeguard plans to limit the risks of shortages in case of the default of one or several suppliers;
- select responsible service providers who share its commitments in the area of CSR.

For five years, Bel launched a full-scale continuous improvement process for its purchasing performance analyzed from a societal angle. Bel requires its central buyers, as well as all employees making purchases as part of their functions, to integrate in addition to the costs, lead time and quality criteria, societal criteria in the selection and monitoring of the performance of their more strategic suppliers (raw materials, packaging, industrial equipment, transport and logistics and non-production goods and services) everywhere worldwide.

Bel wants to take action to

- Treat its partners fairly and transparently.
- Ensure that they contribute to the Group’s progress commitments.

Action levers

- Contractual relations based on mutual confidence.
- A constructive dialog with its suppliers.
- Regular assessment of the societal performance of strategic and/or at-risk suppliers.
- Training for buyers.

Highlights of 2014

- 100% of the Group’s central and local buyers trained via an e-learning tool dedicated to sustainable purchasing.
- Update of the Sustainable Purchasing Charter based on the Code of Best Business Practices.
- A support initiative for retailing partners in Sub-Saharan Africa.
- Membership of RTRS.

Sustainable Purchasing Charter

The Sustainable Purchasing Charter is the reference guide for Bel's purchasing policy. It is presented to all its suppliers, and distributed during competitive bidding processes and calls for tenders. Compliance with this Charter is confirmed through a contract clause. In addition to the commitments taken by Bel towards its suppliers, the Charter presents the commitments expected by Bel from its suppliers with respect to major societal issues: fair trade, respect for human rights and children's rights, respect for the environment, etc. The Charter also reminds them of their duty of vigilance towards their own suppliers to ensure that they follow the same commitments.

Assessment of suppliers' societal performance

Bel's purchasing approach is based on regular assessment of its suppliers and subcontractors identified as a priority with respect to the volume of business generated, the potential risk associated with the products/services supplied, or again their geographic location. Conducted with EcoVadis, a partner specialized in the field of sustainable purchasing, this assessment is based on 21 criteria, arranged into four topics: Environment, Social, Ethics and Suppliers/Supply chain. Suppliers are awarded a score for each topic and an overall score out of 100. Note that liquid milk suppliers are not included in this program.

Supplier assessment and reassessment campaigns are conducted each year and the assessed panel is increasingly important. Furthermore, nearly two-thirds of suppliers assessed have already been reassessed.

	2012 ^(a)	2013 ^(b)	2014 ^(c)	2015 target
Coverage rate of the purchasing total (excluding collected milk) represented by suppliers assessed by EcoVadis	43%	48%	57%	60%

(a) 2009-2012 period.

(b) 2009-2013 period.

(c) 2011-2014 period.

The average score of suppliers are steadily higher and still above the average score of the companies assessed by EcoVadis. Of the 245 suppliers who participated in one or several reassessments,

63% saw their score increase. This illustrates the improvement initiative to which they are committed.

	2012	2013	2014	2015 target
Number of assessed Bel suppliers	346 ^(a)	403 ^(a)	414 ^(c)	-
Average score of Bel suppliers	42/100 ^(a)	43.3/100 ^(a)	44.0 ^(c)	50/100
Average score of companies assessed by EcoVadis	-	41/100 ^(b)	40.8 ^(d)	-

(a) Bel suppliers assessed since 2009.

(b) 9,000 latest assessments made by EcoVadis in 2013.

(c) Bel suppliers assessed since 2011.

(d) 9,604 latest assessments made by EcoVadis in 2014.

Generally, the CSR performance of the portfolio of Bel suppliers has improved with a balanced distribution between its lower score and upper score at 45. However, in 2014, three suppliers present a high risk (1% versus 0% during the 2013 reporting) and therefore have to implement corrective action plans. In accordance with the

management rules of its suppliers (see below), Bel will ask them to proceed to their reassessment in 2015. This already happened in 2011 and action plans were implemented to rectify the level of suppliers considered as critical.

Breakdown of suppliers assessed according to their EcoVadis score

	2013 ^(a)	2014 ^(b)
Suppliers with a CSR program "very advanced" (score between 85 and 100)	0%	0%
Suppliers with a CSR program "advanced" (score between 65 and 84)	5%	5%
Suppliers with a CSR program "confirmed" (score between 45 and 64)	34%	40%
Medium-risk suppliers (score between 25 and 44)	61%	54%
High-risk suppliers (score between 0 and 24)	0%	1%

(a) Bel suppliers assessed over the 2009-2013 period.

(b) Bel suppliers assessed over the 2011-2014 period.

In order to monitor its own CSR performance, Bel arranges for an assessment every two years. With a score of 65/100 in 2013, Bel ranked in the 9% of top-scoring companies evaluated by EcoVadis, and obtained "Gold" status. The Group will undergo a reassessment in 2015.

Supplier management rules

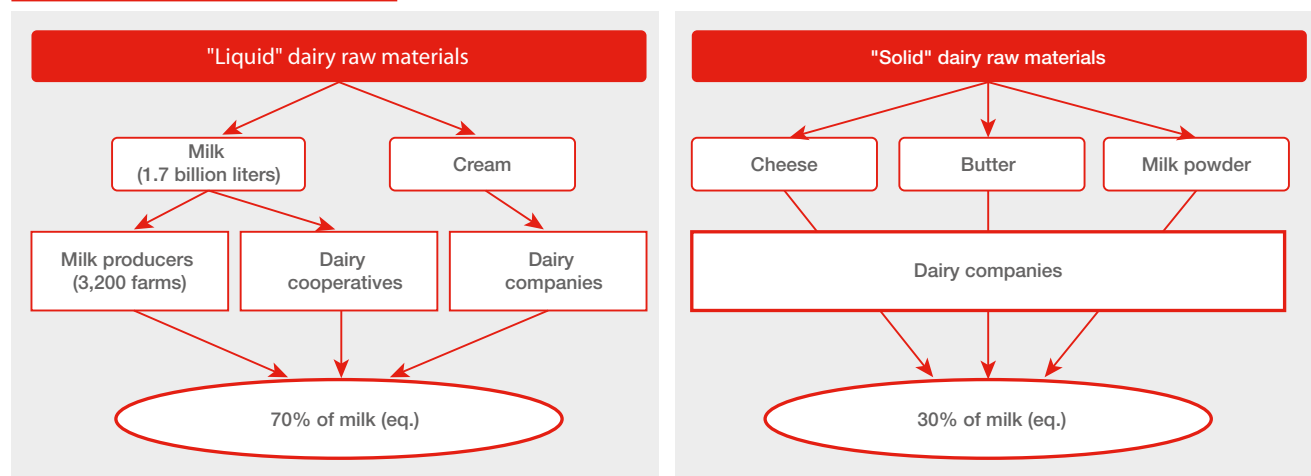
Bel draws up strict management rules for its suppliers, depending on their EcoVadis score.

Score	Risk/opportunity level	Next stages/actions	Reassessment	Monitoring actions
85-100	High opportunity	Opportunity to strengthen the partnership or collaboration	every 24 months	Monitoring of EcoVadis performance
65-84	Average opportunity			
45-64	Committed	Make suppliers aware of their areas for improvement		
25-44	Average risk	Recommend corrective action plans		
0-24	High risk	Demand corrective action plans	every 12 months	End of business relationship considered if no progress has been made

Specific expectations for each purchasing category

Milk and dairy products (cream, cheeses, butter and milk powder) represent, in value terms, the main raw material bought by the Bel Group. Milk supply contracts are signed with producers or cooperatives. The other dairy raw materials are bought from dairy companies.

Sourcing of Bel dairy raw materials



Purchases of packaging (cardboard for printing, corrugated cardboard, aluminum, plastic and paper) are centralized for the strategic families that correspond to global markets and carried out locally under the coordination of the Group Purchasing Department for the other families.

Depending on the main issues or risks identified according to the purchasing family, the Group integrates specific demands in the specifications of its calls for tenders and in contracts.

Purchasing category	Dairy raw materials	Packaging	Production equipment	Transport and logistics	Marketing services	Promotional items
Main issues	Food traceability, safety and quality	Respect for the environment	Respect for the environment	Respect for the environment	Ethical behavior	Ethical behavior
Specific requirements	Food traceability, safety and quality	Sustainable sourcing and recyclability	Collection of used equipment	Submission of carbon accounting or similar report	Compliance with the Responsible Communications Charter	Social audits are conducted by external partners on sourcing identified as "at risk"

For more details on the "Dairy raw materials" purchasing family, see "Suppliers/subcontractors referencing and audit", paragraph 2.6.1.

Specific expectations from certain suppliers

Bel sets higher standards for certain suppliers that represent a critical challenge for its own activities.

■ Subcontractors

Subcontractors enable brands to grow their presence in new geographical regions. They manufacture around 6% of the total volume sold by the Group.

The Group's six largest subcontractors (producing over 1,000 metric tons per year) account for 85% of subcontracted volume. They have all been assessed by EcoVadis with the same management rules as the other suppliers. Over the 2011-2014 period, their average score was 44/100, a score identical to the average of the other Bel suppliers. No subcontractor shows a high risk level (score below 25/100).

Lastly, Bel requires all its subcontractors which manufacture products bearing its brand names to refer, just as its own sites, to the international reference guides on food safety management recognized by the Global Food Safety Initiative (GFSI – see also "Quality, safety and traceability policy" under paragraph 2.6.1).

All major subcontractors, as well as the 14 others are GFSI certified.

Certifications according to international standards

Number of certified sites	2012	2013	2014	2015 targets
According to GFSI standards (Bel's sites)	15	20	21	28 ^(a) (100%)
According to GFSI standards (subcontractors' sites)	15	12	20	24 (100%)

(a) Pursuant to the Group's rules, the Brookings site should be GFSI and OHSAS 18001 certified no later than year-end 2015.

■ Dairy producers

Every year, Bel collects around 1.7 billion liters of milk from 3,200 producers located close to its production sites and is determined to promote sustainable milk production.

The Group is attentive to how these producers care for their livestock irrespective of the size: in France, all the producers from whom the Group sources its supplies, have signed the Good Livestock Farming Practices Charter; in the Netherlands, producers are members of the KKM (*Keten Kwaliteit Melk*). Furthermore, Bel encourages its producers to use "Cow Compass", the livestock farming management tool. Lastly, in the absence of any local inter-

professional initiatives, Bel works on the development of corporate charters and operating audits (for example: Azores and Slovakia).

Purchasing and biodiversity

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, Bel lends its expertise to help define recognized, shared indicators.

■ Packaging

Bel's main packaging materials used include corrugated and flat cardboard which accounted for 41% and 39% respectively of the Group's total packaging volume in 2014.

Whenever possible, Bel prefers cardboard produced with recycled fibers. However, for certain uses which require very strong, resistant materials (processing by machines, transport, etc.), cardboard made from virgin fibers is preferred as the inclusion of recycled fibers would require significantly more material to achieve the same result.

The certification "from sustainably managed forests" requires not only the certification of the material but also the supplier ensuring

the supply. The Group makes increasing use of corrugated cardboard corresponding to these two criteria, but in certain countries where it operates (e.g.: Morocco, Algeria) its suppliers are not yet certified which currently reduces its possibilities of making progress.

Flat cardboard is used for boxes that make their way to consumers. For the same brand, the Group sources from different suppliers some of whom are not yet certified, which is an obstacle to uniform communication on all formats. This explains why this type of sourcing is not a priority for the Group. As certified suppliers are becoming increasingly numerous, the Group will review its position in 2015.

Consumption of certified, recycled cardboard

	2012	2013	2014
% of cardboard based on recycled materials			
% of corrugated cardboard	79%	77%	77%
% of flat cardboard	69%	68%	68%
% of certified cardboard			
% of corrugated cardboard	31%	44%	56%
% of flat cardboard	0%	0%	0%

■ Supplementary livestock feed

Bel joined the Round Table on Responsible Soy (RTRS) in 2014 and made a commitment to buy, starting from 2015, RTRS certificates to cover the volumes of soy incorporated into the feed of the dairy cows of its producers throughout Europe (France, Netherlands, Portugal, Slovakia and Poland), around 44,500 metric tons.

This commitment is in line with the momentum of the partnership signed between Bel and the WWF in 2012. The WWF helped the Group to identify the issue of deforestation linked to the dairy cow feed, and helped it to take concrete actions. Although the proportion in dairy cow feed is very small, the high-protein content of soy makes it an interesting food supplement. In most countries where Bel collects milk, soy is a raw material imported from countries where its production method may be linked to deforestation.

To make its commitment more meaningful, Bel also supports a project to help soy producers in the region of Mato Grosso in Brazil gain access to RTRS certification (see "Gente produz e preserva" project in Brazil, section 2.3.2).

With the WWF, Bel Group is also exploring the feasibility of using alternative soy in France, as a supplementary solution to purchase of certificates, to further reduce its ecological footprint.

■ Use of palm oil

Even if the consumption of palm oil is minimal at Group and market level (8.6% of the fat purchased by Bel in 2014), Bel aims to discontinue its use by the end of 2014 at the latest.

In 2014, the Group reformulated formulas that will only be on the market in the first quarter of 2015. These reformulations should lead to a significant decline in its consumption of palm oil. Despite these efforts, Bel still bought 3,022 metric tons of palm oil, compared to 3,065 metric tons in 2013. Some modified formulas were rejected by consumers: Bel continues to work on sourcing alternative palm oil-free formulas that meet the taste and texture expectations of customers.

2.2.3 Ethics in the downstream value chain

Bel is convinced that by sharing its CSR commitments with its partner retailers, it helps to stimulate local economic development and create better conditions for mutual development. It expects its partners to convey its values and its initiatives.

In Sub-Saharan Africa, Bel relies on a network of retailers (importing wholesalers). The RISE project rolled out in the last two years resulted in:

- training and awareness raising actions;
- tools placed at the disposal of retailers to strengthen the safety of their employees and the food safety of the products that they distribute;

- the creation of a network of “CSR Ambassadors” with 10 of its retailers.

The “Responsibel” program was launched by Bel Middle East to arrange responsible partnership operations based on three priorities: environment, nutrition and safety.

In 2014, a first initiative was completed with a Jordanian partner that installed solar panels on its warehouses. This six-month long project should allow the partner to reduce its use of non-renewable energy by nearly 80% and its carbon footprint by nearly 60%.

2.3 Bel model

Bel’s signature “Sharing smiles” reflects the kind of relationships which the Group seeks to build with its employees and the communities in where it operates.

Its “human” intermediate size allows it to rally its 10,984 employees in 33 countries around harmonized, often customized human resources events compliant with its values and respect for specific local cultures.

The Bel social model, which combines high standards and benevolence, is a decisive factor in the Group’s continuity and success:

- thanks to a meaningful corporate project, driver of the commitment and performance of everyone involved;

- through the creation of work conditions that guarantee safety and well-being;
- through the sharing of created value and the fair reward for the commitment;
- for trusting, local relationships, respecting its values;
- through equal opportunities and the broad diversity of its employees;
- through the creation of the conditions allowing each one to express their potential.

Bel seeks to become a company that reconciles economic and financial performance, the development of the men and women comprising it and protection of its ecosystem and all its stakeholders.

2.3.1 Committed employer

Bel’s human resource policy reflects the vision of a committed employer: the Group wishes to create an environment where its employees can bloom and grow thanks to the experience accumulated during their professional careers. It strives to

make all its processes reasonable and fair in the areas of hiring, performance assessment, training, mobility and professional growth, compensation and social coverage.

Bel wants to take action to

- Be recognized, inside and outside the Group as an ideal employer for the quality of its social model and for the career prospects that it offers to its employees.

Action levers

- Policies, organization, training, awareness of health and safety issues.
- Hiring and fair and non-discriminating evaluational processes.
- Wide range of customized training programs.
- Compensation policy – in the broadest sense – transparency and fairness.
- Constructive social dialog.

Highlights of 2014

- Social reporting on a worldwide scope.
- Week dedicated to health, safety on all sites.
- International seminar which laid the foundation for Bel corporate relations.
- Increase in the number of women in governance bodies (Board of Directors, Management Committee).

People First

Initiated and deployed throughout the Group in 2011, the People First Social Charter is translated into 18 languages. It defines the basics of a three-way joint responsibility between Bel, its managers

and its employees, and covers four themes considered to be the founding principles of its “social contract”:

- enjoy our workplace;
- empower everyone;
- grow further together;
- share success.

Attentive to the expectations and viewpoints of its employees, Bel conducts an international opinion survey every two years. The survey will be conducted for the third time in 2015. The results are analyzed and shared with the teams to measure the progress made since the previous survey and after implementation of the action plans, and to identify the priority areas for improvement.

This survey also allows the Group to measure the commitment level of its employees and their perception of the four pillars of the “People First” program.

Employer Bel: key figures

Bel must permanently tailor its business lines and human resources to maintain its competitiveness and ensure its development.

■ Changes in 2014

At December 31, 2014, Bel's total workforce – permanent contracts and fixed-term contracts – had increased by 154 people (+1.4% versus December 31, 2013).

This change can be primarily explained by the opening of a new production site located in Brookings in the United States which produces the Mini Babybel for the American continent. This opening had no impact on the permanent staff of the Évron (France) and Michalovce (Slovakia) sites which also produce Mini Babybel.

Workforce per operational region ^(a)	2012	2013	2014
Western Europe	4,244	4,233	4,170
North East Europe	2,229	2,153	2,118
Americas, Asia-Pacific	830	831	1,041
Near and Middle East	180	1,395	1,436
Greater Africa	3,150	2,218	2,219
GROUP TOTAL	10,633	10,830	10,984

(a) Permanent and temporary contracts on December 31.

In 2014, most departures (80%) were voluntary and were due either to retirements or resignations. However, in 2014, Bel terminated the employment of 260 people. The layoffs concerned all the Group's operational regions.

	2012	2013	2014
Number of people employed	970	891	1,397
Number of departures	1,084 ^(a)	892	1,276
Of which number of redundancies	170	182	260

(a) These figures do not include the 401 departures from Syria in 2012 following the interruption of the Group's industrial activities.

Redundancies by operational region

2014

Western Europe	68
North East Europe	48
Americas, Asia-Pacific	69
Near and Middle East	12
Greater Africa	63
GROUP TOTAL	260

On a global scope, the average rate of job insecurity is 19.3%. To adjust the level of production to fluctuations in demand (promotional actions, seasonality of certain offers, etc.), the Group uses fixed-term contracts and temporary staff.

The Group's average rate of job insecurity masks significant local differences. For example, in the Near and Middle East, in Iran where Bel employs 268 people, the most common form of a legal employment contract is a fixed-term contract, which is therefore not a sign of job insecurity.

Rate of job insecurity ^(a)

2013

2014

Western Europe	12.7%	13.7%
North East Europe	17.1%	15.9%
Americas, Asia-Pacific	1.8% ^(b)	10.7% ^(b)
Near and Middle East	34.9%	36.3%
Greater Africa	22.9%	26.4%
GROUP	17.7%	19.3%

(a) Proportion of temporary or short-term contracts compared to all equivalent full-time contracts.

(b) Lay-offs in the United States are not included in this figure.

■ Managers/non-managers

Non-managers account for the bulk of the Group's workforce (83% in 2014).

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

Breakdown of managers by grade ^(a)

Workforce

%

1	17	1%
2	72	4%
3	140	8%
4	271	15%
5	470	26%
6	478	26%
7	366	20%
TOTAL	1,814	100%

(a) Management Committee excluded.

■ France/Other countries

The Group's head office is located in France where 30% of its employees work, specifically on eight production sites. The workforce remained almost unchanged compared to the previous year.

Group workforce	2013	2014
France	3,356	3,301
Rest of the world	7,464	7,683
TOTAL	10,830	10,984

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

Outside France, Bel provides its employees with a minimum protection base and social benefits, as well as access to numerous training courses.

Diversity

Bel is convinced that promoting diversity, in all its forms (culture, gender, age, etc.) within its teams is a strategy that creates societal as well as economic value.

Therefore, it seeks to promote diversity and reject any form of discrimination right from the hiring stage and throughout the careers of its employees. Equal opportunity is promoted by performance

assessment as well as professional growth processes, which are based on objective and fair criteria. The Group's strict wage policy results in equal treatment for all.

Bel's employee base is made up of more than 40 nationalities, a reflection of the global scope of its activities. However, given its historical background, French nationals still make up the bulk of Bel's workforce.

■ Men-Women

The proportion of women in the Group's total workforce and within each of the populations (non-managers and managers) is stable overall.

Within the non-managerial population, the number of women can be explained by the cultural contexts of the Group's locations, the organization of work teams, or even local regulations (night work for example).

Men/women breakdown	2013	2014
Total employees	68% / 32%	68% / 32%
Non-managerial employees	70% / 30%	70% / 30%
Managerial employees	60% / 40%	59% / 41%

Among the managerial staff, women account for more than one third of the workforce. However, we note a low point in the highest grades 1 and 2. The Group considers a proportion of 30% women

in these position levels as an objective. We note, however, that there are now two women on the Board of Directors and that two women also joined the Management Committee in 2014.

Men/women breakdown by grade in 2014	2012	2013	2014
Board of Directors ^(a)	7/1	6/1	8/2
Management Committee ^(a)	9/0	9/0	9/2
1 ^(a)	15/1	14/1	15/2
2	72% / 28%	75% / 25%	78% / 22%
3	75% / 25%	69% / 31%	69% / 31%
4	64% / 36%	63% / 37%	62% / 38%
5	62% / 38%	61% / 39%	61% / 39%
6	54% / 46%	56% / 44%	55% / 45%
7	50% / 50%	51% / 49%	52% / 48%
TOTAL	60% / 40%	60% / 40%	59% / 41%

(a) Absolute values.

Men/women wage equality

Bel considers that a gap of more than 5% between the wages of men and women in the same country and with the same grade reflects a problem of wage discrimination. Its wage policy allows for a gap of 4% in accordance with its goals.

	2013	2014
Average ratio of women's salary to men's salary ^(a)	0.96	0.96

(a) At equivalent country and grade.

■ Generational diversity

As of December 31, 2014, the median age of employees increased to 41 (40 for men, 42 for women).

8% of employees are over 56, and 1% over 60. Bel is attentive to securing their end of career, with particular attention to their working conditions and secondly developing an accumulation of the knowledge they have acquired.

Employee breakdown by age	%	Total
61 and over	1%	156
56 to 60	7%	773
51 to 55	11%	1,160
46 to 50	13%	1,468
41 to 45	17%	1,857
36 to 40	18%	1,949
27 to 35	27%	2,917
26 and under	6%	704
TOTAL	100%	10,984

In accordance with French legislation, "generation contracts" were signed with social partners. Some points were reaffirmed in the strategic workforce planning agreement signed at the end of

2014. Youth and seniors employment is a central theme of these agreements (see "Social dialog").

■ Disability

Bel encourages the integration into its teams of people with disabilities. In France, the Group signed the partnership agreement with the AGEFIPH ⁽¹⁾ in 2011.

	2009	2010	2011	2012	2013	2014
Employment rate of people with disabilities in France	3.69%	4.35%	5.18%	6.40%	6.30%	6.43%

The 6.43% rate masks substantial differences. Out of the Group's eight industrial sites in France, six have an employment rate for disabled people above 6% and one close to this threshold. Only the research center is far from this threshold (2.25%) with a recruitment profile clearly different from that of the other seven industrial sites. The same applies to the head office and the sales force (together 1.96%). This last figure reflects a poor match between job vacancies and the professional profiles of people with disabilities.

In 2014, the Group worked with 25 Work Aid Establishments and Services (ESAT).

Occupational health and safety

Guaranteeing the health and safety of all employees is the overriding responsibility of Bel as a committed employer. It has accordingly

implemented continuous improvement initiatives tailored to the diversity and complexity of the situations encountered.

■ Organization

While nearly 80% of the workforce works in industrial sites, the Health & Safety Director reports to both the Group's Human Resources Department and to the Industrial and Technical Department.

The safety management system of sites refer to the OHSAS 18001 certification standards and seven new sites were certified in 2014, which raises the number of certified sites to 12. Bel expects all its sites to be certified by the end of 2015.

	2012	2013	2014	2015 target
Number of OHSAS 18001 certified sites ^(a)	5	5	12	28 ^(b) (100%)

(a) Scope: 27 Bel production and R&I sites, excluding the Brookings site, since production began there in the middle of 2014.

(b) Pursuant to the Group's rules, the Brookings site should be GFSI and OHSAS 18001 certified no later than year-end 2015.

At each plant, the Director is responsible of the operational implementation of measures concerning the health and safety of all persons present on the site. Most of the time, the Director is assisted by a health & safety manager. On tertiary sites, this responsibility falls on the human resources teams.

When events may place its employees in an unsafe or even dangerous situation, the Group implements one-off measures to protect them. No site was concerned by such measures in 2014. Bel's Ukrainian site was not directly impacted by the events that occurred during the year.

Some employees are required to travel to markets that may present natural and/or geopolitical risks. Bel supplies them with the tools and procedures to keep them safe. In 2014, these procedures were strengthened with the support of an internationally-recognized service provider.

■ Risk prevention

The number of near accidents, incidents and the occurrence of a serious accident are proportionally linked. Based on this logic, Bel considers the prevention of near accidents and incidents as highly important.

Safety Behavior Visits

Observing employees at their workstations is a simple and efficient way to identify positive situations and gestures, as well those that may be harmful to their safety. The Safety Behavior Visits (SBVs) entail observing an employee at work, then talking to him/her about this observation. Sites which apply this initiative must conduct two SBVs per employee per annum.

In 2014, Bel prioritized these visits. The members of the Executive Committee followed a one-day on-site "practical" training reflecting their commitment.

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

Safety Behavior Visits	2013	2014
Number of trained employees	360	882
Number of SBVs conducted	3,400	4,479

To date, 18 industrial sites in the US, Netherlands, France, Poland, Morocco, Algeria, Belgium and Spain conduct these SBVs. Several countries plan to roll out their SBVs in 2015 (Vietnam, Czech Republic, Slovakia, Ukraine, Egypt, Portugal and Algeria).

Although there is less exposure to risks at tertiary sites, the teams working there are trained on accident prevention. At the Paris head office, the reduction in the accident frequency rate is one of the criteria taken into account to calculate incentive pay.

On the road

Employees who have to drive around in connection with their activity (milk collectors, sales teams, etc.) receive regular road accident prevention training. Unfortunately, the Group's Moroccan subsidiary regrets the accidental death of one of their employees, following a traffic accident in November 2014. It occurred while the employee was driving for work purposes between Tangier and Casablanca.

First global safety week

The first global safety week was organized in November 2014. The scale of the initiative was unprecedented. It was the opportunity to remind teams that safety is a major priority and that appropriate behavior has to be adopted every day. The theme selected for this first event was "movements", because movements are responsible for more than 50% of work-related accidents at Bel. All the workshops presented during the week sought to strengthen the awareness and essential vigilance of each participant, to ensure that safety is considered a priority at all times and a genuine way of life for all employees. To obtain tangible results, everyone must accept that they are personally responsible for their own safety, but at the same time, they must be attentive to the safety of the people around them. More than 30 different activities were proposed to employees during the week-long event, through numerous thematic workshops.

■ Uncomfortable working conditions and occupational illness

Preventing uncomfortable working conditions and the emergence of occupational illnesses is a major priority of the occupational health and safety initiative launched by Bel. Based on a diagnostic carried out in French plants, the Group has identified five leading causes of discomfort, which can be extrapolated to other plants: noise, night work, manual load lifting, uncomfortable postures and repetitive tasks.

Bel has requested that all its sites develop and implement action plans to reduce these factors. For example, the Group has mandated the wearing of molded ear plugs on all its sites where the noise level exceeds 80 decibels, Bel is therefore more stringent than French legislation, which requires ear plugs above 85 decibels.

The reference guides used to recognize occupational illness differ from one country to the other and certain countries where Bel is present do not have any. Nevertheless, by reducing manual load lifting and uncomfortable postures, the Group is taking action to prevent musculoskeletal diseases.

■ Monitoring accidents

Since 2012 the Group has been monitoring the accident frequency rate of Bel employees and any person sent on its sites, including visitors and temporary staff, with or without lost workdays – but requiring medical attention. 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.

Despite the Group's efforts and the safety behavior visits implemented, the results for reducing work accidents are not progressing. The Group has decided to re-examine the target objective of the accident frequency rate. The initial goal was to reach 7.5% by 2015. It is now 10. To reach this goal, the Group has implemented enhanced resources: one week devoted to risk prevention at the end of 2014 (see above), 10% of the bonus for managers in 2015 will be linked to the achievement of this goal. In 2014, Bel regretfully announced one fatal accident.

	2012	2013	2014	2015 target
Accident frequency rate ^(a) Bel AFR				
Accidents with and without lost workdays for all persons present on Bel sites	12.4	12.8	12.6	10
Accident frequency rate ^(a) AFR1				
Accidents with lost workdays for Bel employees	5.6	5.8	6.1	-
Accident frequency rate ^(b) Bel Employees	0.2	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.

Bel shares its expertise in health and safety issues with its distributors which request assistance. For example, the Group offered a two-day training course on occupational health and safety to 10 distributors in Sub-Saharan Africa. It also gave them simple awareness-raising tools to share with their teams (see "Ethics in the downstream value chain", section 2.2.3).

Well-being at work

Managers have a key role to play in making Bel a pleasant place to work. Bel requires its managers to be attentive to the well-being of their teams and to watch out for situations of discomfort which in extreme cases can lead to genuine psychosocial risks.

In a socio-economic context which leads to the constant search for productivity improvement and growing demands from workers, Bel has identified three factors which directly impact the occupational well-being of its employees:

- the organization and changes in working methods: including, in particular, restoring a balance between the opportunities and the risks to a balanced professional/private life due to the use of new digital communication methods;
- the desire of employees to work under good conditions: organization of office space, workshops and relaxation areas, as well as the availability of efficient tools;
- working relations: organization of meetings and recognition.

Bel expects vigilance from its managers on these three factors and the introduction of the necessary action plans (personalized training, definition and application of the rules of good conduct, observance of paid annual leave rights, etc.).

	2013	2014
% of employees benefiting from at least three weeks of annual leave	98%	94%

There are many causes of absenteeism. However, in certain cases, absenteeism can be directly linked to a problem of discomfort at work. Absences often create disorganization which can have multiple impacts on the workload of the other employees present,

and on the operation and efficiency of the teams. Bel considers an illness absenteeism rate of 2.5% to be a warning threshold that must not be crossed.

Illness absenteeism rate	2013	2014	Warning threshold
Hours of absence due to illness/theoretical working hours	2.29%	2.08%	2.5%

Development of employees

Performance reviews are ideal for listening and exchanging ideas between managers and employees, discussing their mutual organization and possibilities for improving the effectiveness of their collaboration. It is also the opportunity to build together a specific training plan for each employee and identify their mobility ambitions.

The human resources management tool, which the Group is gradually deploying, is hinged around its different HR processes and specifically include, the annual performance review, which is treated with the following philosophy:

- employee empowerment through self-assessment;

- focus instead of exhaustiveness: attention paid to key strengths and areas for improvement.

The review also provides the opportunity to prepare together a development plan for the upcoming year and discuss the employee's career perspectives. The Group proposes short-term training courses to help managers and employees through these reviews.

Starting from 2015, the performance reviews of non-managerial staff will be carried out using the consolidated HR reporting tool. 2014 was a transition year, therefore the Group was unable to consolidate reliable data on the number of managers who participated in a performance review.

Individual performance review	2013	2014	2015 target
Eligible managers ^(a) who participated in an individual performance review (annual basis)	72%	89%	100%
Non-managers who participated in an individual performance review (maximum two-year basis)	52%	N/A	80%

(a) The eligible managers are the managers with permanent contracts who are part of the workforce and present within the Group for the full year 2013 or who entered before July 1, 2013 and left after July 1, 2014.

Bel achieved its ambitions of increasing the number of employees who had access to training and the average number of training hours between 2013 and 2014.

Group training courses are organized around four areas:

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

Employee training	2013	2014	2015 target
% of employees who attended at least one training course during the year	67%	71%	75%
Average number of training hours per employee	20	24	-

The Group has to constantly renew the contents of its training programs or create new ones to keep up with technological, organizational and environmental changes. It uses different training methods to match the goal, content and target audiences: e-learning, tutoring, internal or external group learning, inter-company training, etc.

■ Versatility and mobility

Interdepartmental versatility is necessary for coping with fluctuations in activity and the evolving production requirements of sites. It is a solution for safeguarding employability while enhancing the career paths of all employees, and particularly non-managers.

To avoid any form of discrimination, and in a concern for transparency towards teams, vacancies are first proposed to Group employees (intranet, display boards on site, etc.), before being offered to external applicants – unless covered by confidentiality.

The Group seeks to maintain an average of a job move every six years for its managers. Bel reinforces its visibility by providing reference guides and sharing the Career Paths guide developed for the major business lines. This is an informative tool that shows the possible pathways between the posts of a sector, as well as examples of career pathways within the Group.

Compensation

Bel seeks to offer a fair, motivating and non-discriminating compensation that is both attractive and competitive. The Group's compensation policy is determined by the Human Resources Department. Local teams are responsible for its implementation.

Information on managerial compensation is presented in chapter 3 of the Registration Document.

■ Employee benefits

The Group exceeds 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. In this way, the Group awards compensation above the minimum employee package.

In the United States, where the number of employees has increased, employees are allowed to choose whether they want to benefit from health and/or death-disability coverage. This explains the difference between 2013 and 2014.

	2013	2014	2015 target
% of employees ^(a) with health coverage	94%	90%	95%
% of employees ^(a) with death and disability coverage	86%	84%	95%

(a) Employees with a permanent contract and a temporary contract.

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).

In 2013, the Group reviewed all the systems in place in each subsidiary and completed this review in 2014 with a comparison with local practices. Actions will be deployed to improve the employee benefits offered to employees in the different Group subsidiaries.

■ External competitiveness

To attract and retain its employees, Bel ensures that it offers them competitive salaries and social benefits.

At the production sites, the Group always respects the minimum wages and social benefits in accordance with local laws.

The 23 subsidiaries with more than 15 managers have to conduct a salary survey at least every two years to identify market practices.

■ Internal fairness

The human resources teams from all Group entities are responsible for ensuring non-discriminatory salary practices. Accordingly, with comparable responsibilities, a reason (personal background, local context, etc.) must always be provided to explain any differences in compensation.

■ Recognition of individual and group performance

The recognition of individual performance is based on merit. The variable compensation for grades 1 to 6 managers (80% of managers) represents between 8% and 30% of their fixed compensation. 10% of this variable compensation is linked to meeting CSR goals.

Furthermore, to strengthen the feeling of belonging and the pride within teams, subsidiaries are gradually adopting compensation systems that include their collective performance.

	2013	2014	2015 target
% of employees having a compensation system based on the overall performance of the subsidiary or Group	59%	64%	65%

Social dialog

Bel believes that quality social dialog is a driver for improving life in the company. The Group therefore encourages a dialog between managers and employees, but also with staff and/or union representatives if any.

In its Code of Best Business Practices, Bel recognizes its employees' right to be represented – within the framework of the laws and regulations that apply to them – by their trade union(s) within collective bargaining on working conditions. The employee representative bodies in the Company, elected or designated by the employees, take different forms according to the country: Works Council, workforce delegates, Committee for Health and Safety at Work (CHSW), etc.

In 2014, 85% of employees had access to a system of employee representation and almost 75% were covered by a collective agreement (national and/or sectoral and/or corporate).

As in previous years, numerous agreements were signed.

The seven agreements signed in France in 2014 reflect the ambitions of our human resources policy.

A first agreement, focused on social dialog, supplements the legal and statutory arrangements in force. Its provisions are intended for and applicable to all representative union organizations:

- it gives a formal framework to the common practices and rules on the conduct of social relations inside the Group for the companies and institutions that it is composed of in France;
- it defines the methods and means implemented in this context.

Four agreements are included in the compensation policy that Bel wishes to set up: two mandatory annual bargaining agreements on wages (employees/workers and management), as well as profit-sharing and incentive agreements.

The agreement on the forward planning of jobs and skills was renewed for three years. It is based on three drivers:

- skills development (geographical and functional mobility – vertical and horizontal versatility);
- steering tools (assessment interviews – access to training);

- diversity (employment of young people – employment of seniors – employment of less qualified people – access and continuing employment of people with disabilities).

The last subject was strengthened by a specific agreement on disability which clarifies the Group's commitments on actions relating to:

- communication, which constitutes an information medium, and raising the awareness of employees, targeted in particular at changing our perception of disability within the company;
- coordination of the disability network community;
- continuing employment of employees with disability by anticipating medical restrictions and physical incapacities;
- direct recruitment of people with disabilities with the background and the skills sought by Bel by paying particular attention to their welcome and integration;

- collaboration with the protected sector by relying on the disability network in order to ensure the use of protected sector professionals upstream of purchasing processes whenever possible.

Two industry agreements (dairy sector) have been signed in the Netherlands with social partners and dairy companies:

- the first concerns varied subjects such as compensation, working conditions, working hours, etc.;
- the second is more focused on retirement policies and how they finance pensions.

In Germany, the Group signed two agreements: a profit-sharing agreement, as well as an agreement to facilitate the gradual retirement of its employees close to the legal retirement age who are entitled to a pension. Initially, the agreement allows the employee to work full time while receiving 50% of his salary, then at a later stage, to completely stop working while receiving 50% of his salary until the retirement age.

2.3.2 Community outreach programs

Bel is attentive to the positive contribution of the associations that share its ambitions and the local communities in which it produces or sells its products.

Bel wants to take action to

- Develop a committed and responsible image.
- Consolidate its corporate reputation.

Action levers

- Territorial anchoring of facilities.
- New business models with high social value developed in consultation with local partners.
- Support for initiatives launched by associations.

Highlights of 2014

- Arrangements made with French producers.
- Ashoka recognition.

Territorial anchoring of facilities

The location of Bel's sites is studied in such a way as to respond as best as possible to the needs of its different consumption markets and to make its products more affordable for local populations. In accordance with the guidelines of ISO 26000, Bel is attentive to having a socially responsible attitude towards communities. By creating direct jobs and promoting local sourcing – whenever compliant with the specifications – Bel contributes to the economic dynamism surrounding its production sites.

The human resources policy (see “Committed employer”, section 2.3.1) which Bel applies in all its sites is a genuine factor for creating social bonds.

The Group implements actions to preserve the environment around its plants (see in particular “Quality of discharges”, section 2.4.2) and to reduce the nuisances which these activities may generate (see “Respect for the environment”, section 2.2.1.).

Bel requires all its Site Directors to be attentive to the needs shared by all the various players – making their region attractive – and encouraging them to initiate partnerships with local associations.

Dairy producers

Every year, Bel collects around 1.7 billion liters of milk from around 3,200 producers located close to its production sites. Bel strives to maintain the trusting relationship that it has forged with them. Bel decided a long time ago to develop a close working relationship that allows healthy and steady negotiation conducive to the reaching of balanced, satisfactory agreements for all parties involved.

More than 80% of Bel's annual milk collection is carried out in the Netherlands and in France. In these two countries, Bel belongs to national dairy organizations and works alongside producers and other professionals of the dairy processing chain to promote the development of more sustainable dairy production.

Its vision of sustainable dairy production entails four elements: assisting the producers in anticipating the development challenges of the sector, guaranteeing impeccable health quality for consumers, controlling and reducing the environmental footprint and ensuring the well-being of the animals.

In 2014, Bel closely monitored the changes in the dairy sector in particular with the upcoming termination of quotas in Europe (April 2015). The Group paid particular attention to proposing balanced agreements to producers and their organizations. It is also studying how to improve the support actions that it proposes to producers.

The civic commitment of the brands

Bel encourages marketing teams to involve the brands they manage in civic initiatives in order to reinforce a consumer connection with the brand and uphold the Group's values. Two core brands (Mini Babybel and The Laughing Cow) have been supporting civic initiatives for 15 and six years respectively.

In the UK, Mini Babybel continued its partnership, first started in 1999, with Comic Relief, which organizes the "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.

In France, Mini Babybel completed its third year of its partnership with the association Le Rire Médecin. Through this partnership, Mini Babybel raises awareness among its consumers and employees for an association whose values are the same as its own: sharing and laughter. Since 2012, Mini Babybel has funded more than 2,000 visits a year to hospitalized sick children.

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

Sharing Cities program

The Sharing Cities program seeks to develop innovative distribution models that strike a fair balance between societal impact and economic viability.

In certain emerging countries (e.g.: Vietnam and Sub-Saharan African countries) which significantly contribute to its development, Bel wishes to develop a new distribution model for The Laughing Cow portions, by relying on a network of informal sector street vendors, in urban and peri-urban areas. Two projects are already active and others are under study.

In June 2014, the Inclusive Business Manager from Bel Access was officially selected to integrate, as a co-creator, the Ashoka network, a club of socially-conscious entrepreneurs. The appointment of one of its employees within such a network is a recognition of Bel's capacity to integrate socially-conscious entrepreneurs with such a background into its organization while providing them with the context to implement their projects.

■ The informal sector

To distribute its products in emerging countries, Bel's historic network relies on "classic" distribution channels: distributors, wholesalers, supermarket chains, etc.

Yet there is a parallel informal sector primarily comprised of street vendors for whom this sale activity represents an essential source of income for their families. This sector, which essentially sells foodstuff, often to low-income consumers, is characterized by low job security, low income, lack of access to basic social services and less possibility of participating in formal education and training programs.

Using the services of a network of informal street vendors therefore represents a dual opportunity for Bel: getting involved with underprivileged communities – the street vendors – and making their products more accessible to new consumers.

In all, they represent more than 3,500 street vendors who are currently involved in the Sharing Cities program and who have sold more than 50 metric tons of The Laughing Cow. By 2015, the Group seeks to extend the Sharing Cities program to five cities, representing 5,000 street vendors, and thereby sell an additional 150 metric tons.

■ Bel Access

Since the informal sector operates outside the established system, its management required other resources in addition to the existing organizations. Therefore in 2011, Bel Access was created at the initiative of General Management. It reports directly to the Strategy and Development Department and is therefore at the origin of the Sharing Cities program which it manages.

In all, around fifty people were mobilized around the Sharing Cities program:

- the Bel Access team;
- the executives and sales and marketing teams of the subsidiaries concerned;
- the corporate teams (marketing, legal, development, etc.).

■ Getting local stakeholders involved

Getting local players involved is one of the keys to the success of the projects implemented through Sharing Cities to identify the socio-economic needs of street vendors. Furthermore, partnerships were forged to accompany Bel in the joint construction of the offers proposed:

- Bel created with the European Institute for Cooperation and Development (EICD) a training program for street vendors

dispensed by the latter through micro-business schools. So far, more than 200 vendors have been trained;

- a health micro-insurance offering for street vendors was developed by Bel in partnership with Groupama Vietnam. More than half of the 940 Vietnamese vendors involved in Sharing Cities benefit from this offer.

The Bel Foundation

Families and children are at the heart of the history of Bel.

Founded in 2008, the aim of its corporate foundation is to support initiatives acting in the interests of children and teenagers, focusing particularly on food-related issues.

Thus, twice a year, the foundation launches a call for projects to encourage pro-children initiatives, carried by not-for-profit associations and organizations located in the countries where the Group operates.

Major topics of association projects supported by the Bel Foundation ^(a)

Combating malnutrition in children	Growing: supporting food crops and market gardening programs	Building: creating infrastructures directly connected to the nutrition of children and teenagers	Learning: educational programs for understanding the keys to a healthy and balanced diet	Other
28%	18%	16%	32%	6%

(a) Breakdown of all projects supported since 2008.

Since 2010, Bel Group has been encouraging the civic commitment of its employees. A total of 10 scholarships are proposed every year, to allow employees to set up projects in partnership with associations.

Since its formation, the Bel's corporate foundation has supported more than 150 projects and distributed nearly €1.5 million. It reports its activities in the Annual Report available at www.fondation-bel.org

"Gente que produz e preserva" project in Brazil

Mato Grosso is the leading soy-producing region in Brazil. It is located between the Amazon and the Cerrado savanna ecosystems. The area is subject to intensive deforestation which has serious consequences not just on the extremely rich biodiversity but also on the living conditions of the soy-growing families. The Group is concerned by this dual issue since soy is

often used in dairy cattle feed as a protein supplement. As part of its three-year partnership with WWF France, Bel participates in a responsible soy growing development project (see "Purchasing and biodiversity", section 2.2.2).

The "Gente que produz e preserva" project helps farmers to implement more responsible soy cultivation systems, based on the criteria defined by the Round Table for Responsible Soy (RTRS), which eventually generates better income for them.

In 2014, 10 farms representing a crop area of more than 20,000 hectares, with an estimated annual production of 60,000 tons, joined the program. As a reminder, the Group's producers in Europe add roughly 44,500 metric tons of soy to the feed of their dairy cows.

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

2.4 Reducing the environmental footprint

Bel's expertise allows it to conduct continuous improvement plans to maintain performance and competitiveness. Its production tool is regularly optimized to support the Group's growth and ensure its productivity. The production is even protected against the increasingly high occurrence of extreme climate events which can partly be explained by global warming.

Conscious of its environmental responsibility, the Group now harnesses its expertise to promote sustainable management of the natural resources required to conduct its activities in its plants. It does not have the same operating flexibility at all stages of the life-cycle of its products: the Group contributes its expertise to its partners to help them minimize the environmental footprint of dairy production.

2.4.1 Environmental policy

The Group's Industrial and Technical Department (DITG) relies on the following to implement its environmental policy:

- a dedicated organizational structure;
- motivated and trained teams;
- management systems that lead to certifications;
- investments related to improvement programs;
- shared methodologies.

Organization

Bel seeks the best possible balance between a global vision, carried by the DITG, and the empowerment of sites, which have to deal with different contexts and problems, and environmental sensibilities that differ according to their stakeholders. Each Plant Manager relies, first, on the expertise of the CSR Leader who reports to the DITG and, secondly, on a local organization dedicated to the environment whose size varies depending on the sites. On every site, an Environment Manager ensures that

the necessary methodologies are deployed. The Environment Manager is the leading contributor of data used to draft the Group's environmental report.

Training and the exchange of best practices are the two main drivers for mobilizing teams. The Group's environmental management policy is based on the ISO 14001 international reference guide and certifications are carried out by an independent third party. They involve all employees of the sites concerned (see "Clear guidelines", section 2.1.1).

Investments

In 2014, Bel invested more than €12 million in projects specifically dedicated to protecting the environment. In addition, more than €500,000 allocated to other investments contributed to protecting the environment considering the technological choices adopted.

Since 2009, namely in the last six years, Bel has invested more than €30 million in equipment that directly and indirectly contribute to environmental protection.

	Investments specifically devoted to environmental protection 2014	Other investments 2014		Total 2014	Aggregate 2009-2014
		Production with a significant impact on environmental protection	Maintenance with a significant impact on environmental protection		
(in thousands of euros)					
Reduction of energy consumption and protection of ambient air and climate	10,429	280	266	10,975	19,537
Wastewater management	1,148	0	0	1,148	5,674
Waste management	6	0	0	6	486
Reduction of hazards, protection of soil and water	972	0	44	1,016	4,501
Noise and vibration reduction	70	0	0	70	311
TOTAL	12,625	590	590	13,215	30,509

As in previous years, no provisions for warranties or environmental risks were recognized at December 31, 2014. No damages were paid during 2014 under court rulings regarding the environment, and no actions were brought for damage caused to the environment.

Shared methodologies

Bel has developed two methodologies to support production sites in their water and energy consumption reduction programs: WASABEL (Water Saving at Bel) and ESABEL (Energy Saving at Bel). All Bel Group sites have implemented these methodologies.

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

BOOST is a program that seeks to lower all types of losses and increase productivity, while improving the efficiency of organizational structures and production lines.

It also contributes to the reduction of water and energy consumption.

Extended responsibility

Following the results of the materiality analysis, Bel strengthened the attention paid to its global environmental footprint by reviewing its entire value chain.

The Group monitors, and even contributes its expertise, to the work conducted by the inter-professional associations of dairy-producing regions where Bel sources its products. In the absence of an organized inter-professional association, Bel strives to transpose the best practices observed with its own producers.

The Group seeks to strengthen its partnerships with its leading suppliers of dairy raw products. In 2014, the Group mapped its suppliers and around fifteen of them were identified as having supplied every year. They have also produced more than 1,000 metric tons of dairy raw materials. Most of them are involved in progress initiatives comparable to those of Bel.

Attentive to the packaging that it places on the market, the Group contributes to the Green Dot label (label signifying membership of a waste-recycling contribution system in countries where extended producer responsibility is applied). Bel is involved in the joint commitment to promote package recycling and reduce their environmental footprint. In 2014, the Group launched a global study to map the household waste recycling infrastructures existing in the countries where it sells its products to improve the sorting advice on its packaging. Bel chooses simple materials compatible with straightforward sorting instructions and in certain cases modifies them to make them compatible with the existing segments. In France, for example, Bel works in partnership with Eco-Emballages, an organization that manages and operates the sorting and recycling of household packaging waste, on a project to improve the recyclability of the packaging for Leerdammer slices.

In emerging countries, the Group is gradually changing its packaging to recommend civic gestures and reduce public littering (see “Environmental information”, section 2.6.2).

Lastly, Bel works closely together with its logistics partners.

Monitoring and reporting

Bel is in a position to report, using robust data, on the three major impacts of its direct activities on a global scope: water, energy and greenhouse gas emissions (GHG).

For the latter, Bel's reporting therefore concerns scopes 1 and 2:

- “scope 1” corresponds to direct emissions from burning the fossil fuels (oil, gas, coal) used in the Group's plants or in the means of locomotion owned or controlled together with refrigerant leaks from facilities;
- “scope 2” corresponds to the indirect emissions associated with the electricity, heat and refrigeration bought by the Group.

Bel is unable to report on its scope 3 indirect emissions linked to transport, packaging, raw materials (including dairy upstream), waste, employee commutes, etc.

In 2014, the Group acquired a monitoring tool, developed with an external service provider to improve oversight to environmental KPIs on its sites.

2.4.2 Water

The efficient and responsible management of freshwater by all users is critically important for the social, economic and political balance of a growing global population.

Reducing the proportion of the population without access to clean drinking water or to basic sanitation services is a UN Millennium Development Goal.

The results of the materiality analysis performed by Bel confirmed that reducing its environmental footprint remains a major challenge, both for the continuation of its activities and from a societal viewpoint – the expectations of its stakeholders.

Ongoing work for a shared vision of the method for calculating the water footprint will help the Group to improve the monitoring and reporting of its progress on this priority area.

Bel wants to take action to

- Reduce the total water footprint of each ton of cheese produced (consumptions and quality of rejections).

Action levers

- Continuous improvement programs for manufacturing processes.
- Efficient treatment of wastewater.
- Raising awareness and/or contributing expertise to suppliers.

Highlights of 2014

- Update of life cycle analyses on certain core brand products.
- Launch of a program to optimize the production equipment scrubbing processes.

Annual Nutrient Cycle Assessment allows producers to justify the efficiency of their management of animal manure and fertilization on their farms, and to implement improvements. The use of this tool is accompanied by action plans managed and measured at the national level, with the goal of returning to the 2002 level of water impact by 2020. All of the Group's Dutch producers are integrated in these continuous improvement plans.

In France, the Aquarel project organized by the French dairy inter-professional association seeks to establish an initial review of water through a panel of 30 spots chosen according to the region, soil, weather conditions, altitude, crops, etc. The results of this study will give the Group clearer insight into the priority actions to be implemented with French producers, while anticipating, in particular, the consequences of climate change on each type of spot.

In reference to the FAO's criteria, nearly 90% of the Group's supplies of liquid and solid dairy raw materials are sourced from countries with abundant water resources.

In the sites

■ Mapping of site locations

With the Water Risk Filter, a WWF analysis tool, Bel regularly monitors the water stress level of regions where its plants are located. Accordingly, priority action plans are implemented for any production site exposed to an incident of periodic drought that exceeds a warning threshold. In 2014, more than half of Bel's production sites (17) were located in areas where available water resource is considered as at risk according to the FAO and the risk analysis made with the Water Risk Filter. They represent 60% of the Group's total consumption.

Upstream dairy production

Bel's major liquid milk supply regions are located in areas ranked by the Food and Agricultural Organization (FAO) as having low water stress and rainfall levels favor grazing. The Group therefore encourages this practice with its producers.

In the Netherlands, the Group's leading liquid milk sourcing region, producers are involved in progress initiatives such as limiting discharges into the environment through optimization of mineral management (carbon, nitrogen and phosphorus; the last two are water pollutants), in order to control their impact on water. The

Food and Agriculture Organization and Water Risk Filter criteria

Region with	Risk level of water availability in the region	2014 water consumption (m ³) ^(a)	Number of industrial sites affected
● shortage of the resource	less than 1,000 m ³ /inhab/year or average risk > 3.5	293,480	3
● stress on the resource	from 1,000 to 1,700 m ³ /inhab/year or average risk > 3	373,252	5
● vulnerability of the resource	from 1,700 to 2,500 m ³ /inhab/year or average risk > 2.5	1,677,512	9
SUB-TOTAL	LESS THAN 2,500 M³/INHAB/YEAR OR AVERAGE RISK > 2.5	2,344,244	17
Availability of the resource	more than 2,500 m ³ /inhab/year	1,611,514	10

(a) For industrial sites and other sites.

The definition of risk analyzed according to the FAO changed between 2013 and 2014, and is now similar to the Water Risk Filter analysis.

Food and Agriculture Organization and Water Risk Filter criteria

Region with	Breakdown in relation to the Group's total water consumption			
	2013		2014	
• shortage of the resource	less than 1,000 m ³ /inhab/year	7.1%	less than 1,000 m ³ /inhab/year or average risk > 3.5	7.4%
• stress on the resource	from 1,000 to 1,700 m ³ /inhab/year	10.8%	from 1,000 to 1,700 m ³ /inhab/year or average risk > 3	9.4%
• vulnerability of the resource	from 1,700 to 2,500 m ³ /inhab/year	0.5%	from 1,700 to 2,500 m ³ /inhab/year or average risk > 2.5	42.4%
• availability of the resource	more than 2,500 m ³ /inhab/year	81.7%	more than 2,500 m ³ /inhab/year	40.8%
<i>Of which sites identified as at risk of periodic drought according to the Water Risk Filter</i>		- 40.9%	<i>Integrated in the "vulnerability of the resource" line</i>	

■ Reduction at source

Essentially managed by the public service, the drinking water used in the Group's plants come from bodies of surface water (rivers, lakes, etc.) or from groundwater (water tables).

In 2014, the Bel Group used an average of 9.24 liters of water to produce 1 kg of cheese. The continuous improvement programs implemented allowed Bel to reduce its water consumptions per metric ton produced between 2008 and 2014 by 26%. Thanks to these performances, Bel was able to increase its activities during the same period while reducing its total water consumption.

Water consumption (in m ³ per metric ton produced)	2008	2009	2010	2011	2012	2013	2014	Change 2008-2014
	12.531	11.205	11.206	10.93	10.05	9.58	9.24	-26%

Total water consumption (in thousands of m ³)	2008	2009	2010	2011	2012	2013	2014	Change 2008-2014
	4,553	4,377	4,409	4,350	4,136	4,048	3,956	-13%

■ Quality of discharges

To avoid accidental discharges directly into the environment, the Group protects water bodies and run-off points for rivers adjoining the sites with special constructions. 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 environment.

By reducing their water consumption, the sites mechanically reduce their discharges and improve quality, as the smaller the volume of

water treated in treatment facilities, the smaller the concentration of organic matter flowing out of those facilities. Wastewater from sites are mostly treated internally. Discharges sent to a third party for treatment are pre-treated by Bel. Each year Bel spends more than €4 million on wastewater treatment. Spreading of untreated water remains rare.

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).

(in thousands of m ³)	2012 ^(a)	2013 ^(b)	2014 ^(c)	Change 2012-2014
Total volume of wastewater	4,189	4,023	4,056	-3.2%
● treated internally	2,132	2,140	2,196	3%
● treated by a third party with other effluents	1,998	1,821	1,858	7%
● spread untreated	59	62	3	-95.8%
Volume of used water by metric ton produced (m ³ /metric ton produced)	10.2	11.3	9.5	-7%

(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.

(c) Data available for 27 sites, which represent 100% of the total production of the scope of the CSR Report.

Quality of purified water (in metric tons)	2012 ^(a)	2013 ^(b)	2014 ^(c)	Change 2012-2014
Chemical oxygen demand (COD)	115	104	103	-10.80%
Suspended matter discharged	45	52	38	-15.80%
Total nitrogen discharged	16	16	14	-12.90%
Total phosphorous discharged	14	7	4	72.60%

(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.

(c) Data available for 12 of the 13 sites which handle the full treatment for discharge into the environment. Data from collective stations are no longer collected.

(in thousands of euros)	2012	2013	2014	Change 2012-2014
Cost of wastewater treatment	3,874	3,928	4,029	+4%

The majority of the sludge from the Group's wastewater treatment facilities is recycled through appropriate channels. Since sludge contains fertilizing elements, it is partly spread on farm land, primarily in France, in compliance with local regulations, to avoid

polluting underground water and soil. Sludge spreading is subject to local permits, which specify the obligations that must be fulfilled (spreading plans and surface areas, agronomic monitoring, etc.).

Sludge spreading from wastewater treatment or untreated water plants	2012	2013	2014	Change 2012-2014
Total dry matter (in metric tons)	1,379	1,559	1,644	+19.20%
Nitrogen (in metric tons)	119	132	136	+14.10%
Phosphorus (in metric tons)	81	107	101	+24.60%
Spreading perimeter (in hectares)	1,069	928	1,316	+23.20%

2.4.3 Energy and greenhouse gas emissions

With a view to get the full cooperation of all its teams, the Group is now prioritizing the reduction of its energy footprint, a notion that is easier to understand than the reduction of carbon footprint. However, aware of the consequences of greenhouse gas emissions

on climate change which will lead in particular to water scarcity in certain regions of the world, the Group is careful about using high-emitting energies on its sites and working with its partners to review emission sources and identify possible areas for action.

Bel wants to take action to

- Reduce and optimize the total energy footprint of each metric ton of cheese produced.
- In this way, contribute to the significant reduction of its carbon footprint.

Action levers

- Continuous improvement programs for manufacturing processes and logistics flows.
- Using renewable energies.
- Raising awareness and/or contributing expertise to suppliers.

Highlights of 2014

- Mapping of the Group's carbon footprint from the updated life cycle analyses of some core products.
- Finalization of the installation of a second biomass boiler and initialization of two new programs.
- Using renewable electricity.

Upstream dairy production

Reducing greenhouse gas emissions (GHGs) is a challenge for dairy production which contributes to the emission of various very powerful greenhouse gases, but which, at the same time,

promotes carbon storage in the soil. The Group has therefore been closely monitoring the work carried out in the regions where it sources its dairy products, to understand the possibilities for controlling and reducing GHG emissions, whether through manure management, controlling the use of supplements in cow feed or the mineral fertilization of crops.

For example in France, the dairy inter-professional industry is working on an ambitious project – Life Carbon Dairy – to cut GHG emissions by 20% by 2024. Four thousand test-breeders involved in the diagnosis of 60 pilot farms (experimental farms, agricultural trade schools) will test innovative practices to ensure the sustainability of dairy cattle breeding. The economic and social feasibility of the drivers proposed will be assessed by the breeders.

In the sites

The processes implemented by Bel on its production sites are naturally highly energy intensive. This is especially the case for milk pasteurization – required to ensure impeccable quality for this raw material that is sensitive to bacteriological contamination – and cold storage.

■ Reduction at the source and the use of renewable energies

In order to reduce its dependency on fossil fuels and limit the greenhouse gas emissions associated with their use, Bel places a priority on initiatives that reduce consumption at the source. In seven years, the Group has sharply reduced its energy consumption per metric ton produced.

Energy consumption (MWh/metric ton produced)	2008	2009	2010	2011	2012	2013	2014	Change 2008-2014
Electricity	0.684	0.659	0.657	0.665	0.665	0.65	0.63	-8%
Consumption of oil and gas products	1.502	1.391	1.378	1.31	1.225	1.159	1.106	-26%
Biomass	-	-	-	-	0.074	0.101	0.075	-

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

Since February 2012, a biomass boiler has been installed in the Cléry-le-Petit plant in France, where it covers 77% of the site's heating requirements. In 2014, the boiler alone accounted for 6.3%

of the energy consumption for the Group's heat production. In 2014, the Group purchased electricity from a renewable source for its Vale de Cambra site in Portugal. In 2015, another biomass boiler will be installed in the Sablé-sur-Sarthe plant, also in France. Projects using biomass are currently being studied on two other sites (Ribeira Grande in Portugal and Évron in France).

	2008	2009	2010	2011	2012	2013	2014	Change 2008-2014
Electricity consumption* (MWh)								
● Uncertified electricity from renewable source	247,340	257,531	258,212	264,725	273,392	274,685	263,551	+6%
● Certified electricity from renewable source	-	-	-	-	-	-	6,178	-
TOTAL ELECTRICITY	247,340	257,531	258,212	264,725	273,392	274,685	269,729	+9%
Consumption of oil, gas and biomass products for heat production and other* (MWh)								
● Oil and gas products	543,381	543,080	541,237	521,335	503,969	489,435	473,679	-13%
● Biomass	-	-	-	-	30,307	42,687	32,146	-
TOTAL	543,381	543,080	541,237	521,335	534,276	532,122	505,825	-7%

■ Greenhouse gas emissions – scopes 1 and 2

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

- the countries 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 in different countries;
- manufacturing processes;

- the energy mix used by each site, especially its use of renewable energy.

Other factors contribute to a lesser extent

- refrigerant leaks: HCFC/R22 refrigerant types, used mainly for the warehousing of finished products, are gradually being eliminated in accordance with European legislation. Bel ensures that its new equipment everywhere emit less greenhouse gas in case of leaks and are more respectful of the ozone layer;
- fuel consumption for the Group's vehicle fleet.

Breakdown of greenhouse gas emissions*	2012	2013	2014
Scope 1			
● associated with fossil fuel and gas consumption	58%	56%	56%
● associated with biomass consumption	-	-	-
● associated with refrigerant fluid leaks	3%	3%	3%
● associated with the fuel consumption of the Group's vehicle fleet	5%	5%	5%
Scope 2			
● associated with electricity consumption	34%	36%	35%

It is by optimizing all of these factors that the Group can gradually reduce its ratio of greenhouse gas emissions per metric ton produced and increase its activities without increasing its carbon footprint. Due to the outcome of the actions undertaken by the

two sites, initially under greenhouse gas quotas, they are no longer concerned by this system. Only one site in France is covered by the quota system, but the minimum goal is to not have to buy quotas despite the growth of this site's activity.

Greenhouse gas emissions scopes 1 and 2

Emissions	2012	2013	2014	Change 2012-2014
Kg eq. CO ₂ /metric ton produced	541	520	490	-9.4%
Metric tons eq. CO ₂	222,556	219,769	209,941	-5.7%

No available record after 2008.

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

The reduction of greenhouse gas emissions generated by the use of renewable origin energy (biomass and renewable source electricity) has almost doubled in two years. This represents the

equivalent of 8% of the Group's greenhouse gas emissions on a worldwide scope.

	2012	2013	2014	Change 2012-2014
Metric tons eq. CO ₂ avoided	8,715	12,292	16,772	+92.5%

Logistics

The locations of the Group's plants, as well as logistics flows, are designed to reduce distances both upstream (mainly for fresh milk) and downstream (as close as possible to consumer markets).

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

In every country, Bel works with its external service providers around three focus areas:

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

2.5 Portions

The individual cheese portion is the core of Bel's business model. This convenient, fun format appeals to millions of consumers worldwide every day and has numerous advantages in terms of coping with societal issues:

- Bel offers savory products that contribute to the daily nutritional requirements of its consumers, especially protein and calcium, and limit the consumption of other nutrients (such as fats and salt);
- Bel guarantees healthy and safe products, accessible to the largest number of people, adapted to the constraints of its distribution chain. The extremely protective individual packaging limits the risk of any external contamination and perfectly preserves the health and gustatory qualities of the cheese;
- the portion format is ideal for unit sales: for example, in Senegal, The Laughing Cow is sold in portions, at a unit price of 100 CFA francs (or €0.15);

- cheeses in portions such as The Laughing Cow or Kiri are pasteurized, which gives them a longer shelf life, even without refrigeration. This is an advantage that is particularly appreciated in countries without the means to maintain an uninterrupted cold chain;
- the individual portion, ready to eat, preserves the gustatory and health qualities of the cheese over often long life cycles. The fact that consumers are not required to eat all the portions soon after the portion pack is open helps to avoid waste on the consumer end.

However, although the strengths of portions far exceed their weaknesses (use of resources for the packaging, generation of waste on the consumer end), Bel implements initiatives to diminish the latter.

2.5.1 Nutritional and natural qualities

In many countries, one priority is to fight the vicious cycle which starts with poor food choices and leads to metabolic disorders, or even chronic diseases. On the other end of the spectrum, for other populations, the priority is to meet daily nutritional requirements.

Eaten in moderation, cheese, which contains milk nutrients, can contribute to a balanced diet and offer a solution to these two major public health issues. Cheese is specifically a significant source of calcium, an essential nutrient for the growth of children and is compatible with the food requirements of everybody, including those watching their weight or heart.

Beyond their practical aspect, the fun shapes of individual portions are key to getting children to want to eat a dairy product. Bel therefore pays attention to the recipes intended for children.

Bel's nutritional strategy seeks to reconcile consumer expectations (pleasure, naturalness, etc.) and the expectations of public health authorities (nutritional quality, food safety, etc.). Under the same brand, the Group therefore tailors its recipes to respond to these demands.

Bel wants to take action to

- Offer products with a nutritional profile that meet both consumer expectations and the expectations of public health authorities.
- Adapt recipes to expectations of naturalness identified in certain markets.
- Promote good eating habits.

Action levers

- Adapted recipes.
- A business model based on individual portions.
- Responsible communication to educate consumers on good eating habits.

Highlights of 2014

- Membership in the SUN (Scaling Up Nutrition) network.
- First assessment of the Group's nutrition strategy through an independent third party according to a published methodology.

Group nutritional policy

In 2014, nearly 17 billion Bel Group portions were eaten in nearly 130 countries. Bel seeks to develop its activities throughout the world, particularly in emerging countries, which already account for roughly a quarter of its sales (see "Breakdown of revenue", section 1.3 "2014 markets and business") and where demographic growth represents a genuine opportunity for Bel products.

Bel applies the same rigorous nutritional policy to all its brands to drive this growth and propose recipes offering good nutritional qualities.

While following the rules of this policy, nutritional brands are developed to be more accessible than the core brands and are even produced locally.

■ Attentive to consumers

To ensure the best possible balance between an overall structural vision and relevant local deployment, the Group's central marketing is organized around two divisions: developed countries and emerging countries, each division having relay marketing teams in the countries concerned.

In the same logic, a team of nutritionists – headed by the Nutrition CSR Leader – defines and coordinates the Group's nutritional strategy. The team is backed by a network of more than 30 nutrition correspondents present locally and working within marketing teams. These correspondents handle the adaptation of this strategy to the aspirations and consumer habits of the different markets: today, Bel markets more than 530 different recipes.

Throughout the world, Bel is attentive to consumer expectations and only launches a new product if at least 70% of the consumers polled have appreciated the recipe. And whenever a recipe is reformulated, the new recipe must be considered to be at least as good as the old one by more than half of the consumers polled. In 2014, Bel conducted more than 200 organoleptic tests with more than 60,000 consumers.

The Group regularly monitors the sensory profiles of its products to ensure that the production meets the consumer expectations identified through studies carried out by the marketing teams.

■ Being part of the solution to public health issues

Whenever possible and necessary, Bel responds with the nutritional enhancement of its recipes to the commitments that it takes with public authorities and arranges for a third party to assess the results. As such, the Group gears its efforts above all, on the three key nutrients for cheese: fats, salt and calcium, always in reference to the quantities actually contributed by the portion as a unit of consumption:

- fats: Bel proposes light versions for four of its five core brands – The Laughing Cow, Leerdammer, Mini Babybel and Boursin;
- salt: the Group strives to reduce the amount of salt in its formulations. However, a minimal quantity is sometimes inseparable from the manufacturing processes and/or is required to ensure the sanitary quality of the products;
- calcium: Bel gradually adjusts the calcium content of its products when it appears to be too low and there is a deficiency found.

If these deficiencies have been clearly established on certain nutrients – vitamins and minerals – and Bel's products are proven to be legitimate and coherent matrices, the Group enriches its portions.

■ Soliciting third-party opinion

Bel is convinced that its nutritional policy must be based on the opinion of international, independent nutrition experts. The Group solicits these experts, either individually, or *through* its annual committee meeting to confirm the planned strategic options. Bel works closely with public authorities (e.g.: National Institute of Nutrition in Vietnam) and learned societies (e.g.: Agence Française de Pédiatrie Ambulatoire).

For the first time, in 2014, Bel had its nutritional strategy assessed by an independent third-party organization, recognized as a reference in the field. Its findings constitute the basis for the nutrition road map that will be unveiled in 2015.

■ Relying on scientific data

Bel's nutritional policy is based on reliable, solid scientific data.

That is why the Group:

- conducts active intelligence gathering on nutrition;
- builds bibliographic studies on subjects of interest, such as the sociological impact of the individual portion format;
- organizes research on consumption data and nutritional statuses in connection with its products in countries where it operates;
- mandates academic teams to conduct studies related to its topics of interest, such as the nutritional benefits of individual cheese portions for snacks.

In return, the Group shares its advances and the results of its own research and studies on nutrition as well as its publications with stakeholders (governments, national nutrition institutes, NGOs, consumer associations, medical congresses, etc.).

■ Supporting research

As a committed player in the food industry, Bel believes that it has a duty to be involved in research projects to study and promote food as a source of pleasure and health as well as encourage healthy food habits. In this respect, the Group is a member of the Fonds Français pour l'Alimentation et la Santé (FFAS) whose founding principle is based on equal representation between scientists and economic operators.

■ Relying on networks

In 2014, Bel joined the SUN (Scaling Up Nutrition) network present in 54 countries mostly located in Africa and Asia. SUN was founded on the principle of the right to food and good nutrition for all. SUN is different from other organizations because of the fact that it brings together a large number of stakeholders (governments, civil society, United Nations, donors, private sector and researchers) in a collective effort to improve nutrition in developing countries and in particular to find a solution to malnutrition. Bel has formalized its commitments to promote healthy nutrition in emerging countries through this partnership.

A proactive policy

The Group's growth is driven by innovations and regular updates of its formulas. Since 2010, more than 60 recipes have been reformulated in this way. However, this momentum is guided by the Group's self-imposed voluntary rules.

■ Voluntary rules

The profile of any new recipe must always be defined in collaboration with a nutrition correspondent and comply with the voluntary rules:

- the nutritional profile of a renewed recipe must never be degraded on the key nutrients – fats, salt and calcium – in comparison to the original recipe;

- a recipe may contain, under certain conditions, vegetable fats: it is prohibited to include palm oil in the new recipes (see "Purchasing and biodiversity", section 2.2.2) and industrial source trans fats are also prohibited. Products containing vegetable fats should not contain more saturated fatty acids than if they contained milk fat;
- in the event of innovation, the nutritional profile must be positioned with respect to the nutritional profile of the competition.

■ Controlled compounds

Certain consumption trends are characterized by the search for foods perceived as more "natural". In fact, this quest stems from the rejection by certain consumers of different compounds, even if the safety of those compounds is not questioned by scientific data and their use is authorized by the regulatory authorities.

The Group's products must meet very specific specifications – long life cycle, ability to withstand the lack of a cooling system where distribution cannot guarantee an uninterrupted cold chain – very specific consumer expectations (creamy texture, attractive color, etc.). To restore a creamy texture to products with reduced fat content, the Group sometimes adds non-dairy ingredients (maltodextrin, etc.). For other functionalities, the Group adds food additives. Additives are only added if absolutely necessary. This is the case for Mini Red Babybel and Boursin Garlic and Fine Herbs, for example.

Bel wants to systematically limit the use, or even completely remove additives from its formulas. In 2014, more than 10 recipes were reformulated to reduce the number of additives included in their composition and more than 20 other projects are in progress. These are complex renovations with potentially significant impacts on the taste and texture of the cheese. Hence the importance of making sure beforehand that consumers enjoy them at least as much as the original.

The organic offering can meet certain natural expectations. However, Bel has decided not to position itself on this segment which is incompatible with its industrial model, as this is based on the policy to propose products at accessible prices to the largest number of consumers.

The Group sources its products solely from "conventional" raw materials and ingredients that do not contain any genetically modified organisms (GMO) or contain only an accidental and unavoidable quantities of less than 0.9%, as defined by European Union regulation.

2.5.2 Fighting food waste

Fighting all forms of food waste is both an ethical and strategic issue and a constant concern for which all players of the food chain – from producers to consumers – need to act together, to be able to feed the world together without generating an avoidable environmental impact and destroying uneaten food.

Bel has been striving, for a long time now, to reduce raw material losses at each stage of its sourcing and manufacturing processes. The materiality analysis carried out in 2014 stressed the expectation of stakeholders for the Group to undertake to support its partners upstream and downstream of the life cycle of its products to reduce all forms of waste.

At the service of this goal, and especially for consumers, which according to sources are responsible for 50% of the food wasted, the individual portion format represents a significant asset in the fight against this waste, both at home and in collective catering services. It allows optimum conservation of the portions, even when the portions pack is opened.

Bel wants to take action to

- Minimize waste and loss even on the consumers' end.
- Educate consumers on adopting more responsible habits.

Action levers

- Individual portions protected by efficient packaging.
- Products with longer shelf life.
- Industrial processes limiting the generation of byproducts.
- Programs allowing the recycling of these products in the food industry (Bel industries, etc.).
- Collaboration and/or education of the parties directly involved in the Group's supply chain.
- Communication geared towards consumers.

Highlights of 2014

- Identification of food waste reduction as one of the Group's priorities.
- Creation of a dedicated multi-functional task force.
- Program with collective catering services (canteens).
- Implementation of a pilot project in France to deliver to customers faster than the guaranteed timeframe.

Unacceptable waste

According to the United Nations Food and Agriculture Organization ⁽¹⁾ (FAO), more than 30% of the food produced in the world is wasted; this corresponds to 1.3 billion metric tons of food. Generally, developing countries are very concerned by food losses during agricultural production. On the other hand, medium and high income regions experience more waste at the level of retail and customer sales than in other regions. The FAO report points out several "hot spots" of food loss and waste (grain losses in Asia, the impact on the environment of meat losses in high income regions and in Latin America, the impact on water of wasted fruits), but milk is not on the list. According to the FAO, estimated waste in the milk and dairy products sector represents, depending on the geographical region, between 10 and 25% of production.

Even if the Group's plants are present in many geographic regions, the bulk of the milk that they work with, either directly in the form of liquid milk, or indirectly in the form of processed dairy products, comes from medium income or developed regions where the upstream agriculture is less prone to loss and waste than in developing countries.

However, consumers are highly concerned by food waste, especially in developed countries, such as France.

Breakdown of food waste in France ^(a)

Food industries	Markets	Shops/Distribution	Catering	Consumers
2%	6%	11%	15%	67%

(a) Source: MEDDE.

Upstream dairy

For most producers, milk represents a significant portion of their sales. They therefore pay particular attention to it.

Contrary to other agricultural raw materials – such as fruits or vegetables – there are no aesthetic criteria which could lead to downgrading. Transporting milk does not involve the risk of injury.

(1) FAO "Global food losses and food waste" study conducted by the "Save Food!" international congress during the Interpack fair in Düsseldorf in 2011.

The only time when milk is not collected is when it does not meet the health criteria mandated by regulations. These risks of non-compliance may be linked to poor observance of the cold chain, although livestock farmers do not store the milk for more than 72 hours. Bel helps to improve this cold chain by providing tanks to producers. When the tanks is not Bel's property, the producers themselves invest in refrigerating tanks for storing the milk:

- in France: Bel provides certain producers with milk tanks, handles their maintenance and since 2012 has invested huge budgets to bring them into compliance with the regulation;
- in Portugal: since 2007, Bel has been active in encouraging the installation of tanks on farms for livestock farmers in the Azores;
- in Ukraine: Bel provides tanks in Agrofirms, as well as in the collection centers managed by third parties and has some in its own collection centers.

Milk is also considered unsuitable for consumption when the cows are treated with antibiotics. According to the CNIEL (Centre National Interprofessionnel de l'Économie Laitière), out of some 23 billion liters or more of milk collected every year in France, 0.03% of the collection is destroyed for this reason⁽¹⁾.

As such, the losses upstream on its processing sites appear marginal for the Group.

The same applies for the upstream of dairy raw materials supplier sites. They are all driven by the same determination to optimize their economic performance, while striving to reduce their losses and enhance their byproducts through second processing (see below).

Production sites

Byproducts are materials inevitably created during the manufacturing process of a primary product.

In its dairy plants, Bel generates three categories of byproducts: cream, whey and downgraded cheeses (technical and mechanical). In its melting plants, Bel only generates downgraded cheeses.

In all its sites, Bel strictly inspects the quality and composition of its byproducts and today recovers more than 99%. They are reused in the Group's plants or resold to be transformed again in the manufacture of other products. A small quantity of these byproducts is recovered in the form of energy (methanization) or is composted. Finally, less than 1% of the Group's byproducts is not recovered.

Reducing waste in the plant is part of the process to continuously optimize the Group's manufacturing processes in order to improve its productivity and the efficiency of its organizations and its production lines.

The Bel Industries division recycles, with other food industries, the proteins from the processing of milk and are not used in its dairy plants. They are retreated and sold to industrial customers (manufacturers of ice cream, yogurts, dairy products, etc.). Its Nollibel brand is a global leader in its segment and exports 60% of its production into 50 different countries.

Distribution

Downstream of its production sites, the Group's products go through numerous handling stages (trucks, containers, warehouses, etc.): the combination boxes and pallet loads are designed to ensure that consumer sale units are not altered during these movements and retain their integrity until placed on the shelf in retail units or distributed through other types of points of sale.

The organization of sale forecasts allows permanent adjustment of the manufacturing process of products with estimates of sales to know how to respond to customer expectations, but also avoid any overproduction without a firm outlet.

The processes, thermal treatments of milk on the sites, product developments and the design of efficient packaging allow Fromageries Bel to retain their gustatory and health qualities over relatively long shelf life: the shortest shelf life is six to seven weeks (Boursin). Products refused by distributors despite a still valid expiration date are given to charities that help people in need. In 2014, 107 metric tons of products were donated by French warehouses to charities.

In France, through Club Déméter, Bel implemented a pilot project over four months with a French distribution brand to guarantee customer faster delivery times than the current timeframes offered, as this amounts to is 66% of the products' total shelf life. The next stages after this pilot are under discussion.

Consumption

Consumer behavior is responsible for high levels of food waste, especially in developed countries. The Group continues and develops actions to propose smaller packaging formats, adapted to the size of families which tend to be smaller and to certain more individualistic consumption habits.

Individual portions allow the perfect preservation of products in families even after the portion pack is opened, also in the context of community catering this encourages the consumption of just the right quantity of the product.

(1) Questions on Dairy Products & Antibiotics (HS no. 4b – 2015).

In 2013, at Bel's request, IFOP (French market research and polling company) carried out a study (study no. 712190 ⁽¹⁾) to evaluate the perception among French cheese consumers of waste risk associated with various types of packaging. Results showed that individual cheese portions have a clear advantage when it comes to preventing food waste. 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 waste, because of its association with good conservation. This is a far 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.

Another study ⁽²⁾ showed that in school canteens, 40% of cut cheese prepared in the kitchen is thrown away at the end of the service. This rate is 6% for portion-packaged cheese. Furthermore, the study revealed that more than 70% of children chose and ate portion-packaged cheese in its entirety when offered at the canteen, compared to 58% for cut cheese.

Waste and environmental footprint

The greater the loss of a food product late in its life cycle means the relevant environmental impacts are higher, also including those generated by its processing, transport and storage. A holistic view of the subject must therefore place into perspective the environmental impact of the container – the packaging waste – with the environmental impact that would represent the waste of its content – the cheese – if it were not properly protected.

Bel requires all its developers to ensure that the packages that they propose to marketing teams use the correct quantity of packaging materials to meet the functional specifications which must ensure at least the protection of the cheese.

Bel has gradually reduced the thickness of the aluminum sheets used for its portions while preserving the gustatory and health qualities of the cheese, as the material blocks out gas and light. Today, aluminum thickness has been reduced to 10 microns for The Laughing Cow portions, i.e., seven times thinner than a strand of hair, which means that less than half a gram of aluminum is used for each portion of 20 grams of cheese. As such, even if the bulk of the 17 billion portions sold by the Group in 2014 is protected by an aluminum film, the total tonnage of aluminum is relatively low compared to other materials (7% of the total volume of the Group's packaging in 2014). The life cycle analyses conducted on the triangular portions of The Laughing Cow cheese, show that greenhouse gas emissions linked to the packaging of the portion are 20 times lower than those of the twenty or so grams of cheese that they contain.

Ecodesign of packaging

Packaging is only considered as waste at the end of its life, after it has served a variety of purposes. However, the Group is attentive to reducing their environmental impact: reduction at source and choice of materials are the two key pillars of Bel's approach towards the ecodesign of its packaging.

For numerous years now, reducing the quantities of packaging used has been a priority. These waste reduction actions at the source concern all materials, but must be carried out without altering the essential functions of the packaging: protection, preservation, ease of use and minimizing the risk of product waste.

With respect to this topic, the Group used to publish an indicator on the average packaging weight in kilogram per metric ton of cheese produced, calculated on a global scope (all presentations and all products together). The decision taken in 2014 to stop communicating on this indicator is explained in the methodological note. The Group will redefine a more relevant indicator to guide its ecodesign policy, develop corresponding tools for data acquisition and make the necessary sorting leading to an allocation that would motivate the sites, brands, etc.

See section 2.2.2 on "Purchasing and biodiversity" for cardboard choices (recycled fibers, cardboard from forest-stewardship certified forests).

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

With consumers, the Group seeks drivers to reduce the impact of its packaging while being aware that in numerous countries where they are sold, waste collection and recycling channels are inexistent or do not handle all materials, such as plastic packs or aluminum microwaste in particular.

Bel wishes to gradually support the development of waste collection and recycling channels. That is already the case in France where Bel works in partnership with Eco-Emballages, an organization that manages and operates the sorting and recycling of household packaging waste, on a project to improve the recyclability of Leerdammer sliced cheese plastic packs. In France, Bel belongs to the Club de l'Emballage Léger en Aluminium et en Acier (CELAA) which has the ambition of contributing to the improvement of sorting and recycling of aluminum and steel packaging waste, especially small-sized ones.

Since consumers play a key role in reducing the environmental impact of packaging through the act of sorting their waste, the marketing teams focus on communicating clear instructions on the packaging or on the websites of brands (see "Environmental information", section 2.6.2).

(1) Study conducted in April 2013 with 764 consumers of cheese sold in the self-service cheese aisle based on a series of photos of cheese in different presentations: cheese in individual portions, grated cheese, packed cheese, whole cheese.

(2) 2013 IFOP – Chef'Eco study.

2.6 Trusted brands

Reliability is a key element in the trusting relationship that the brands have forged with their consumers. When consumers buy products endorsed by a Group brand, they must have no doubts about the quality, safety and traceability which are for them non-negotiable prerequisites.

Sincerity is the second key element for nurturing trust in a relationship. Since consumers are capable of finding answers from different sources – on the Internet in particular – to their queries, they want to be assured that the answers provided by the brands are clear and honest.

2.6.1 Quality, safety and traceability

Mistrust and food scares have always existed. Even if objectively, foods are increasingly safe, a large majority of consumers consider food risks to be very high today.

Bel Group is aware that there is no such thing as zero risk. It nevertheless feels duty-bound to follow the strictest possible approach throughout the value chain of its products.

Bel wants to take action to

- Reach a level of operational excellence in the field of quality and traceability of products at all stages of their life cycle.
- Trust in the quality and safety offered by the Group's products is self-evident for all consumers.

Action levers

- Organization and dedicated procedures.
- Controls at all stages until the "release" of the finished product.
- Total traceability (of components and finished products).

Highlights of 2014

- Launch of a new quality management tool.
- Inauguration of a new site in Brookings (USA).

Quality, safety and traceability policy

(see section 3.3.4 "Specific internal control procedures implemented by the Company").

Regulatory framework

The Group's health, safety and traceability approach is governed by a very strict regulatory framework.

In all the countries where the Group manufactures or imports products, a detailed analysis of the regulations in terms of food quality/safety and hygiene leads to the drafting of a "Bel reference guide" which covers all the regulations.

At the European level, the "Hygiene Package" became effective on January 1, 2006. This regulation is composed of several legislative texts. It implements a unique and transparent policy in matters of food hygiene and safety in all European Union countries: all operators are concerned, from production at the farm to the distribution of products, including manufacturing plants.

The Group applies to all parties, from the production of raw materials to the consumer, as much as possible, the strictest rules – which are mostly European regulations. In certain cases, Bel is guided by even stricter standards: for example, with respect to allergens, it monitors over 23 instead of the 14 required by European regulation.

In a concern for harmonization and food safety and excellence, Bel shares its reference guides with all its production sites worldwide as well as with its suppliers and retailers.

Shared responsibility

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.

■ Support for all the Group's milk producers

Milk quality begins with livestock farming practices. Farmers are responsible for the sanitary quality and conformity of the milk that they produce. They must implement the appropriate measures to guarantee these qualities. To prevent any risk upstream, such as bacteriological risk, Bel's dairy production technicians continuously teach producers about good practices for producing quality milk. Where the quality of the milk falls below the Group's standards, the production technicians propose and implement targeted actions with the producers in question, including:

- an audit of operations (sometimes in the presence of a veterinarian);
- proposed action plans to improve the quality of the milk in question;
- monitoring of these plans over a period from a few months to a year, to assist the producer in bringing about improvements.

■ Referencing and auditing of our suppliers and subcontractors

The process of referencing the Group's raw materials suppliers and subcontractors covers all aspects of food safety and include a complete audit. Bel requires exhaustive data, particularly on technical logistics and regulatory elements, but also certifications, for example on the origin of the products, the presence or not of allergens, etc.

Quality audits are carried out on the major suppliers of the most sensitive raw materials and on sub-contractors whose products carry Bel brands. These audits are performed by buyers in coordination with the DQRG and the operational teams of the regions. Where the minor non-conformities observed do not pose a risk to the food safety of products supplied, the audited suppliers and subcontractors in question guarantee the Group that corrective actions within a specific time frame will be implemented. In 2014, 86 suppliers and 11 subcontractors of the Group were audited. None of these audits revealed the existence of a critical non-conformity that would lead to questioning the Group's business relationship with any of its suppliers or subcontractors. However, 71 audits did result in the drafting of corrective action plans as part of its strategy of continuous improvement.

■ Products that are subcontracted and/or associated with partner products

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

■ Support for certain distributors

The goal of operational excellence in terms of product quality, safety and traceability would not be reached if the Group did not support its distributors in this approach throughout the world. Optimum product quality, safety and traceability must be guaranteed from the plant to the point of sale. Bel is gradually setting up several assistance measures for some retailers (see "Ethics in the downstream value chain", section 2.2.3).

Inspections at each stage

Each stage of the products' life cycle, from the production of its raw materials until the "release" of the finished product, is subject to stringent inspections. All records linked to these inspections, which constitute evidence of the results of analyses, are kept on the sites. 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. The frequency of these inspections is based on the Group's HACCP assessment and is tailored to the raw material or ingredient in question.

■ Milk: a very fragile raw material

Milk is a living, fragile raw material which deteriorates when exposed to air, light and kept at room temperature. To preserve its qualities, Bel collects milk within a maximum period of 72 hours after milking. Bel assists certain producers with their infrastructure by supplying them with refrigerated tanks (see "Fighting food waste – Upstream dairy", section 2.5.2). Milk quality is subject to stringent inspections. The milk must meet highly precise composition criteria (fats and proteins), and strict hygiene criteria and must not contain traces of antibiotics. Samples are taken during the milk collection, up until arrival at the plant, enabling the implementation of checks including laboratory analyses. In some very rare cases the milk is not used if the quality is considered inadequate.

■ Other materials

All the raw materials used as components in the Group's products are compliant with very strict specifications. The compliance of raw materials with the specifications is systematically checked as soon as they arrive in the plant. They are checked again before inclusion in production, at the microbiological and physicochemical, as well as organoleptic level. All the packaging, and especially those in direct contact with the products, follow inspection procedures comparable to their arrival at the Group's plants.

■ On production lines

Quality control plans concern semi-finished products (work in progress), finished products and the production environment (air, water, machines, manufacturing premises, staff, etc.). On the production lines, Bel's semi-finished products and finished products must meet requirements that go beyond the regulatory minimum, particularly with respect to pathogens. Special attention is given, by precautionary principle, to the safety of products, more intensive controls are carried out especially for foreign bodies and the prevention of risks of malicious attacks. Since 2013, Bel has deployed a global policy of malicious risk management through detailed and comprehensive analysis from all viewpoints at the plant level that may be at risk. Action plans are gradually put in place.

■ Downstream of production sites

Bel carries out audits on the distribution chain of its products in order to ensure compliance with the recommended cold chain, transport and conservation conditions for products. For more

than five years, Bel has gradually shared its Good Storage and Distribution Practices Charter with its distributors (importer customers) in its various regions of sale. This charter is tailored to the distributor's context further to an inspection or audit on said retailer. So far, 30 distributors have adopted the charter.

Double full product traceability

Bel implements dual traceability all along the value chain and can therefore 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. The Group can pinpoint the storage location of any product at any time, right up to the end customer, across all of its distribution and sales networks.

Monitoring provides knowledge about logistical flows and allows the Group to store data about food safety, promptly send data in response to requests from authorities, identify risks and isolate individual production runs if necessary. It guarantees the efficiency of any withdrawals and recalls.

Traceability tests start from the identification of the raw materials up to the downstream of production sites. All Group suppliers of raw dairy materials and ingredients are assigned codes and traced. Bel performs regular tests with its suppliers to ensure that they are able to provide additional traceability data within 24 hours of its request.

Ensuring the full traceability of products right up to consumption entails the use of mandatory labeling on consumer sale units (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.

2.6.2 Clear and relevant information

The type of information sought by consumers now greatly exceeds the context of nutritional information, and the media has been showing a growing interest in food-related topics.

Until recently, information was carried by the traditional media. In most countries, Internet technology has radically changed how we search for and exchange information, before, during and after purchasing an article: websites, smart phone applications, social networks, etc. Internet users can now have a huge impact on the image of products and companies.

Although Bel is persuaded that CSR messages cannot be communicated in the same way as traditional advertising messages, it considers that each of its brands has the right to communicate about its social responsibility performances with its own consumers.

Nevertheless, given that contradictory statements result in loss of trust, the Group verifies that statements issued by its brands truly reflect its practices.

Bel wants to take action to

- Give all consumers, regardless of where they are, easy access to the information they seek.

Action levers

- Trusting relationships nurtured between the brands and their consumers.
- Optimized use of new digital technologies.
- Homogeneous calculation rules for figures.
- Clear, coherent statements.

Highlights of 2014

- Production of questions/answers on major topics.
- Commitment in the European Product Environmental Footprint Category Rules (PEFCR) in the “dairy products” category.
- Construction of a simple visual marking system to facilitate the reading of packages.

Harmonized communication on packaging

Bel wants all its consumers to have easy access to the information they seek. The first way to do this is on packaging. This option has the advantage of displaying the information at the time of purchase. However, its surface area limits the amount of information that can be conveyed. This is why Bel has put time and effort into developing other resources (websites, mobile apps, brochures, consumer departments, etc.) to provide access to more detailed, educational information.

A simple, visual marking system has been defined to simplify the reading of packaging. The system will be gradually deployed to all Group packaging, throughout the world. Priority is given to the five core brands, which will adopt it by 2016. Two brands are already considered as pilots: The Laughing Cow and Mini Babybel in Europe and in North America.

Nutritional information

Bel Group regularly ensures that its formulas comply with its target nutritional profile and which is provided on its products. In countries where there are no local regulations, Bel displays the minimum basic nutritional information required by European regulation on its packaging. Given the nutritional interest of the individual portion which allows consumers to keep track of their calorie intake, brands communicate the recommended unit of consumption (one portion or two portions depending on the countries), on the packaging if allowed by the surface area and on their websites.

Bel seeks to educate and encourage its consumers to adopt healthy food habits. Whenever relevant, the brands present a context in which their products can be eaten, together with, if necessary, advice on adopting food habits.

These suggestions are displayed on the packaging if the size allows for it.

Contact with stakeholders

Bel wishes to foster dialog between its brands and their consumers. The Group has mapped the countries/brands with brick and mortar consumer support services (call centers) and online support (interfaces on the brands’ and/or subsidiaries’ websites, social network accounts, etc.).

Where consumer call centers already exist, namely in France, the UK, Germany, the USA and Canada, all of the products sold by the Group in these countries carry the contact details for the relevant service on their packaging. In 2014, Bel set up two new consumer support services in Vietnam and Japan.

More and more customers ask the Group about the sustainability of its model: the efficiency of production tools, continuous improvement processes, verification of sourcing, etc. Bel always responds clearly and honestly to these questions. As a supplier of products to other companies, Bel also complies with the audit requests of these companies (e.g.: SEDEX).

Environmental information

The Group is convinced that environmental indicators easily understood by consumers will fuel their interest and influence their buying behavior. As the surface area available on most of its packaging is limited, Bel believes that this is not the best place for this information and prefers other resources better adapted to communicating educational information on these highly novel topics for consumers (websites, for example).

In 2014, Bel updated again the life cycle analysis of two core products (Kiri and The Laughing Cow) based on the reference guide for calculating environmental impacts shared with the entire French dairy industry and which it helped develop as a member of the inter-professional association. Based on orders of magnitude, these analyses help the Group to direct its action plans, but it does not wish to communicate the detailed results externally given the potentially huge margin of calculation error. Furthermore, since the calculation rules are not yet homogeneous between all food professionals, disclosing these detailed data could warp competition between different products.

To allow European harmonization on the method for calculating and communicating the environmental impacts of products, Europe launched a pilot program: the Product Environmental Footprint Category Rules (PEFCR). Bel is directly involved in the “dairy products” category proposed by the European Dairy Association (EDA).

However, it considers that its responsibility is to encourage its consumers to reduce the environmental footprint of its packaging. Accordingly, in connection with the visual markers developed by the Group, the “Environment” section focuses on sorting instructions

in countries where recycling channels exist and on cleanliness gestures in other countries (see “Harmonized communication on packaging”, section 2.6.2).

2.7 Note on methodology

Choice of indicators

Bel’s non-financial key performance indicators were defined by the CSR Leaders, with respect to the Group’s activities and the social, societal and environmental challenges arising from them. First of all, they allow the operational steering of the initiative’s progress on each of the progress areas defined by the Group. They are also ideal for transparent reporting on the Group’s non-financial performance in this Registration Document and in other communication media (CSR Report, Business Report, Group websites, etc.).

The Bel Group’s non-financial reporting satisfies the requirements of the decree implementing article 225 of France’s “Grenelle II” law of July 10, 2010 (articles L. 225-102, R. 225-105-1 and R. 225-105-2 of the French Commercial Code). Bel’s CSR program is modeled on three international frameworks: the United Nations Global Compact, ISO 26000 and the fourth generation of the Global Reporting Initiative (see the “Cross-reference Table”).

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

Reporting procedure and guidelines

The non-financial reporting procedure describes the methods to follow to collect and calculate the Group’s non-financial key performance indicators. It is circulated, read and applied at all levels of data compilation and reporting.

Two reporting guidelines (environmental and social) complete this procedure. They respectively define the Group’s environmental and social key performance indicators.

These three documents serve as reference guides for checking external data, in accordance with the decree implementing article L. 225-102-1 of the French Commercial Code (Grenelle II law). They are 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 Financial 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 business CSR Leaders also consolidate the data collected in order to generate, and communicate to the CSR Department, the Group indicators present in this chapter.

Reporting tools

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

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

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

Some data is obtained from information systems deployed in the Group (e.g.: SAP, Magdalena) or mission-specific software (e.g.: EcoVadis, Acciline, etc.).

Packaging indicators

With respect to this topic, since 2012, the Group has published an indicator on the average packaging weight in kilogram per metric ton of cheese produced, calculated on a global scope (all presentations and all products together). The Group decided in 2014 to stop communicating on this indicator due to the reasons below:

- data acquisition is not reliable: the figures published in 2012 had been restated in 2013 and should have been restated again in 2014;
- the gross indicator does not reflect the Group's global progress, because it is positively impacted by at-source reduction actions and conversely, negatively impacted by actions aimed at proposing smaller formats to avoid cheese waste by the consumer or those aimed at strengthening products and preventing wastes in the production chain;
- the indicator is not fully understood by the teams, because it does not recognize their progress: for example, numerous actions taken to reduce waste at source in 2014 and resulting in savings of 400 metric tons of packaging are not visible compared to the total packaging implemented by the Group.

Reporting scope and period

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

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

The data collected covers the period from January 1 to December 31, 2014. Depending on the indicators, this involves:

- annual consolidation of data from January 1, 2014 to December 31, 2014;
- data measured at December 31, 2014.

If the history is available, the data is given for the last three financial years. On water and energy priorities, progress areas are part of long cycles: Bel has been providing data since 2008.

■ Social

2014 key figures and social reporting concerns all Bel Group subsidiaries, with the exception of Syria. In 2013, the key figures concerned the same scope but Syria and Vietnam were excluded from the social reporting.

■ Environment

Environmental reporting includes all Group industrial and research sites, with the exception of:

- a production workshop in Ghazvin leased to an operator involved in other activities on the same site with insufficient separation to measure the specific impacts of each workshop;
- and the Brookings site opened in 2014 (awaiting reliability of its reporting).

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

The direct impacts of the 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.

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.

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

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

2.8 Statutory Auditors' Reasonable Assurance Report on a selection of social and environmental information

Following the request made to us in our capacity as Statutory Auditors for Fromageries Bel S.A., we conducted a review to enable us to express reasonable assurance on a selection of social and environmental information selected by the Group and identified by the * symbol in sections 2.3 "Bel model" and 2.4 "Reducing the environmental footprint" of the Registration Document (hereafter "the Disclosures") established for the fiscal year ended December 31, 2014.

The selected social information is as follows:

- Group total workforce;
- breakdown of workforce by operational region.

The selected environmental information is as follows:

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

Responsibility of the Company

This Data was prepared under the responsibility of the Board of Directors of Fromageries Bel S.A. in accordance with the reference guides used (hereafter the "Reference Guides") for the reporting of social and environmental data, available upon request at the company's head office at the Sustainable Development Department, the Human Resources Department and the Industrial and Technical Department, and a summary of which can be found in the Registration Document in section 2.7 "Note on methodology".

Independence and quality control

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

Responsibility of the Statutory Auditors

It is our responsibility, based on our work, to express reasonable assurance that the Disclosures were prepared in all material aspects in accordance with the Reference Guides. The conclusions we express below refer to these Disclosures alone and do not concern the content of sections 2.3 "Bel Model" and 2.4 "Reducing the environmental footprint" of the Registration Document.

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

We conducted the work described below in accordance with the professional standards applicable in France and with the international standard ISAE 3000⁽¹⁾:

- We assessed the suitability of the Reference Guides with respect to their relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- We verified the existence of a procedure to gather, compile, process and control data, with the aim of ensuring the exhaustiveness and consistency of the Disclosures;
- We interviewed the people concerned from the Sustainable Development Department, the Human Resources Department and the Industrial and Technical Department at the head office and on the industrial sites and subsidiaries in order to analyze the deployment and application of the Reference Guides;

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

- We implemented analytical procedures on the Disclosures and verified, based on spot checks, the calculations as well as the consolidation of the Disclosures;
- We selected a sample of entities based on their activity, their contribution to the consolidated Disclosures, their location and a risk analysis:
 - For the social indicators, we picked subsidiaries in France, Algeria, Egypt, Morocco, Ukraine and the United States,
 - For environmental indicators, we picked the industrial sites of Dole, Évron, Sablé-sur-Sarthe, Koléa, Cairo, Little Chute, Shostika and Tangier,
 - For the “Quantity of recovered byproducts” indicator we picked the aforesaid industrial sites and the Dalfsen site;
- At the level of this sample, we conducted interviews to check the proper application of procedures and implemented in-depth detail tests based on samplings, consisting in checking the calculations made and comparing them with the supporting documents. The sample selected represented an average of 73% of the workforce and between 42% and 46% of the environmental information.

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

We consider that this work allow us to express reasonable assurance about the Disclosures.

Conclusion

In our opinion, the information selected by the Group and identified by the * symbol were established, in all material aspects, in accordance with the Reference Guides.

Neuilly-sur-Seine and Paris, March 26, 2015

The Statutory Auditors

For Deloitte & Associés

Pierre-Marie Martin

Associate,
Audit

Florence Didier-Noaro

Associate,
Sustainability Services

For Grant Thornton

Vincent Frambourt

Associate

2.9 Report from one of the Statutory Auditors, appointed as independent third party, on the consolidated social, environmental and corporate information in the Management Report

For the fiscal year ended December 31, 2014

To the shareholders,

In our capacity as Statutory Auditors of Fromageries Bel SA designated as an independent third party and accredited by COFRAC under number 3-1048 ⁽¹⁾, we hereby present our report on the consolidated, corporate, environmental and social responsibility information for the fiscal year ended December 31, 2014 (hereafter the "CSR Information"), presented in the Management Report in application of the provisions of article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board of Directors is responsible for preparing a Management Report including the CSR Information required by article R. 225-1051 of the French Commercial Code, prepared in accordance with the reference guide used by the company (hereafter the "Reference Guides"), which is summarized in the "Note on methodology", presented in the Management Report and which is available on request from the CSR Department at the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional 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 (Certification of completeness of the CSR information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (conclusion on the fair presentation of the CSR Information).

Our work was carried out by a team of five people between December 15 and March 15, over a period of around five weeks. To assist us in conducting our work, we referred to our corporate social responsibility experts.

We have 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 CSR Information, with ISAE 3000 ⁽²⁾.

1. Certification 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) The scope of which can be verified on the following website www.cofrac.fr.

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

In the event of the 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, namely, the Company and its subsidiaries within the meaning of article L. 233-1 and the companies that it controls within the meaning of article L. 233-3 of the French Commercial Code, subject to the limits set forth in the note on methodology presented in section 2.7 of 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;
- verify the set-up of a process to collect, compile, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the Company's characteristics, the social and environmental challenges of its activities, its Sustainable Development strategies and the sector's best practices.

For the CSR information which we considered to be the most important ⁽¹⁾:

- with respect to the consolidating entity, we consulted documentary sources and conducted interviews to confirm the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, based on spot checks, the calculations as well as the consolidation of the data and we checked their consistency and their agreement with the other information disclosed in the Management Report;
- with respect to the representative sample of entities and sites that we selected ⁽²⁾ according to their activity, their contribution to consolidated indicators, their location and risk analysis, we conducted interviews to check the proper application of procedures and implemented detailed tests based on samplings, entailing verification of the calculations made and compared them with the data from the supporting documents. The sample selected represented an average of 60% of the workforce and between 19% and 35% of the quantitative environmental information.

For the other consolidated CSR information, we assessed their consistency with respect to our knowledge of the company.

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

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

Conclusion

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

Neuilly-sur-Seine, March 26, 2015

One of the Statutory Auditors,

Deloitte & Associés

Pierre-Marie Martin

Associate,
Audit

Florence Didier-Noaro

Associate,
Sustainability Services

(1) See Note 1 of this report.

(2) See Note 2 of this report.

Note 1: CSR information considered as the most important

Selected quantitative social information:

- Group total workforce and breakdown of workforce by operational region
- Breakdown of men/women and managers/non-managers
- % of female managers
- Number of people hired and number of departures (including redundancies)
- % of employees who attended at least one training course during the year
- Average number of training hours per employee

Selected quantitative health and safety information:

- Bel FR: Frequency rate of accidents with and without lost workdays for all people present on Bel sites
- FR1: Frequency rate of Bel employee accidents with lost workdays
- Accident frequency rate of Bel employees

Selected quantitative environmental information:

- Number of Bel sites certified according to GFSI standards
- Number of Bel certified ISO 14001 sites
- Number of Bel certified OHSAS 18001 sites
- % of recovered byproducts
- Total water consumption

- 2014 water consumption in areas with shortages/stress/vulnerability/availability of the resource
- Total volume of wastewater
- Quality of purified water (COD, suspended matter, total nitrogen and total phosphorous discharged)
- Electricity consumption
- Consumption of oil, gas and biomass products for heat production and other
- Greenhouse gas emissions scopes 1 and 2
- Total quantity of waste
- Total quantity of hazardous waste sorted and sent to the appropriate channels
- Total quantity of non-hazardous waste sorted and sent to recovery

Sections reviewed at Group level:

- "Materiality analysis"
- "Respect for human rights"
- "Sustainable Purchasing Charter"
- "Specific expectations from certain suppliers"
- "Purchasing and biodiversity"
- "Dairy producers"
- "Bel Access"
- "Water"
- "Group nutritional policy"

Note 2: Selected entities

Audited industrial sites

- Sablé-sur-Sarthe (France)
- Koléa (Algeria)
- Cairo (Egypt)
- Tangier (Morocco)
- Dalfsen (Netherlands), only on the "Recovered byproducts share" indicator

Audited HR entities

- France
- Algeria
- Egypt
- Morocco

Note 3: Summary of environmental data

	Units	2012 Values	2013 Values	2014 Values
CIRCULAR ECONOMY				
Recovered byproducts				
Downgraded cheeses or similar recovered internally or externally	t	10,955	8,582	10,718
Dry whey extract recovered internally or externally?	t	86,896	87,798	85,227
Cream recovered internally (at the production site or in BEL Group) or externally?	t	N/A	37,702	43,424
Quantity of recovered byproducts	t	97,850	134,083	139,368
WATER CONSUMPTION				
Water consumption vulnerability region	m ³	21,382	18,091	1,677,512
Water consumption stress region	m ³	137,988	435,170	373,252
Water consumption shortage region	m ³	323,538	287,071	293,480
Water consumption non-vulnerability region	m ³	3,652,763	3,307,197	1,611,514
Total water quantity	m ³	4,135,670	4,047,529	3,955,758
ENERGY				
Electricity				
Grid electricity consumption without certification of renewable energy source and self-generated from fuel oil or gas	MWh	273,392	274,685	263,551
Electricity consumption from a certified renewable energy source	MWh			6,178
Total electricity consumption	MWh	273,392	274,685	269,729
Fuels				
Fuel oil	MWh_PCI	119,460	88,141	75,507
Gas	MWh_PCI	384,510	401,294	398,172
Biomass	MWh_PCI	30,307	42,687	32,146
Total energy consumption for heat production	MWh_PCI	534,276	532,122	505,825
GREENHOUSE GAS EMISSIONS				
GHG emissions associated with electricity consumption	tCO ₂ e	75,896	79,380	73,022
GHG emissions associated with fossil fuel and gas consumption	tCO ₂ e	129,209	122,991	118,263
GHG emissions associated with biomass consumption	tCO ₂ e	N/A	N/A	473
Greenhouse gas emissions associated with refrigerant fluids	tCO ₂ e	6,582	6,796	6,569
GHG emissions associated with the Group's own vehicle fleet	tCO ₂ e	10,869	10,602	11,614
GHG emissions scopes 1 and 2	tCO ₂ e	222,556	219,769	209,941
DISCHARGES INTO WATER				
Discharge into the natural environment				
Volume of water purified internally with discharge into the natural environment	m ³	2,131,519	2,139,995	2,195,895
Discharged chemical oxygen demand	kg	115,218	104,499	102,795
Discharged phosphorous	kg	14,122	7,334	3,870
Discharged suspended matter	kg	44,776	51,662	37,715
Discharged nitrogen	kg	15,750	16,098	13,717
Discharged to an urban wastewater treatment facility				
Volume of water treated by a third party with other effluents	m ³	1,998,491	1,821,480	1,857,949

	Units	2012 Values	2013 Values	2014 Values
DISCHARGES INTO THE SOIL				
Spreading of untreated water				
Volume	m ³	59,294	61,511	2,504
Agronomic recovery of sludge from wastewater treatment facility				
Nitrogen	t	119	132	136
Phosphorous	t	81	107	101
Dry matter	t	1,379	1,559	1,645
Spreading surface area	hectare	1,069	928	1,316
DISCHARGES INTO WATER AND THE SOIL				
Total volume of discharges	m ³	4,189,304	4,022,986	4,056,348
Total cost of treatment of these discharges	EUR	3,874,318	3,928,331	4,029,289
OTHER EMISSIONS IN THE AIR				
Nitrous oxide, nitrogen dioxide, etc.	t	161	145	158
Sulfur dioxide	t	117	86	146
NOISE POLLUTION				
<i>% of sites in compliance for the noise level at the boundary of the property and the emergence level for the most at-risk residents</i>	%	74	70	70
IMPACTS ON THE ENVIRONMENT				
Number of incidents	unit	57	88	105
Corrective actions	unit	53	88	102
PRODUCTION OF WASTE				
Quantity of non-hazardous waste sorted and sent to recovery	t	17,490	19,811	18,478
Quantity of hazardous waste sorted and sent to the appropriate treatment channels	t	516	732	503
Waste incinerated with generation of energy	t	1,422	2,280	2,826
Waste incinerated without generation of energy	t	24	5	11
Waste evacuated to landfill	t	3,161	3,771	3,291
Total quantity of waste		22,613	26,599	25,109
Cost of treatment	EUR	1,871,672	1,918,509	1,953,529
Income from sale	EUR	488,623	606,722	499,630



3

Corporate Governance

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This chapter is an integral part of the Board of Directors Chairman's Report 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 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.

Factors liable to have an impact in the event of a public offer along with the rules of participation in General Meetings are included in chapter 5 of the Registration Document.

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

3.1 Governance principles

3.1.1 Adherence to the Middlednext Code

Since 2010, the Company has adhered to the Middlednext Corporate Governance Code (which is available on the website www.middlednext.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, 2014.

Pursuant to the recommendations, on Wednesday, November 12, 2014, the Board of Directors revised the watch points that are highlighted by the Middlednext Code. These watch points refer to the key questions that the Board "must ask to ensure the effective working of governance and its quality". These watch points relate to executive power (managers), supervisory power (directors) and sovereign power (shareholders).

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

3.1.2 Composition and expertise of the Board of Directors and Senior Management

Composition of the Board of Directors and Senior Management

The Company's articles of association stipulate management by a Board of Directors comprising no fewer than 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). However, this term may exceptionally be for one, two or three years exclusively in order to implement and maintain the staggering of the Directors' terms of office. The Company's internal regulations also stipulate that each Director must hold at least 20 shares of the Company throughout his or her period of service. The number of Directors aged over 72 must not exceed half (rounded up to the nearest whole number) of the serving Directors as at December 31 of any given year.

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

In addition, 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.

At the date of the Registration Document, the Board of Directors has 10 members, including two women, two foreign Directors and a Director representing employees appointed by the Central Works Council pursuant to article 13-2 of the articles of association and in compliance with provisions of the law dated June 14, 2013. Of the Directors, six are independent, pursuant to the criteria set by the Middlednext Code: Fatine Layt, Nathalie Roos, Michel Arnaud,

Thierry Billot, James Lightburn and Luc Luyten. The family shareholders are represented by three Directors: Antoine Fiévet, Florian Sauvin and the holding company Unibel. Antonio Maria was appointed Director representing employees by a decision of the Central Works Council on June 17, 2014 taking effect as of July 1, 2014. Philippe Deloffre has held the position of non-voting Director since May 10, 2012.

Senior Management includes Antoine Fiévet, who has combined the roles of Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009, and Bruno Schoch, Deputy General Manager responsible for Finance, Legal Affairs and IT Systems. The term of office of Francis Le Cam, appointed Deputy General Manager responsible for Operations on June 18, 2012, expired on May 14, 2014. Francis Le Cam continued his role within the Group under his employment contract as a member of the Executive Committee.

Board of Directors and Senior Management at the date of the Registration Document

Name	Current role within the Company	First appointment	Most recent re-appointment	End of term of office	Audit Committee	Appointments and Compensations Committee
Antoine Fiévet	Director, Chairman and Chief Executive Officer	04/25/2001 05/14/2009	05/14/2014	2018 AGM* 2018 BoD mtg		Member
Michel Arnaud ^(a) ^(b)	Director	08/26/2009	05/14/2014	2017 AGM*		
Thierry Billot ^(a)	Director	05/14/2014		2018 AGM*		
Fatine Layt ^(a)	Director	05/10/2012		2016 AGM*	Member	
James Lightburn ^(a)	Director	03/15/2007		2016 AGM*	Member	Member
Luc Luyten ^(a) ^(c) ^(d)	Director	06/26/2002	05/14/2014	2015 AGM*		Chairman
Antonio Maria	Director representing the Group's employees	07/01/2014		2018		
Florian Sauvin ^(c) ^(e)	Director	08/26/2009	05/14/2014	2015 AGM*		
Nathalie Roos ^(a)	Director	05/14/2014		2018 AGM*		
Unibel SA ^(b) represented by Pascal Viénot	Director	06/16/1972	05/14/2014	2017 AGM*	Chairman	
Philippe Deloffre	Non-voting Director	05/10/2012		2016 BoD mtg		
Bruno Schoch	Deputy General Manager, non-director	12/17/2008	05/14/2014	2018 BoD mtg		

* Ordinary Annual General Meeting of Shareholders.

(a) Independent Director.

(b) Re-appointed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of three years**.

(c) Re-appointed at the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of one year**.

(d) It is proposed not to renew the term of Luc Luyten or to replace him.

(e) It is proposed not to renew the term of Florian Sauvin or to replace him. Florian Sauvin was appointed by Unibel's Management Board as the permanent representative of Unibel on the Company's Board of Directors with effect from May 12, 2015.

Change in the composition of the Board of Directors and renewal and appointment of Directors

Table showing the changes to the Board of Directors and Senior Management during the 2014 fiscal year

Name	Additional information	Roles performed within the Company	Start date	Departure date
Natalie Roos	French	Director	05/14/2014 ^(a)	
Antonio Maria	French	Director representing employees	07/01/2014 ^(b)	
Francis Le Cam	French	Deputy General Manager, responsible for operations	06/18/2012 ^(c)	05/14/2014
Thierry Billot	French	Director	05/14/2014	

(a) Appointed by the Combined Ordinary and Extraordinary General Meeting of May 14, 2014 for a period of four years.

(b) Appointed by a decision of the Central Works Council on June 17, 2014 taking effect as of July 1, 2014 for a period of four years.

(c) The term of office of Francis Le Cam expired on May 14, 2014, he continued his role within the Group under his employment contract as a member of the Executive Committee.

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 Combined General Meeting of May 14, 2014 decided to renew these terms of office, for staggered terms, in order to ensure balanced renewal of terms of office and therefore amend article 13 of the articles of association as a consequence.

Therefore, the terms of office of Florian Sauvin and Luc Luyten were renewed for a period of one year and the terms of office of Michel Arnaud and the company Unibel for a period of three years. The term of office of Antoine Fiévet was renewed for a period of four years.

Additionally, on the recommendation of the Appointments and Compensation Committee and the proposal of the Board of Directors, the Combined General Meeting of May 14, 2014 approved the appointments of Nathalie Roos and Thierry Billot as Directors for a period of four years. Lastly, in compliance with the law of June 14, 2013, the Company's Combined General Meeting amended article 13 of the articles of association to allow for the appointment of a Director representing the employees designated by the Central Works Council. Antonio Maria was appointed Director representing the Group's employees by a decision of the Central Works Council on June 17, 2014 taking effect as of July 1, 2014.

In May 2015, the terms of office of Luc Luyten and Florian Sauvin will expire. Luc Luyten has not requested that his term of office be renewed. The Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to propose to the Combined General Meeting of May 12, 2015 not to renew their terms of office, or to replace them, bringing the total number of Directors from ten to eight. Unibel's Management Board, the Group's holding company, decided to appoint Florian Sauvin as a permanent representative of Unibel on Fromageries Bel's Board of Directors as of May 12, 2015.

Independence of Directors

In the Meeting of November 12, 2014, the Board of Directors examined the individual situation of each Director in relation to the independence criteria set out by the Middledenext Code. Six Directors, Fatine Layt, Nathalie Roos, Michel Arnaud, Thierry Billot, James Lightburn and Luc Luyten, qualified as independent under the terms of the Middledenext 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. Antonio Maria, Director representing the Group's employees, is not independent.

As at the date of this Registration Document, independent Directors do not have any business relationship with the Company.

Following the Combined General Meeting of May 12, 2015, and subject to a favorable vote, the Board of Directors will be composed of eight members, including five independent Directors.

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 fewer. 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 significant financial, contractual or family relations, which are likely to have a bearing on independent judgment:	Antoine Fiévet	Florian Sauvin	Unibel ^(a)	Michel Arnaud	James Lightburn	Fatine Layt	Luc Luyten	Nathalie Roos	Thierry Billot	Antonio Maria
1 - Be neither an employee, executive 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	Yes	Yes	No
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	Yes	Yes	Yes
3 - Not be a major shareholder of the Company.	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 - Not have a close family link with a corporate officer or major shareholder.	No	No	No	Yes	Yes	Yes	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	Yes	Yes	Yes
Conclusion of the Board on the independence or not of the Directors: six Directors qualify as independent by the Board of Directors	not independent	not independent	not independent	independent	independent	independent	independent	independent	independent	not independent

(a) The company Unibel is represented on the Board of Directors by Pascal Viénot. As of May 12, 2015 the company Unibel will be represented by Florian Sauvin.

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. The term of office of Antoine Fiévet was renewed by 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

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 corporate 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 | ● Managing Director of RFE |
| ● Member of the Board of Directors and the Remuneration Committee of Bonduelle SAS | ● Director of CGFF |

Terms of office and current positions within the Group held abroad

- | | |
|---|---|
| ● Chairman and CEO of Bel Belgium SA | ● Chairman of Fromagerie Bel Algérie SpA's Board of Directors |
| ● Chairman of SIEPF SA's Board of Directors | ● Chairman of Bel Vietnam Co. Ltd's Management Board |
| ● Chairman of Fromageries Bel Maroc SA's Board of Directors | |

Terms of office held which expired during the last five years

- | | |
|---|--|
| ● Chairman of Bel Sýry Cesko AS' Supervisory Board | ● Chairman of Syrären Bel Slovensko AS's Supervisory Board |
| ● Member of Fromageries Bel's Audit Committee | ● Chairman and CEO of SAFR |
| ● Chairman of the Bel Italia SpA's Board of Directors | ● Chairman of Bel Shostka Ukraine's Supervisory Board |
| ● Chairman of Bel Karper's Board of Directors | |

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 IEP Paris in finance and financial management.

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

None

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

- Director and member of Fromageries Bel's Audit Committee

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

- | | |
|---|--|
| • Chairman and managing shareholder of Oddo Corporate Finance | • Director of the Iméry's company (listed company) |
| • Member of the Oddo and Cie SCA Executive Committee | • Managing Director of Intermezzo SARL |
| • Director of the Renault Foundation | • Member of Grand Emprunt's Supervisory Board |
| • Director of Mobiliz SA | |

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. The term of office of Florian Sauvin was renewed by the General Meeting on May 14, 2014 for one year, *i.e.*, until the end of the General Meeting to be held in 2015.

Biography, management expertise and experience

Florian Sauvin, an EPFL engineer, joined the Group seven years ago and held, most notably, the post of Management Controller for two years. He was responsible for the Bel Access Department, an incubator for 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 Fromageries Bel
- Director – Treasurer of the Bel corporate foundation
- Director of SICOPA
- Permanent representative of SICOPA on ATAD's Board of Directors

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

- | | |
|--|--|
| <ul style="list-style-type: none"> • Director and CEO of CGFF • Director of CIANAS | <ul style="list-style-type: none"> • Managing Director of SCI Belfran • 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 expire 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 such as "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: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

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 14, 2014 for a period of one year. Luc Luyten's term of office expires at the conclusion of the General Meeting of May 12, 2015.

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-AZTEA SA (now Siemens), at the UCB group, then within the Interbrew Group and then, from 2002 to 2007 (the 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 a Managing Director at Human Invest, specializing in strategic HR management and change management. He holds a master's degree in Psychology and Education and a Master's of Business Administration (MBA) from the Solvay Brussels School (ULB). 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

- Member of SIIFFA France's Supervisory Board

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

- | | |
|---|---|
| • Managing Director of Human Invest | • Chairman of the Evens Foundation |
| • Director and Chairman of the Appointments and Compensation Committee of Sd-Worx | • Honorary council of Burundi |
| • Director of Ahlers SA | • Chairman of the Roi Baudoin Foundation poverty fund |
| • Director of Xerius Group | • Member of the Flemish government Commission |

Terms of office held which expired during the last five years

- Chairman of the University of Antwerp Audit Committee

Restrictions preventing the sale of a stake in the share capital

None

Pascal Viénot, born in 1948, French

Business address: Unibel SA — 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 was renewed by the General Meeting on May 14, 2014 for three years, and will expire at the end of the General Meeting to be held in 2017.

Biography, management expertise and experience

A renowned expert in family business governance, Pascal Viénot founded the company Ketch Conseil in 1993, then in 2009 Associés en Gouvernance (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 at HEC 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 Financial Director and General Manager. 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 Deputy Managing Director of Ferembal. In 1999, he was appointed Financial Director of the GAN Group. He holds a degree from the École des Hautes Études Commerciales (HEC) and an MBA from Columbia University.

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

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

- Joint Founder and Managing Partner of the company Associés en Gouvernance
- Chairman of Ketch Conseil
- Director of Necotrans
- Director of Bligny Centre Hospitalier
- Rapporteur for the ETI's "Medium-size Companies" Commission to the IFA "French Institute of Directors"
- Member of FBN France's Scientific Committee

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

None

Terms of office held which expired during the last five years

- Member of FM Holding's Supervisory Board
- 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. The term of office of Michel Arnaud was renewed by the General Meeting on May 14, 2014 for three years, *i.e.*, until the end of the General Meeting to be held in 2017. Michel Arnaud is the Chairman of Fromageries Bel's Ethics Committee.

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 Frobél Department as well as R&D, 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

Nathalie Roos, born in 1965, French

Business address: L'Oréal Deutschland GmbH – Georg Glock Strasse 18 – 40 474 Dusseldorf – Germany

Director

Term of office

Nathalie Ross was appointed by the General Meeting of May 14, 2014 for a period of four years, *i.e.*, up to the conclusion of the General Meeting scheduled to take place in 2018.

Biography, management expertise and experience

Nathalie Roos joined the L'Oréal Group in October 2012 and has been General Manager for Germany since August 2013, the Group's 4th global market with sales in excess of €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 Brasseries 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).

She 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 and abroad

- General Manager of L'Oréal Germany
- Member of the association "Les Cigognes" (The Storks – a French association supporting single mothers)
- Member of the Board of Directors of Clinique Adassa in Strasbourg
- Regional Councilor of the Alsace region
- Vice-Chairman of the regional employment competitiveness cluster

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

Director

Term of office

Thierry Billot was appointed by the General Meeting of May 14, 2014 for a period of four years, *i.e.*, up to the conclusion of the General Meeting scheduled to take place 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-Jouët | • Director of Martell & Co SA |
| • Director of G.H. Mumm & Cie SVCS | • 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

Antonio Maria, born in 1954, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Director (representing employees)

Term of office

Antonio Maria was appointed as Director representing the Group's employees by a decision of the Central Works Council on June 17, 2014 taking effect as of July 1, 2014, for a period of four years, *i.e.*, up to the conclusion of the General Meeting scheduled to take place in 2018.

Biography, management expertise and experience

Antonio Maria joined the Bel Group in 1978 on the Laumes site (Côte d'Or) and held various positions within different Group subsidiaries. In 2009, he changed careers and turned to the representation and defense of employees' interests, joining the various personnel representative bodies at the Group's head office and on a national level. Since 1999, he holds the position of Head of Logistics within the Group.

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

None

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

- Director representing employees

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

None

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

None

Restrictions preventing the sale of a stake in the share capital

None

Philippe Deloffre, born in 1920, French

Business address: Unibel – 16 boulevard Malesherbes – 75008 Paris

Non-voting Director

Term of office

Philippe Deloffre was the 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 non-voting Director for a period of time expiring at the conclusion of the Statutory Annual General Meeting in 2016.

Biography, management expertise and experience

Philippe Deloffre held the post of Commercial Director for more than 13 years, then CEO of various subsidiaries in the Bel Group for almost 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
- Director of GIAC
- Honorary Chairman of Eco-Emballage
- 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 General Manager, non-director

Term of office

Bruno Schoch was appointed by the Board of Directors on December 17, 2008 and had his term of office renewed by the Board of Directors on May 14, 2009 and May 14, 2014.

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-sized 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 General Manager, 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' 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

- Member of Syrären Bel Slovensko's Supervisory Board
- Member of Bel Sýry Cesko AS' Management Board
- Director of Bel Brands USA
- Director of Bel Belgium SA
- 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 Karper
- Permanent representative of SICOPA on Grupo Fromageries Bel España SL's Board of Directors

Terms of office held which expired during the last five years

- Director of Bel Polska z o.o.
- Director of Bel Rouzaneh Dairy Products Company (formerly Bel Sahar)
- Chairman of Jaromerická's Supervisory Board
- Chairman of Bel Sýry Cesko AS' Supervisory Board
- Director of Syrären Bel Slovensko
- Director of Bel UK Ltd
- 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

■ Directors whose terms of office ended in 2014

Francis Le Cam, born in 1948, French

Business address: Fromageries Bel – 16 boulevard Malesherbes – 75008 Paris

Deputy General Manager, non-director

Term of office

Francis Le Cam was appointed Deputy General Manager by the Board of Directors on June 18, 2012. His term of office expired on May 14, 2014. He continues his role as a Group employee.

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

- 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 | ● Director of Bel UK Ltd. |
| ● Chairman of Grupo Fromageries Bel España SL's Board of Directors | ● Chairman of Bel Suisse SA's Board of Directors |
| ● Director of Bel Italia SpA | ● Director of Bel Nordic AB |
| ● Chairman of Bel Sýry Cesko's Supervisory Board | ● Chairman of Sýraren Bel Slovensko AS's Supervisory Board |
| ● Director of Bel Polska z o.o. | ● Member of Bel Shostka Ukraine PJSC's Supervisory Board |
| | ● Director of Quesos Bel México |
| | ● Director of Bel Brands USA, INC. |

Terms of office held which expired during the last five years

- | | |
|--|--|
| ● Deputy General Manager, non-Director of Fromageries Bel | ● Chairman of Fromageries Bel Hellas SA's Board of Directors |
| ● Permanent representative of SICOPA on Grupo Fromageries Bel España SL's Board of Directors | ● Chairman of Bel Shostka Ukraine's Supervisory Board |
| | ● Director of Fromageries Bel Portugal SA |
| | ● Chairman of Bel Leerdammer BV's Supervisory Board |

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 Senior 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 Senior 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 a 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 paragraph 3.5.1 of this Registration Document "Statutory Auditors' Special Report on regulated agreements and undertakings". These agreements were subject to the control procedures for regulatory agreements set out by articles L. 225-38 *et seq.* pursuant to the Commercial Code.

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

To the best of the Company's knowledge and on the date of issue of this Registration Document, there are no potential conflicts of interests between the duties of Fatine Layt, Nathalie Roos, Michel Arnaud, Thierry Billot, James Lightburn, Luc Luyten, and Antonio Maria, 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 two thirds 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 Senior 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 Ib and 885 Id, 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 "Shareholding and share capital".

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 Senior 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

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 and confirmed that combining these roles was suited to Fromageries Bel's position.

Antoine Fiévet has held the posts of Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009 and his terms of office were renewed on May 14, 2014. He has been assisted by Bruno Schoch, Deputy General Manager since December 17, 2008, in charge of financial and legal affairs and information systems, and by Francis Le Cam, Deputy General Manager in charge of operations at Bel Group between June 18, 2012 and May 14, 2014 at which date his term office expired. Francis Le Cam continued his role within the Group under his employment contract as a member of the Executive Committee.

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 objectives and is subject to those powers the law expressly allocates at Shareholders' and Board of Directors' Meetings.

■ 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 implementing the main strategic, economic, societal, environmental, financial and industrial directions of the Company and ensures their adoption by Senior Management. It is regularly informed, either directly, or through its committees, of any significant event in the Company's business markets.

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 General Manager. 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.

The internal regulation of the Board of Directors, along with the Audit Committee and Appointments and Compensation Committee's charters, can be consulted at the Company's head office.

■ Limits applied to the powers of the Chairman and Chief Executive Officer and Deputy Senior Manager 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 threshold 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 threshold of five (5) million euros.

■ Work of the Board of Directors during 2014 and from the start of 2015

During 2014, the Board of Directors met five times with its members achieving an attendance rate of 97.2%.

In 2014, 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 2013, the sales for the fourth quarter of 2013 and the first and third quarters of 2014 as well as 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. The Board of Directors continued to monitor the execution of the construction of the Brookings plant in the USA and discussed a new industrial

project for the construction of a new plant in Vietnam to replace the current site. The Directors regularly discussed the Group's industrial investments. The Board of Directors assessed and approved the project to move the Company's head office. It therefore approved the signing of a commercial lease for premises for office use of some 16,000 m² located at 2, allée de Longchamp, Suresnes.

The Board of Directors also completed the Group's policy of financial diversification, initiated in 2012 and 2013 with the implementation of a treasury bills issuing program for a maximum total of €500 million, with the issue of two tranches of bonds for a total amount of €160 million and the issue of so-called "Schuldschein" bonds for totals of €140 million and US\$110 million respectively. By a decision on February 13, 2014, bank financing was 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 Notes 22 and 29 to the annual financial statements and Note 4.15 to the consolidated financial statements.

In terms of governance, continuing on from discussions started in 2013 regarding the appointment of new Directors, the Board of Directors during its March 20, 2014 meeting examined and proposed the appointment as Directors of Nathalie Roos and Thierry Billot. Upon the proposal of the Board of Directors, a procedure to stagger the terms of office of Directors was implemented in order to ensure a balanced renewal of these terms.

In addition, the Board issued a statement on the independence of each Director in relation to the criteria of the Middenex 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 and proposed the modification of article 13 of the Company's articles of association to allow for the appointment of a Director representing the employees by the Central Works Council.

As part of the self-assessment of its performance, in 2012 and 2013 the Board of Directors identified and implemented measures for improvement relating in particular to more targeted information on certain markets and more frequent reviews of past investments. The Board of Directors, during its November 12, 2014 and March 25, 2015 meetings, examined and selected further areas for improvement which mainly relate to the ongoing knowledge of the Directors regarding the Group and its business lines, and information regarding major challenges and the large-scale projects of the main business lines. The Directors are satisfied with the running of the Board, its transparency and the quality of the exchanges.

On the date of issue of this document, the Board of Directors has met once since the beginning of 2015. The Board of Directors mainly worked on the annual financial statements and consolidated financial statements for 2014, on the opportunity to schedule renewal of the terms of office coming to an end and the convening of the Annual General Shareholder Meeting and the approval of its agenda.

Composition, operation and activities of the Board of Directors' committees

The Board of Directors set up, in June 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 are monitored. In 2014, 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.

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 further information, please refer to paragraph 3.1.2 "Composition and expertise of the Board of Directors and Senior Management"). Mr. Deloffre is invited and involved in each Audit Committee Meeting as a Non-voting Director.

The Audit Committee consults the Deputy General Manager (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, the Information Systems Director and the Internal Audit and Risks Director. The members of the committee maintain relations with the Statutory 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 French 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 Statutory 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;
- ensures that any weaknesses identified in the internal control and risk management systems result in corrective actions;
- examines the Chairman's Report and, where necessary, comments on subjects within its field of competence;
- provides the Board of Directors with an opinion on the renewal of Statutory 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 2014

The work of the Audit Committee since January 2014 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 Statutory 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 Statutory Auditors present a summary of their work and their conclusions. The members of the committee spoke to the Statutory Auditors, during the Meeting of Tuesday, March 24, 2015, 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 Group's internal audit plan for 2015 was presented during the committee's end of year meeting at the same time as the assessment of the 2014 audit plan;
- monitoring risk management: as part of the role assigned to the Audit Committee in relation to risk management, the results of the updated Group risk mapping and measures planned for 2015 were presented during the end of year committee meeting;
- monitoring crisis management procedures established by the Group: the committee was updated on the progress of the introduction and permanent application of the crisis management system set up in 2013 and the results of its implementation in 2014;
- the committee worked on internal control procedures. It reviewed certain procedures both as part of the Statutory Auditors' annual work and when receiving feedback from internal audit assignments.

■ Appointments and Compensation Committee

On the recommendation of the committee, 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 2014, the Appointments and Compensation Committee met five times with an attendance rate of 100%.

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.

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 Middelnext Code and Antoine Fiévet.

The Appointments and Compensation Committee has employed the skills of an expert specializing in compensation 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 Senior Management operates, the appointment or cessation of the functions of the Chairman of the Board, the Chief Executive Officer and/or Deputy General Managers, 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 Compensation Committee, the committee issues recommendations on the setting and distribution of attendance fees, all items making up the compensation of corporate officers including the retirement arrangements, the variable elements of compensation and compensation linked to capital, determining the performance targets when setting variable compensation. 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 compensation policy for the main senior managers and members of the Management Committee. It is kept informed of the Company's compensation policy for all personnel.

Work of the Appointments and Compensation Committee since January 2014

The Appointments and Compensation Committee has basically examined the following points:

- the situation in terms of Director terms of office coming to a close. To this end, as Florian Sauvin should be appointed permanent representative of Unibel and Luc Luyten did not request his term of office be renewed, the committee recommended that their terms of office not be renewed;
- determination of the performance targets for the compensation of the Deputy General Manager in charge of operations, members of the Management Committee and senior management, and examining the conditions for meeting these targets;
- the consistency of the compensation policy for the Group's main senior managers;
- 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, Deputy General Manager. Francis Le Cam was Deputy General Manager until May 14, 2014. Antoine Fiévet and Bruno Schoch are also respectively Chairman and member of the Unibel Management Board, a holding company of the Group. Antoine Fiévet and Bruno Schoch do not receive any compensation for their respective posts of Chairman and Chief Executive Officer and Deputy General Manager of Fromageries Bel, as they are remunerated by Unibel. Francis Le Cam does not hold a position at Unibel and was compensated for his role as Deputy General Manager by Fromageries Bel.

The principles and rules adopted by the Board of Directors determining the compensation and benefits of any kind granted to executive corporate officers are the following:

- a fixed monthly compensation over 13 months;
- yearly variable compensation set as a percentage of the fixed annual compensation 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 fiscal years for the Chief Executive Officer and on the last fiscal year only for the Deputy General Manager. The bonus may vary from 0 to 150% depending on performance;
- a multi-year variable compensation based on performance conditions achieved in terms of EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) and ROCE (Return On Capital Employed) criteria over the two fiscal years. For the Chief Executive Officer, the rate achieved, limited to 100%, is applied to a share of the fixed compensation; for the Deputy General Manager, the rate achieved will condition the performance units awarded: 615 performance units were awarded in 2014 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 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 compensation conditions are regularly compared by the Appointments and Compensation Committee to market conditions with the assistance of expert consultants.

The quantified targets 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. Since the 2012 fiscal year, the fixed part of the attendance fees has stood at €10,000 and the variable part at €2,000 per Board Meeting. Compensation for the members of the Board of Directors' committees is as follows: 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 2014 fiscal year to Directors is detailed in table 3 in paragraph 3.2.2 "Compensation and benefits paid to corporate officers" of this Registration 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 2014 fiscal 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 General Manager on June 18, 2012 after the shares were awarded.

No loan or guarantee was granted by the Company to its corporate officers.

Any executive operations pertaining to article L. 621-18-2 of the French Monetary and Financial Code about Company securities are summarized in chapter 5 of this document.

3.2.2 Compensation and benefits paid to corporate officers

The gross overall total compensation and benefits of any kind awarded to the corporate officers and members of the Board of Directors are as follows:

Table 1 Summary of compensation and options and shares awarded to each executive corporate officer

	Fiscal year 2014	Fiscal year 2013
Antoine Fiévet, Chairman and Chief Executive Officer (paid by Unibel)		
Compensation due for the fiscal year (detailed in Table 2)	€1,216,916	€1,161,219
Value of multi-annual variable compensation awarded during the fiscal year (detailed in Table 2)	€204,757	-
Value of options awarded during the fiscal year	None	None
Value of performance shares awarded during the fiscal year	None	None
TOTAL	€1,421,673	€1,161,219
Bruno Schoch, Deputy General Manager responsible for financial and legal affairs and information systems (paid by Unibel)		
Compensation due for the fiscal year (detailed in Table 2)	€531,689	€534,665
Value of multi-annual variable compensation awarded during the fiscal year (detailed in Table 2)	€197,957	€228,431
Value of options awarded during the fiscal year	None	None
Value of performance shares awarded during the fiscal year	None	None
TOTAL	€729,646	€763,096
Francis Le Cam, Deputy General Manager^(a) responsible for operations		
Compensation due for the fiscal year (detailed in Table 2)	€607,470	€552,901
Value of multi-annual variable compensation awarded during the fiscal year (detailed in Table 2)	€157,702	€228,431
Value of options awarded during the fiscal year	None	None
Value of performance shares awarded during the fiscal year	None	None
TOTAL	€765,172	€781,332

(a) Francis Le Cam was appointed Deputy General Manager on the proposal of Antoine Fiévet by the Board of Directors on June 18, 2012. His term of office expired following the General Meeting in May 2014. Compensation for 2014 covers the entire year.

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 was appointed Deputy General Manager on June 18, 2012. He is paid by Fromageries Bel, where he was a salaried executive before this date. His term of office expired on May 14, 2014.

Bruno Schoch has been the Deputy General Manager since December 17, 2008. He is paid by Unibel, the Group holding company of which he has been a member of the Management Board since August 2005.

Table 2 Summary of compensation for each executive corporate officer

Antoine Fiévet, Chairman and Chief Executive Officer (paid by Unibel)	Fiscal year 2014		Fiscal year 2013	
	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€571,921	€571,921	€558,253	€558,253
Annual variable compensation ^(a)	€539,874	€467,414	€492,845	€178,031
Multi-annual variable compensation ^(b)	€204,757	-	-	-
Exceptional compensation ^(c)	€100,800	€156,200	€105,800	€50,400
Benefit in kind ^(d)	€4,321	€4,321	€4,321	€4,321
TOTAL	€1,421,673	€1,199,856	€1,161,219	€791,005

(a) Criteria used for the award of variable and/or exceptional compensation: performance targets based on both sales, OR/sales and free cash-flow over sales over the last two years.

(b) Linked to meeting performance targets based on both EBITDA and ROCE for the 2014 and 2015 fiscal years under the assumption that all conditions are fully met, Antoine Fiévet should, for multi-annual compensation already awarded, receive a total of €204,757 excluding payroll on-costs, during future fiscal years.

(c) Linked to leading Fromageries Bel governing bodies.

(d) Details of benefits in kind: company car.

Bruno Schoch, Deputy General Manager responsible for financial and legal affairs and information systems (paid by Unibel)	Fiscal year 2014		Fiscal year 2013	
	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€341,966	€341,966	€332,447	€332,447
Variable compensation ^(a)	€175,066	€206,294	€188,019	€150,151
Multi-annual variable compensation ^(b)	€197,957	€187,565	€228,431	-
Benefit in kind ^(c)	€14,657	€14,657	€14,199	€14,199
TOTAL	€729,646	€750,482	€763,096	€496,797

(a) Criteria used for the award of variable and/or exceptional compensation: performance targets based on both sales, OR/sales and free cash-flow over sales over the last year.

(b) Performance units linked to the achievement of performance targets based on both ROCE and EBITDA from two fiscal years, payable after two and four years, as well as a bonus of €65,000 subject to performance conditions. For 2014, the figure indicated as due corresponds to the share of multi-annual compensation acquired during the fiscal year; in 2013, it corresponded to the compensation approved for the fiscal year under the assumption that all conditions are fully met, Bruno Schoch should, for multi-annual compensation already awarded, receive a total of €277,209 excluding payroll on-costs, during future fiscal years.

(c) Details of benefits in kind: company car, executive unemployment insurance.

Francis Le Cam, Deputy General Manager*, responsible for operations	Fiscal year 2014		Fiscal year 2013	
	Amount due	Amount paid	Amount due	Amount paid
Gross fixed compensation	€399,360	€399,360	€350,409	€397,200
Variable compensation ^(a)	€195,753	€232,188	€198,262	€171,943
Multi-annual variable compensation ^(b)	€157,702	€157,940	€228,431	-
Exceptional compensation ^(c)	€8,239	€8,239	-	€83,533
Benefit in kind ^(d)	€4,118	€4,118	€4,230	€4,230
TOTAL	€765,172	€801,845	€781,832	€656,906

* Francis Le Cam was appointed Deputy General Manager on the proposal of Antoine Fiévet by the Board of Directors on June 18, 2012 and his term of office expired following the 2014 General Meeting. The compensation given here for 2014 is for the full calendar year, not for the length of his term of office.

(a) Criteria used for the award of variable and/or exceptional compensation: performance targets based on both sales, OR/sales and free cash-flow over sales over the last year.

(b) Performance units linked to the achievement of performance targets based on both ROCE and EBITDA from two fiscal years, payable after two and four years, as well as a fixed bonus of €65,000. For 2014, the figure indicated as due corresponds to the share of multi-annual compensation acquired during the fiscal year; in 2013, it corresponded to the compensation approved for the fiscal year.

(c) Including remainder of previously paid holiday and dividend premium.

(d) Details of benefits in kind: company car.

The targets to be achieved are established beforehand and the performance level as well, but this data is not published for confidentiality reasons.

The compensation of the Deputy General Manager, 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 relating to attendance fees and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amounts paid during the 2014 fiscal year	Amounts paid during the 2013 fiscal year ^(a)
Michel Arnaud		
Attendance fees	26,000	29,000
Other compensation (Unibel)	18,000	24,000
Thierry Billot		
Attendance fees	16,000	
Other compensation (services provided to Unibel)	12,000	
Fatine Layt		
Attendance fees	30,800	40,500
Other compensation (services provided to Unibel)	15,000	27,000
James Lightburn		
Attendance fees	41,600	50,600
Other compensation (services provided to Unibel)	15,000	27,000
Luc Luyten		
Attendance fees	40,000	64,000
Other compensation (services provided to Unibel via Human Invest)	15,000	20,700
Antonio Maria		
Attendance fees	9,000	
Nathalie Roos		
Attendance fees	14,000	
Other compensation (services provided to Unibel)	6,000	
Florian Sauvin		
Attendance fees	-	
Other compensation (member of Unibel Management Board)	121,484	95,430
Johnny Thijs		
Attendance fees	-	21,400
Other compensation (services provided to Unibel via BVBA J Thijs)	-	6,000
Pascal Viénot, permanent representative of Unibel		
Attendance fees (paid by Unibel)	49,000	47,000
Unibel		
Attendance fees	20,000	29,000
Philippe Deloffre		
Non-voting Director attendance fees	20,000	29,000
Other compensation (Unibel)	71,097	70,537

(a) The amounts paid during 2013 represented three half-year periods of attendance fees as the attendance fees for the second half of 2012 were paid at the beginning of 2013.

Table 4 Options to subscribe to or purchase shares awarded during the fiscal year to each executive 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 fiscal year by each executive 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 fiscal year to each corporate officer by the issuer and any company in the Group	Plan number and date	Number of shares awarded during the fiscal year	Value of the shares according to the method used in the consolidated financial statements	Vesting date	Availability date	Performance conditions
No corporate officer had been awarded free shares as part of the 2014 plan; this table is therefore not applicable.						

Table 7 Performance shares transferred to each corporate officer

Performance shares becoming available to each corporate officer	Plan number and date	Number of shares transferred during the fiscal year	Allocation conditions
Francis Le Cam	no. 6 Bel – May 2012	307	100% achievement of collective performance conditions

Plan no. 6 had been allocated prior to the appointment of Francis Le Cam as Deputy General Manager. Free shares are held in registered form; at least 20% must be retained until the end of the term of office.

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	3	4	5	6	7	8
Date of General Meeting	4/30/2007	4/30/2007	5/12/2011	5/10/2012	5/10/2012	5/10/2012
Date of Board of Directors' Meeting	8/26/2009	3/24/2010	5/12/2011	5/10/2012	8/29/2013	8/27/2014
Total number of free shares awarded	11,515	12,010	7,243	7,234	5,130	5,447
of which						
Antoine Fiévet	None	None	None	None	None	None
Francis Le Cam	420	400	307	307	None	None
Bruno Schoch	420	400	None	None	None	None
Vesting date of shares	8/26/2012	3/24/2013	5/12/2013	5/10/2014	8/30/2015	8/27/2016
Date of end of retention period	8/26/2014	3/24/2015	5/12/2015	5/10/2016	8/30/2017	8/27/2018
Cancellation (performance rate or departure)	3,441	3,432	1,961	677	186	0
Total number of shares transferred or to be transferred	8,074	8,578	5,282	6,557	4,944	5,447

Antoine Fiévet has been Chairman and Chief Executive Officer since May 2009 and has never been awarded any free shares.

Francis Le Cam was Deputy General Manager from June 2012 to May 2014 and was no longer awarded any free shares as of June 2012.

Bruno Schoch has been Deputy General Manager since December 2008; he has been a member of the Unibel Management Board since August 2005; no free shares awarded since 2010.

No award has been made to the corporate officers in the 2013 or 2014 plans.

The performance conditions are explained further on in paragraph 5.2.3.

Table 11 Executive term of office – Employment contract

Executive corporate officers	Employment contract		Supplementary pension provision		Compensation or benefits that may be owed due to a termination or change of position		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Antoine Fiévet, Chairman and Chief Executive Officer		x		x		x		x
Francis Le Cam, Deputy General Manager	x see <i>infra</i>			x		x see <i>infra</i>	x see <i>infra</i>	
Bruno Schoch, Deputy General Manager	x see <i>infra</i>			x		x see <i>infra</i>	x see <i>infra</i>	

At the time of his appointment as Deputy General Manager 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 was reactivated when 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 their holders 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, which the Company can choose whether to apply or not.

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 "Consolidated financial statements at December 31, 2014" to the consolidated financial statements which is featured *infra* in paragraph 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;

⁽¹⁾ This paragraph is part of the Chairman's Report on the conditions for preparing and organizing the Board's work and the internal control and risk management procedures.

- 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

■ The Board of Directors

The Board of Directors takes all decisions relating to major strategic, economic, corporate, societal, environmental, financial and industrial objectives of the Company and ensures they are implemented by the Senior 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.

■ Senior Management

The internal control process is implemented within the Group by the Chairman and Chief Executive Officer and the Deputy General Manager responsible for financial and legal affairs and information systems. Senior Management is assisted in this process by the Deputy General Manager in charge of operations and by the Deputy General Manager in charge of industrial and technical operations. Meeting as an Executive Committee (EXCOM), they 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 Zones 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 General Manager responsible for financial and legal affairs and information systems. This department is responsible for developing a strategy and a system to successfully identify risks, manage risks and deal with them. It creates and regularly updates Group, Business line and Zone risk maps. It also coordinates the risk mitigation action plans for the Group. Moreover, it 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 Senior 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 methodical 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 Senior Management.

The Internal Audit Director periodically reports to the Audit Committee and Senior Management on the overall level of operational control and significant anomalies affecting the risk management, control and corporate governance of the organization and its subsidiaries and recommends improvements to these processes.

The scope of operation of the Internal Audit Department extends to the entire organization, and its subsidiaries. It encompasses

all areas in administrative, accounting and financial, functional or operational processes within the Group.

■ 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 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 General Manager (for further information refer to paragraph 3.1.4 "Organization and work performed by the Governance Bodies" 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.

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 paragraph 1.6 "Risk factors and insurance policy" and paragraph 2.6 "Trust in our brands".

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.

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 Quality and Regulations Department is responsible through the regulation network at corporate/zone and country level for:

- the Bel 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 as well as managing alerts and crises;
- the creation of a monitoring system mainly based on subsidiary reporting;
- involvement in professional networks and administrations dedicated to food safety.

It also ensures that regulations applying to products, particularly in relation to composition, labeling, packaging, advertising, consumer information including nutrition information, and customs procedures are adhered to.

It also defines:

- the monitoring plans implemented by the industrial entities;
- the quality of the upstream and downstream traceability system and components/constituents.

It 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 suppliers' and subcontractor's;
- implementing Food Defense policies integrating processes for:
 - preventing the risks of intrusion,
 - risk of vandalism;
- creating and leading a system of reporting that continually assesses our control of the processes which ensure food safety.

■ Quality

The Group's Quality and Regulations Department is also 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 (subcontractors, suppliers and service providers) for the quality aspect;
- managing complaints and customer perceived quality assessment tools (distributors or consumers);
- ensuring quality reporting and implementing continuous improvement processes, by using the roll out of the SAP Quality Management module (Quartz project), to guarantee the coherence of information, consolidated control and the optimal integration of information required for product traceability;
- training and assisting the teams and the sites. Having suitable training media including statistical and problem solving tools.

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 Group's Quality and Regulations Department (ISO 9001, BRC, IFS, FSCC 22000).

Other certificates (Environmental: ISO 14001, Safety: OHSAS 18001, etc.) are coordinated by other organizations in the Group. The Group's Quality and Regulations Department is nonetheless responsible for:

- guaranteeing the consistency of systems with each other;

For this purpose, in connection with the quality organizations in the zones, it implements consistent management systems at site and country level, taking into account industrial performance optimization tools and methods (Project Boost);
- 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 Group's Quality and Regulations Department 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, it 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 for preparing and processing the Company's accounting and financial information

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 General Manager 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, adjusted 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, bank financing, and bond financing;
- implementing exchange rate hedging required to cover the exposure of Group entities. This activity is centralized within the Treasury Department;
- 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 transferable. 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 Department, the main monthly financial and extra-financial monitoring indicators at the industrial sites. A monthly report for the Group's Senior 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 General Manager, 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 for the Bel Group by the Information Systems Department attached to the Deputy General Manager 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 uses SAP-BFC and SAP-BPC to consolidate its financial data.

At end of 2014, only four consolidated subsidiaries did not use the PACE solution, representing 1% 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 of 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 Senior 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.

Yearly and half-yearly Group consolidated financial statements

The Bel Group adopts the half-yearly and 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 Fromageries Bel's Board of Directors Chairman's Report, prepared in accordance with article L. 225-235 of the French Commercial Code

For the year ended December 31, 2014

To the shareholders,

In our capacity as Statutory Auditors of Fromageries Bel, and in accordance with the provisions of article L. 225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your company, pursuant to the provisions of article L. 225-37 of the French Commercial Code, for the year ended December 31, 2014.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report summarizing the internal control and risk management procedures implemented within the company and providing the other information required under article L. 225-37 of the French Commercial Code, pertaining in particular to corporate governance.

It is our responsibility:

- to report to you our observations on the information contained in the Chairman's Report regarding internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that the report contains the other information required by article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to verify the fairness of this information.

We have carried out our work in accordance with professional practice standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional practice standards require that we implement procedures intended to assess the fairness of information concerning the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman's Report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information inherent in the information presented in the Chairman's Report as well as of existing documentation;
- obtaining an understanding of the work carried out to support this information and of existing documentation;
- determining if any major weaknesses in internal control relating to the preparation and processing of the accounting and financial information that we may have identified during our assignment are properly described in the Chairman's Report.

Based on our work, we have no matters to report on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman of the Board's Report, prepared in accordance with the provisions of article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman of the Board's Report contains the other information required under article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris, Thursday, March 26, 2015

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

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2014

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, 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 fiscal 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.

Rider for the 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.

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.

On November 12, 2014 the Board of Directors decided to increase the interest rate applied to advances granted, based on the EONIA daily rate, to 100 basis points, effective as of January 1, 2015, due to the liquidity stability that this represents for the Company.

At December 31, 2014, the €526,613.23 in interest relating to the cash facility was recognized as an expense for the fiscal year, and the cash advance by Unibel totaled €47,933,590.40.

*Agreements and commitments previously approved by the General Meeting***Agreements and commitments authorized during previous years and having continuing effect during the year**

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by General Meetings of prior years, have remained in force during the year.

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 2014 fiscal year, the amount invoiced by Unibel to your Company totaled €7,828,907.00, net of value added tax.

Neuilly-sur-Seine and Paris, March 26, 2015

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 8 relating to the consolidated financial statements presented in paragraph 4.5.1 “Consolidated financial statements at December 31, 2014” of this Registration Document.

At December 31, 2014, the amount of transactions with related parties mainly concerned operating expense billed back by the Group's non-consolidated companies (Bel Proche et Moyen-Orient Beyrouth, Bel Middle East, etc.) to Fromageries Bel.

The Group has no significant off-balance sheet commitments with related parties.

Unibel, the Fiévet-Bel family assets company, owns more than two thirds of the share capital and voting rights of Fromageries Bel. Unibel is the Group's coordinating holding company; it discusses and defines strategic guidelines for the Group as a whole; its management team draws up and develops economic, political and financial strategic scenarios; it oversees their implementation. Unibel also renders specific services. Expenses incurred to carry out these services, which are mainly personnel expenses, are billed back to Fromageries Bel, plus a fixed margin of 10%, in line with the December 14, 2011 agreements and its November 13, 2012 rider. The compensation of Unibel's executive corporate officers, who are also managers at Fromageries Bel, is paid by Unibel alone.



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, 2013, 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, 2013, on pages 152 and subsequent of the Registration Document filed with AMF on April 3, 2014, under filing number D.14-0280;
- 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 Company's annual financial statements for the fiscal year ended December 31, 2013, and the Statutory Auditors' Report relative to the Company's annual financial statements for the fiscal year ended December 31, 2013, on pages 200 and subsequent of the Registration Document filed with AMF on April 3, 2014, under filing number D.14-0280;
- 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 two registration documents mentioned above are available at the AMF website (www.amf-france.org) and the Company's website (www.groupe-bel.com).

4.2 Pro forma financial information

This paragraph is not applicable.

4.3 Review of financial position and results

4.3.1 Financial position

The Group took advantage of its robust financial health and favorable market conditions to amend and extend its €520-million credit line from 2016 to 2019, with the possibility for further extensions to 2020 and 2021. At December 31, 2014, this credit line had not been drawn on.

In 2012, the Group launched a commercial paper program, of which €102 million had been issued at December 31, 2014, and a €160-million bond. The prospectus for the bond transaction was approved by the AMF (*Autorité des marchés financiers*) 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%.

Lastly, in 2013, the Group also 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 ten years, at floating or fixed rates,
- \$110 million at three years and five years, at floating or fixed rates.

The change in the Group's financial position at December 31 can be summarized as follows:

<i>(in millions of euros)</i>	31/12/2014	31/12/2013	31/12/2012
Total equity	1,299	1,212	1,150
Net financial debt	67	54	64
Net financial debt/Total equity	0.05	0.04	0.06

Further information about the financial position of the Company and the Group is disclosed in paragraphs 4.4.2 and 4.5 "Financial statements" of this registration document.

4.3.2 Sales and operating income

In 2014, the Group reported further sales and volume growth amid continued lackluster economic conditions in Europe and despite unrest in some markets of the Near and Middle East region. After taking into account a negative 1.0% foreign exchange impact, consolidated sales advanced 3.3% organically, to €2,783 million.

The growth once again reflected the strength of the Group's core brands and the effectiveness of its targeted sales and marketing strategies in all geographical regions.

Operating income totaled €199 million, down 15.0% versus the previous year. It included non-recurring expense of €15.3 million, vs. €6.4 million in 2013, as the Group recorded the financial consequences of its decision to move headquarters in 2015, in the consolidated financial statements for the year ended December 31, 2014.

4.3.3 Events affecting the Company's operations

In 2014, the Group was penalized by rising average raw material prices, despite the easing observed in the last four months of the year, and unfavorable foreign exchange fluctuations. Retail sales

price adjustments and the various measures undertaken to improve operating efficiency were not enough to fully offset the negative impact of those events.

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 Sources and amounts of the Group's consolidated cash flow

Information related to cash flow is disclosed in paragraph 4.5.1 of the present registration document. It can be summarized as follows:

<i>(in thousands of euros)</i>	2014	2013	2012
Cash flow	298,599	314,134	299,780
Income taxes paid	(84,610)	(72,055)	(39,133)
Change in operating WCR	(33,913)	(7,892)	11,562
TOTAL CASH FLOW FROM (USED IN) OPERATIONS	180,076	234,187	272,209
Cash flow from (used in) operating activities	180,076	234,187	272,209
Cash flow from (used in) investing activities	(117,048)	(145,092)	(79,094)
Cash flow from (used in) financing activities	(45,231)	(31,898)	110,168
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,797	57,197	303,283
Effect of foreign exchange rate fluctuations	(220)	(7,552)	136
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,577	49,645	303,419
Net cash and cash equivalents at the beginning of the period/year	485,486	435,841	132,422
Net cash and cash equivalents at the end of the period/year	503,063	485,486	435,841
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,577	49,645	303,419
Gross financial debt	570,530	541,460	500,807
Current used banking facilities	8,380	4,725	6,418
Cash and cash equivalents	(511,443)	(490,211)	(442,259)
Other financial assets	(8)	(1,569)	(768)
TOTAL NET FINANCIAL DEBT	67,459	54,405	64,198

In fiscal 2014, the Group completed its investment in the 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 2013.

At December 31, 2014, the amount of minority shareholders' put options recorded as part of the Group's net financial debt came to €100,000. Offsetting amounts of these put options, related to the Ukrainian subsidiary, were recognized in equity. Minority shareholders' put options related to the Group's 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 4.14 and 4.15 to the consolidated financial statements.

4.4.4 Restrictions on the use of capital sources

At December 31, 2014, 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 3.5 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.

At December 31, 2014, Bel's financial leverage ratio came to 0.23, compared with 0.17 a year earlier (see paragraph 4.5.1 of Note 4.15 of the notes to the consolidated financial statements).

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, 2014

Consolidated income statement at December 31, 2014

Income statement			
<i>(in thousands of euros)</i>			
	Notes	2014	2013
SALES		2,783,232	2,720,043
Cost of goods and services sold	3.2	(1,974,280)	(1,897,793)
GROSS MARGIN		808,952	822,250
Sales and marketing expense	3.2	(393,269)	(383,707)
Research and Development expense	3.2	(15,964)	(16,611)
Administrative and general overhead expense	3.2	(185,823)	(181,771)
Other operating income and expense	3.2	662	640
INCOME FROM ORDINARY ACTIVITIES		214,558	240,801
Other non-recurring income and expense	3.3	(15,299)	(6,427)
OPERATING INCOME		199,259	234,374
Income from cash and cash equivalents	3.4	3,035	2,421
Cost of gross financial indebtedness	3.4	(16,744)	(19,591)
COST OF NET FINANCIAL INDEBTEDNESS		(13,709)	(17,170)
Other financial income and expense	3.4	(1,682)	2,262
PRE-TAX PROFIT		183,868	219,466
Income tax expense	3.5	(56,283)	(88,134)
NET PROFIT OF THE CONSOLIDATED GROUP		127,585	131,332
Minority interest		(4,690)	(5,547)
CONSOLIDATED NET PROFIT – GROUP SHARE		122,895	125,785
Earnings per share <i>(in euros)</i>		18.07	18.44
Diluted earnings per share <i>(in euros)</i>		18.07	18.44

The notes to the financial statements form an integral part of the consolidated financial statements.

Statement of comprehensive income

<i>(in thousands of euros)</i>		Notes	2014	2013
NET PROFIT FOR THE PERIOD			127,585	131,332
Other items of comprehensive income				
Non-reclassifiable items				
Actuarial gains and losses arising on retirement obligations	4.11		(19,753)	(24,599)
Income tax impact			5,878	7,140
Reclassifiable items				
Financial assets available for sale				
Unrealized gains (losses)	4.5		25,749	31,676
Income tax impact			(8,865)	(10,902)
Translation differences			30,468	(30,731)
Cash flow hedging				
Amounts recognized in equity	4.15		(21,990)	8,765
Income tax impact			8,693	(3,652)
BALANCE AT DECEMBER 31	4.9		20,180	(22,303)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			147,765	109,029
Group share			142,941	103,626
Minority interest			4,824	5,403

The notes to the financial statements form an integral part of the consolidated financial statements.

Consolidated balance sheet**Assets***(in thousands of euros)*

	Notes	31/12/14	31/12/13
NON-CURRENT ASSETS			
Goodwill	4.1	390,852	381,174
Other intangible assets	4.2	288,362	287,976
Property, plant and equipment	4.3	637,423	588,370
Assets available for sale	4.4	130,760	105,056
Other financial assets	4.4	1,587	1,130
Loans and advances	4.4	10,209	10,021
Trade and other receivables	4.4	10	9
Deferred tax assets	4.8	14,541	10,445
TOTAL		1,473,744	1,384,181
CURRENT ASSETS			
Inventories and work-in-progress	4.6	276,795	259,074
Trade and other receivables	4.7	477,546	468,037
Other financial assets	4.4	3,000	21,446
Loans and advances	4.4	788	520
Current tax assets		19,908	20,461
Cash and cash equivalents	4.14	511,443	490,212
TOTAL		1,289,480	1,259,750
TOTAL ASSETS		2,763,224	2,643,931

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	31/12/14	31/12/13
Share capital			10,308	10,308
Additional paid-in capital			21,967	21,967
Reserves			1,274,217	1,173,909
Treasury shares			(21,785)	(8,460)
EQUITY – GROUP SHARE			1,284,707	1,197,724
MINORITY INTEREST			14,045	14,113
EQUITY			1,298,752	1,211,837
NON CURRENT LIABILITIES				
Provisions	4.10		8,811	7,190
Employee benefits	4.11		87,655	70,639
Deferred tax liabilities	4.8		174,928	178,076
Liabilities related to assets held under finance lease – over one year	4.14		302	478
Long-term borrowings and financial liabilities	4.14		407,870	390,669
Other liabilities	4.12		41,076	36,975
TOTAL			720,642	684,027
CURRENT LIABILITIES				
Provisions	4.10		23,798	18,900
Employee benefits	4.11		2,514	2,245
Liabilities related to assets held under finance lease – less than one year	4.14		361	462
Short-term borrowings and financial liabilities	4.14		161,997	149,851
Other financial liabilities	4.15		12,729	312
Trade payables and other liabilities	4.13		501,814	516,123
Due tax liabilities			32,237	55,449
Current bank facilities and other borrowings			8,380	4,725
TOTAL			743,830	748,067
TOTAL EQUITY AND LIABILITIES			2,763,224	2,643,931

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>	Note	Number of shares out-standing	Share capital	Addi-tional paid-in capital	Translation differences	Treasury shares	Conso-lidated income	Reserves and accumulated consolidated profit (loss)	Equity – Group share	Minority interest	Total conso-lidated equity
Balance at January 1, 2013		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	4.9				(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
Appropriation of earnings for prior year							(125,785)	125,785			
Dividends paid								(42,709)	(42,709)	(5,305)	(48,014)
Profit (loss) for the period							122,895		122,895	4,690	127,585
Other items of comprehensive income	4.9				30,232			(10,186)	20,046	134	20,180
Other changes in value directly recognized in equity								80	80	413	493
Purchase of own shares		(52,129)				(14,640)			(14,640)		(14,640)
Treasury shares distributed		6,557				1,311			1,311		1,311
BALANCE AT DECEMBER 31, 2014		6,781,389	10,308	21,967	(28,295)	(21,785)	122,895	1,179,617	1,284,707	14,045	1,298,752

The notes to the financial statements form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(in thousands of euros)		Notes	2014	2013
Cash flow from (used in) operating activities				
Pre-tax profit			183,868	219,466
Adjustments for:				
Depreciation and write-downs			91,111	78,237
Capital gains (losses) on disposals			695	1,668
Reclassification of dividends and borrowing costs			13,200	18,208
Other non-cash items on the income statement			9,725	(3,445)
Cash flow			298,599	314,134
(Increase) decrease in inventories, current receivables and payables	5.1		(36,780)	(6,713)
(Increase) decrease in non-current receivables and payables			2,867	(1,179)
Income taxes paid			(84,610)	(72,055)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	(1)		180,076	234,187
Cash flow from (used in) investing activities				
Acquisitions of activities			(477)	(9)
Acquisitions of tangible and intangible assets			(122,152)	(149,245)
Disposals of tangible and intangible assets			1,414	1,489
Investment grants received			2,405	1,133
Acquisitions of financial assets			(2,806)	(3,477)
Disposals of financial assets			2,686	3,688
Interest received			115	
Dividends received			1,767	1,329
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(2)		(117,048)	(145,092)
Cash flow from (used in) financing activities				
Dividends paid			(48,013)	(52,260)
Interest paid			(14,966)	(19,618)
Transactions with non-controlling interests				(26)
Repayment of debt resulting from finance lease contracts			(289)	(411)
Increase (decrease) in current accounts with entities outside the scope of consolidation	5.3		8,968	14,144
(Purchases)/sales of treasury shares			(14,597)	
Borrowings and financial liabilities issued			30,341	229,924
Repayments of borrowings and financial liabilities			(6,675)	(203,651)
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(3)		(45,231)	(31,898)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1)+(2)+(3)		17,797	57,197
Net cash and cash equivalents at the beginning of the period			485,486	435,841
Effect of foreign exchange rate fluctuations			(220)	(7,552)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			503,063	485,486
At the closing date, net cash and cash equivalents comprised the following:				
Marketable securities and money market instruments	4.14		309,871	338,484
Cash on hand and balances with banks	4.14		201,572	151,727
Current used bank facilities including overdrafts and accrued interest	4.14		(8,380)	(4,725)
TOTAL			503,063	485,486

The notes to the financial statements form an integral part of the consolidated financial statements.

To improve readability and relevance in accordance with the recommendations of France's AMF financial markets authority, changes have been made to the presentation of the notes to the consolidated financial statements, versus the consolidated financial statements for the year ended December 31, 2013.

Notes to the consolidated financial statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 • Accounting principles, rules and methods

1.1 Presentation of the annual consolidated financial statements

The 2014 consolidated financial statements were prepared in compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union and applicable as of December 31, 2014. The standards and interpretations have been applied consistently to the periods presented. Closed on December 31, 2014, the financial statements were approved on March 25, 2015 by the Board of Directors.

Standards, amendments and interpretations issued and effective as of January 1, 2014 included IFRS 10, IFRS 11 and IFRS 12, which notably redefined the notion of control exercised over an entity. The adoption of these standards had no impact on the consolidated financial statements for the year ended December 31, 2014.

The Group did not opt for early adoption of any standard or interpretation.

Standards, amendments and interpretations required as of January 1, 2015 include:

- IFRIC 21, an interpretation on the accounting of levies imposed by governments;
- Amendments to IAS 19 related to the accounting of employee contributions to post-employment benefit plans.

The adoption of these standards, amendments and interpretations is not expected to have any significant impact on the Group's consolidated financial statements.

The impact of adopting IFRS 15 "Revenue from Contracts with Customers" as of January 1, 2017, is under review at this writing. Its adoption is not expected to have a significant impact given the Group's business activities.

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 Valuation basis used in the preparation of the consolidated financial statements

The consolidated financial statements were prepared according to historical cost, with the exception of certain categories of assets and liabilities, in accordance with IFRS rules. These categories are disclosed in the following notes.

1.3 Estimates

In preparing the 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.

1.4 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 are consolidated at the date when control is 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 are 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 international accounting standards.

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, 2014, is presented in Note 10.

1.5 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 on an ad-hoc basis 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", was 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 launched in 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 to 40 years
- administrative and commercial 40 years
- property fittings and fixtures 10 years

Machinery and equipment 5 to 10 years, 15 to 20 years

Vehicles 4 to 10 or 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) were 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 asset group, and from the ultimate disposal of the asset.

The after-tax cash flows over five years used to determine value in use were derived from CGU business plans. Sales and terminal 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 was 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 was written down when:

- gross amount, as determined above, exceeded market value or net realizable value;
- goods deteriorated.

Financial assets and liabilities

Financial assets

In compliance 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 cash balances, term deposits that may be sold or used at very short notice (under three months) with no significant risk of losing value should interest rates change, and certain securities, in particular money market fund units that are highly liquid and carry a very low risk of change in value.

The Group's net cash 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. Actuarial gains and losses were recognized in equity in "Items of Other Comprehensive Income".

Expected proceeds from plan assets that give rise to an expense were calculated using the discount rate.

The costs related to the administration of the funds were also expensed.

Share-based payments

Stock option plans are equity-settled share-based payment systems under IFRS 2. The grant component is measured based on the Fromageries Bel share price at the grant date and, taking into account the non-payment of dividends during the vesting period, the stock options are recorded as personnel 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 announcement and establishment of a detailed restructuring plan, or if the start of a restructuring undertaking gave rise to a constructive obligation.

Purchase commitments with minority shareholders

The Group has obligations to purchase interests held by the minority shareholders of some consolidated subsidiaries. For the Group, these purchase obligations are optional, relating to put options.

In accordance with IAS 32 "Financial Instruments: Disclosure and Presentation", firm or conditional obligations to buy 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 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, and net of sales tax.

Other non-recurring income and expense

Other non-recurring income and expense primarily included:

- allowances 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;
- any unusual gains or losses of material size not linked to recurring operating performance.

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 • Changes in the scope of consolidation and changes in the ownership interest of consolidated entities

No acquisitions or disposals were realized during the 2014 fiscal year.

Group subsidiary Sicopa acquired 106 shares of Syraren Bel Slovensko from minority shareholders, bringing the Group's holding in the company to 99.88% at end December 2014, versus 99.87% at end December 2013.

Bel Shostka Ukraine acquired 9,360 Bel Shostka Service shares from minority shareholders, bringing its interest in that company to 99.89%, versus 99.60% at December 31, 2013. In addition,

following a Bel Shostka Ukraine capital increase that was fully subscribed by Sicopa, the Bel Group's interest in Bel Shostka Ukraine increased to 96.92% at December 31, 2014, from 93.87% at December 31, 2013.

Bel Shostka Service acquired all 2,002 of its own shares held by Bel Shostka Ukraine, as well as 164 shares owned by minority shareholders.

Lastly, Fromageries Bel purchased 52,129 of its own shares for €14.6 million during the 2014 financial year.

NOTE 3 • Income statement

3.1 Business segment information and significant events of the year

Sales and operating income by geographical region are the two key performance indicators used by Group General Management, the main operating decision-maker. Results are prepared by destination market on a monthly basis to help monitor and offset the effects of raw-material price and foreign exchange volatility on margins as soon as they occur, whichever production entities are involved.

Conversely, cash flow and balance sheet items are not tracked by market. They are instead prepared and tracked on a Group-wide basis.

For the full year, consolidated sales came to €2,783 million, up 2.3% on a published basis and up 3.3% organically versus 2013. Sales are presented by geographical region in the following table:

<i>(in thousands of euros)</i>	2014	2013	% overall change	% organic growth
Western Europe	1,122,218	1,073,422	4.5%	4.1%
North East Europe	552,439	597,154	-7.5%	-4.5%
Americas, Asia-Pacific	418,560	417,079	0.4%	2.4%
Greater Africa	287,726	271,872	5.8%	6.6%
Near and Middle East	402,289	360,516	11.6%	12.3%
TOTAL	2,783,232	2,720,043	2.3%	3.3%

In Western Europe, despite a lackluster economic environment and a fiercely competitive market, sales advanced 4.1%, excluding the foreign exchange impact, thanks to the effectiveness of the sales and marketing teams throughout the year.

Sales in North East Europe ended the year down, reflecting the operating difficulties encountered in Ukraine and the tough business environment prevailing in some of the region's markets, particularly in Germany.

The Americas, Asia-Pacific region reported further sales growth in 2014, after a particularly strong fourth quarter. The region is beginning to bear the fruit of sales and marketing repositioning efforts undertaken in certain markets.

The Greater Africa region continued to thrive during the quarter and over the full year, reporting robust sales growth at constant exchange rates. These results reflect the relevance of its growth model.

The Near and Middle East region, despite a geopolitically unstable environment, also continued to perform very robustly, with sales advancing 12.3% organically in 2014. This remarkable performance stems from the excellent sales and marketing strategies executed within the region, as well as from a highly responsive distribution network.

Operating income totaled €199 million, down 15% versus the previous year. The trend in operating income is presented by geographical region in the following table:

<i>(in thousands of euros)</i>	2014	2013	% change
Western Europe	119,329	120,594	-1.0%
North East Europe	3,188	12,962	-75.4%
Americas, Asia-Pacific	17,060	35,622	-52.1%
Greater Africa	27,725	29,653	-6.5%
Near and Middle East	31,957	35,543	-10.1%
TOTAL	199,259	234,374	-15.0%

The Group was penalized during the year by rising average raw material prices and unfavorable foreign exchange variations, the impact of which was felt in all the Group's geographical regions.

Retail sales price adjustments made in markets, where possible, and various measures undertaken to improve operating efficiency were not enough to fully offset the negative impact of those events.

3.2 Operating expense by nature

Operating expense by nature broke down as follows:

<i>(in thousands of euros)</i>	2014	2013
Personnel expense	470,771	457,005
Depreciation and amortization expense	86,314	77,152
Other operating expense	2,011,589	1,945,085
TOTAL OPERATING EXPENSE	2,568,674	2,479,242

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

Other non-recurring income and expense broke down as follows:

<i>(in thousands of euros)</i>	2014	2013
Gains (losses) on the sale of fixed assets	(695)	(1,668)
Restructuring costs	(3,187)	(4,553)
Other non-recurring income and expense	(11,417)	(206)
TOTAL OTHER NON-RECURRING INCOME AND EXPENSE	(15,299)	(6,427)

In 2014, other non-recurring income and expense primarily encompassed costs totaling more than €10 million arising from the upcoming move of the Group's headquarters, such as the write-down of current furnishings and provisions for future dual rent payments. Also included were a €3.2-million impairment loss write-down on Ukrainian fixed assets (see Note 4.3), and a change in the retirement plan in the Netherlands (see Note 4.11.3) resulting in a credit of €5.7 million.

In 2013, other non-recurring income and expense included a €4.5-million impairment loss write-down on local U.S. 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.

In 2014, as in 2013, restructuring costs stemmed mainly from the departure of personnel who were not replaced, primarily in France.

3.4 Financial income and expense

Financial income and expense broke down as follows:

<i>(in thousands of euros)</i>	2014	2013
Income from cash and cash equivalents	3,035	2,421
Cost of gross financial indebtedness	(16,744)	(19,591)
Cost of net financial indebtedness	(13,709)	(17,170)
Net cost of discounting	(2,375)	(2,669)
Foreign currency gains (losses)	(1,182)	3,709
Other	1,875	1,222
Other financial income and expense	(1,682)	2,262
TOTAL NET FINANCIAL EXPENSE	(15,391)	(14,908)

In 2014, the decline in the cost of net financial indebtedness resulted mainly from the repayment of high-interest borrowings in 2013.

In 2013, the "Foreign currency gains and losses" item primarily included foreign currency gains from the weakness of the Syrian pound and the Egyptian pound.

The net cost of discounting provisions corresponds chiefly to discounting provisions, less the return on underlying assets related to Employee Benefits.

The "Other" item in "Other financial income and expense" corresponds mainly to dividends received.

3.5 Income tax expense

Income tax expense broke down as follows:

<i>(in thousands of euros)</i>	2014	2013
Current tax, including withholding tax	(61,219)	(88,721)
Deferred tax	4,936	587
TOTAL INCOME TAX EXPENSE	(56,283)	(88,134)

Fiscal 2013 income tax expense included a tax adjustment of some €20 million claimed against French-based Fromageries Bel for the 2008 financial year. The Group is contesting that tax adjustment.

In 2013 and 2014, the applicable tax rate in France came to 38%. The rate included the base corporate tax rate of 33.33%, to which was added a 3.3% social-contribution income tax and a 10.7% tax increase on French companies with annual sales exceeding €250 million.

In 2014, the Group's effective tax rate stood at 30.6%. The difference between the standard and effective income tax rates is summarized below:

<i>(in %)</i>	2014	2013
Standard tax rate (including additional contributions)	38.0%	38.0%
Impact of the difference in the current tax rates of foreign subsidiaries	-8.0%	-9.6%
Impact of change in tax rate	0.2%	-0.2%
Tax credits	-1.7%	-2.5%
Prior-period carryforwards used during the year	0.0%	-0.4%
Unused tax loss carryforwards from the period	0.1%	0.1%
Alternative minimum tax and non-creditable withholding tax	2.3%	3.7%
Permanent differences	0.9%	1.0%
Provision for tax contingency in France	0.0%	10.1%
Other items	-1.2%	0.0%
EFFECTIVE INCOME TAX RATE	30.6%	40.2%

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, 2014), less the weighted average number of treasury shares (70,800 at December 31, 2014).

Diluted earnings per share were identical to earnings per share as the bonus shares attributed during the period were not dilutive.

NOTE 4 • Balance sheet

4.1 Goodwill

Changes in goodwill items in 2014 are presented in the following table:

<i>(in thousands of euros)</i>	2014	2013
GROSS VALUE AT PERIOD OPENING	434,767	440,122
Translation differences	5,332	(5,355)
GROSS VALUE AT PERIOD CLOSE	440,099	434,767
Accumulated write-downs at period opening	(53,593)	(54,626)
Write-downs for the period		
Translation differences	4,346	1,033
Accumulated write-downs at period close	(49,247)	(53,593)
NET CARRYING AMOUNT OF GOODWILL FROM CONTINUING OPERATIONS	390,852	381,174

In 2014, as 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. As a result, the discount rates for testing European CGUs fell by 0.5 percentage points, with the exception of Ukraine. Given Ukraine's geopolitical context, the 2014 assumption for the discount rate was 16%, up two percentage points versus 2013.

The long-term growth rate and the weighted average cost of capital by region are presented below:

	Goodwill		Long-term growth rate		Discount rate	
<i>(in thousands of euros)</i>	2014	2013	2014	2013	2014	2013
Western Europe	265,231	259,499	0.5%-2%	0.5%-2%	7.5%	8%-9%
North East Europe	45,333	44,608	1%-2%	1%-2%	7.5%-16%	8%-14%
Americas, Asia-Pacific	80,225	77,004	2%	2%	8%	8%
Greater Africa	63	63	2%	2%	n.a.	n.a.
Near and Middle East	0	0	2%	2%	11%	11%-15%
GROUP TOTAL	390,852	381,174				

The Group tested the sensitivity of its CGUs to the following three 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 if these assumptions were used.

4.2 Other intangible assets

Changes in other intangible assets during the year were as follows:

<i>(in thousands of euros)</i>	December 31, 2014	December 31, 2013
Net carrying amount at period opening	287,976	295,952
Acquisitions	17,273	13,734
Disposals, abandoned assets	(123)	(5)
Translation differences	930	(1,145)
Depreciation and write-downs	(17,784)	(20,620)
Reclassifications	90	60
NET CARRYING AMOUNT AT PERIOD CLOSE	288,362	287,976

A breakdown of intangible assets by nature is presented in the following table:

<i>(in thousands of euros)</i>	December 31, 2014			December 31, 2013
	Gross value	Accumulated depreciation and write-downs	Net carrying amount	Net carrying amount
Concessions and patents	29,844	(13,724)	16,120	11,248
Brands	236,353	(17,258)	219,095	218,697
Software	155,600	(102,582)	53,018	57,929
Other	1,210	(1,081)	129	102
TOTAL	423,007	(134,645)	288,362	287,976

As in 2013, acquisitions of other intangible assets in 2014 were primarily related to Group's IT projects.

The value in use of brands of the relevant CGUs was tested according to the method described in Note 4.1.

In fiscal 2013, €4.5 million in write-downs were recognized on local U.S. brands (see Note 3.3). In 2014, impairment testing resulted in no further write-downs for brands.

4.3 Property, plant and equipment

Changes in property, plant and equipment in 2014 are presented in the following table:

<i>(in thousands of euros)</i>	December 31, 2014	December 31, 2013
Net carrying amount at period opening	588,370	523,756
Acquisitions	100,590	140,570
Disposals, abandoned assets	(1,985)	(3,130)
Translation differences	21,509	(12,993)
Depreciation and write-downs	(70,866)	(59,133)
Change in consolidation scope	-	5
Reclassifications	(195)	(705)
NET CARRYING AMOUNT AT PERIOD CLOSE	637,423	588,370

A breakdown of property, plant and equipment by nature is presented in the following table:

(in thousands of euros)	December 31, 2014			December 31, 2013
	Gross value	Accumulated depreciation	Net carrying amount	Net carrying amount
Land	25,219	(3,125)	22,094	18,868
Constructions	343,998	(180,200)	163,798	135,603
Technical installations, fixtures, machinery and equipment	986,690	(597,274)	389,416	298,304
Other tangible assets	69,586	(53,581)	(16,005)	16,412
Assets in the course of construction	47,749	(1,639)	46,110	119,183
TOTAL	1,473,242	(835,819)	637,423	588,370

Acquisitions during the year resulted primarily from investments to increase production capacity in the United States, France, the Netherlands, Algeria, and Morocco.

In fiscal 2014, impairment testing led the Group to write down a further €3.2 million in lost asset value in Ukraine (see Note 3.3).

4.4 Financial assets and financial liabilities

Financial assets broke down as follows:

(in thousands of euros)	December 31, 2014			December 31, 2013
	Amortized cost	Fair value	Balance sheet amount	Balance sheet amount
Assets				
Financial assets available for sale	825	129,935	130,760	105,056
Other non-current financial assets	1,587		1,587	1,130
Non-current loans and advances	10,209		10,209	10,021
Non-current trade and other receivables	10		10	9
Current trade and other receivables	477,546		477,546	468,037
Other current financial assets		3,000	3,000	21,446
Current loans and advances	788		788	520
Current tax assets	19,908		19,908	20,461
Cash and cash equivalents	309,871	201,572	511,443	490,212

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 4.15.

4.5 Other non-current assets, excluding deferred taxes

Changes in other non-current assets, excluding deferred taxes, were as follows:

(in thousands of euros)	December 31, 2014	December 31, 2013
Assets available for sale at period opening	105,056	73,433
Change in fair value recognized in Other comprehensive income	25,749	31,676
Other changes	(45)	(53)
ASSETS AVAILABLE FOR SALE AT PERIOD CLOSE	130,760	105,056

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, 2014, these shares were valued at €129.6 million based on the December 31, 2014 closing price.

At December 31, 2013, the shares were valued at €103.9 million based on the average share price for the last six months of the year.

The resulting €16.9-million revaluation, net of deferred tax, was recognized in other comprehensive income (see Note 4.9).

4.6 Inventories and work-in-progress

Inventories and work-in progress broke down as follows:

<i>(in thousands of euros)</i>	December 31, 2014	December 31, 2013
Raw materials and other supplies	113,397	105,598
Work-in-progress, goods and services	26,832	32,598
Merchandise, finished goods and intermediate goods	139,231	125,162
GROSS VALUE	279,460	263,358
Inventory write-downs	(2,665)	(4,284)
NET CARRYING AMOUNT	276,795	259,074

The change in net inventories for the years presented breaks down as follows:

<i>(in thousands of euros)</i>	December 31, 2014			December 31, 2013
	Gross amounts	Write-downs	Net amounts	Net amounts
At January 1	263,358	(4,284)	259,074	236,800
Change in gross inventory	11,909		11,909	27,439
Change in write-downs	-	1,662	1,662	886
Translation differences	4,193	(43)	4,150	(6,051)
AT DECEMBER 31	279,460	(2,665)	276,795	259,074

4.7 Trade and other receivables

The "Trade and other receivables" item breaks down as follows:

<i>(in thousands of euros)</i>	December 31, 2014	December 31, 2013
Trade and other receivables	482,591	473,949
Write-downs	(5,045)	(5,912)
NET CARRYING AMOUNT	477,546	468,037

The change in trade and other receivables for the years presented breaks down as follows:

<i>(in thousands of euros)</i>	December 31, 2014			December 31, 2013
	Gross amounts	Write-downs	Net amounts	Net amounts
At January 1	473,949	(5,912)	468,037	447,796
Changes in WCR	6,437		6,437	26,888
Change in consolidation scope			-	
Change in write-downs		724	724	1,714
Reclassifications	(1,144)		(1,144)	512
Translation differences	3,349	143	3,492	(8,873)
AT DECEMBER 31	482,591	(5,045)	477,546	468,037

At December 31, 2014, current net trade receivables represented 88.7% of total trade and other receivables, with trade receivables under 60 days due accounting for 9.1%, and trade receivables over 60 days due accounting for 2.2%. Receivables older than 120 days not covered by credit insurance were fully provisioned.

4.8 Net deferred taxes

Net deferred tax liabilities and changes in the net deferred tax position for the last two fiscal years were recorded as follows:

<i>(in thousands of euros)</i>	2014	2013
At January 1	(167,630)	(162,802)
Change recognized in equity	2,307	(5,415)
Change recognized in the income statement	4,936	587
AT DECEMBER 31	(160,387)	(167,630)

Basis for deferred tax assets and liabilities

<i>(in thousands of euros)</i>	December 31, 2014	December 31, 2013
Goodwill	(25,364)	(20,372)
Fixed assets	(73,561)	(75,124)
Brands and concessions	(65,436)	(65,004)
Derivative financial instruments	5,318	(4,087)
Valuation of Unibel shares	(43,655)	(34,789)
Pensions and similar employee benefits	22,175	16,865
Tax loss carryforwards	6,709	7,950
Other	13,428	6,931
NET DEFERRED TAXES	(160,387)	(167,630)
Of which:		
Deferred tax assets	14,541	10,445
Deferred tax liabilities	(174,928)	(178,075)

The "Other" heading concerned primarily temporary items not 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.

In accordance with the accounting policy previously described, deferred tax assets related to tax loss carryforwards for the Grupo Fromageries Bel España subsidiary totaled €6.1 million at December 31, 2014, after €0.3 million were used during the year and a €1.3-million impact from a tax rate decrease in Spain.

Tax assets that were unrecognized owing to uncertainties about the potential of recovering the corresponding tax losses carried forward, were as follows:

<i>(in thousands of euros)</i>	December 31, 2014		December 31, 2013	
	Tax loss basis	Unrecognized deferred tax assets	Tax loss basis	Unrecognized deferred tax assets
Expires in				
Less than one year	1,018	196	128	23
One to five years	5,347	1,056	5,541	1,091
Over 5 years			13,809	4,143
May be carried forward indefinitely	21,883	5,468	9,023	2,254
TOTAL	28,248	6,720	28,501	7,511

Of the total unrecognized tax assets at December 31, 2014, €3.5 million concerned the Grupo Fromageries Bel España subsidiary.

In fiscal 2014, a change in Spain's tax policy limited the deductibility of tax losses from prior years, albeit with the offsetting possibility of carrying forward tax losses indefinitely.

4.9 Share capital information

Fromageries Bel's share capital is comprised of 6,872,335 shares.

In 2014, changes in the Group's equity reflected mainly earnings for the year and the payout of the 2013 dividend in May, as well as the impact of items recorded in the comprehensive income statement.

Items recognized in the comprehensive income statement are presented in the following table:

<i>(thousands of euros)</i>		At December 31, 2014			At December 31, 2013
		Group share	Minority interest share	Total	Total
Cash flow hedging	Gross amounts	(21,990)		(21,990)	8,765
	Income tax impact	8,693		8,693	(3,652)
Mark to market of assets available for sale	Gross amounts	25,749		25,749	31,676
	Income tax impact	(8,865)		(8,865)	(10,902)
Actuarial gains and losses arising on retirement obligations	Gross amounts	(19,606)	(147)	(19,753)	4,975
	Income tax impact	5,834	44	5,878	(965)
Impact of IAS 19 Revised at January 1, 2013	Gross amounts				(29,574)
	Income tax impact				8,105
Translation differences		30,232	237	30,469	(30,731)
TOTAL		20,046	134	20,180	(22,303)

The mark to market of the main hedges contracted by Group subsidiaries is described in Note 4.15.3.

The mark to market of assets available for sale pertained to Unibel shares owned by Sofico (see Note 4.5).

Actuarial gains and losses recognized during the year are described in Note 4.11.2.

Depending on its financial 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 2014, 6,557 treasury shares were issued, and 52,129 treasury shares were purchased. The Group held 70,800 treasury shares at December 31, 2014.

Bonus shares

The 2012-2014 bonus-share plan was completed in May 2014, with 6,557 shares awarded to beneficiaries.

The 2013-2015 plan was under way, and a new 2014-2016 stock-option plan was approved by the Board of Directors on August 27, 2014.

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 summary of the bonus share plans is presented in the following table:

Stock options plans				
<i>(in thousands of euros)</i>	2014/2016 plan	2013/2015 plan	2012/2014 plan	Total
Number of shares granted at the award date	5,447	5,130	7,234	
Number of shares awarded at December 31, 2014	5,447	4,915	6,557	
Fair value of share award <i>(in €)</i>	268	249	170	
Award criteria: percentage provisioned	100%	100%	100%	
Acquisition period	2 years	2 years	2 years	
Holding period	2 years	2 years	2 years	
Amount expensed at December 31, 2014	239	577	190	1,006

4.10 Provisions

The change in provisions for the years presented breaks down as follows:

<i>(in thousands of euros)</i>	2014	2013
Provisions at January 1	26,090	28,660
Allowances	12,582	6,227
Reversals – offset against expenses	(3,267)	(4,259)
Reversals – cancelled provisions	(2,599)	(3,573)
Reverse discounting	-	(72)
Reclassifications	(291)	(118)
Translation differences	94	(775)
PROVISIONS AT DECEMBER 31	32,609	26,090
Of which less than a year	21,798	18,900

Allowances for the year stemmed primarily from non-recurring provisions to rehabilitate existing facilities and to make dual rent payments following the Group's decision to move its headquarters (see Note 3.3), classified as provisions for other expenses in the following table:

<i>(in thousands of euros)</i>	December 31, 2014	December 31, 2013
Provisions for disputes and litigation	10,961	13,421
Restructuring provisions	599	155
Provisions for other expenses	9,100	156
Provisions for other contingencies	11,949	12,358
PROVISIONS	32,609	26,090

4.11 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.

4.11.1 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 life annuities paid by the fund. Under IAS 19 and although the plan is by nature a defined contribution 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.

4.11.2 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 €125.9 million, or 96% of a total €131.7 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:

<i>(in thousands of euros)</i>	Netherlands	France	Germany	Rest of the world	Total 2014	Total 2013
Gross defined benefit obligation	56,742	48,365	20,790	5,835	131,732	116,015
Fair value of plan assets	(41,563)	0	0	0	(41,563)	(43,131)
NET EMPLOYEE BENEFIT OBLIGATION RECORDED ON THE BALANCE SHEET	15,179	48,365	20,790	5,835	90,169	72,884

Changes in gross employee benefit obligations for defined benefit plans are presented in the following table:

<i>(in thousands of euros)</i>	Netherlands	France	Germany	Rest of the world	Total 2014	Total 2013
Gross defined benefit obligation at January 1	57,169	36,629	17,554	4,663	116,015	118,825
Change in gross defined benefit obligations recorded in profit and loss	(18,272)	3,862	763	705	(12,942)	9,402
Actuarial gains and losses recorded to other comprehensive income	17,849	9,346	3,300	814	31,309	(8,532)
Translation differences	0	0	0	(74)	(74)	(98)
Employer contributions	208	0	0	0	208	128
Benefits paid during the year	(212)	(1,472)	(827)	(273)	(2,784)	(3,711)
GROSS OBLIGATION AT DECEMBER 31	56,742	48,365	20,790	5,835	131,732	116,015

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	Total 2014	Total 2013
Fair value of plan assets at January 1	(43,131)	0	0	0	(43,131)	(42,735)
Interest income (expense) on plan assets	(882)	0	0	0	(882)	(1,423)
Return on plan assets above the discount rate	(11,556)	0	0	0	(11,556)	3,555
Costs borne by bodies responsible for managing plan assets	0	0	0	0	0	279
Benefits paid by funds to recipients during the year and settlement	16,160	0	0	0	16,160	225
Contributions paid to funds	(2,154)	0	0	0	(2,154)	(3,032)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	(41,563)	0	0	0	(41,563)	(43,131)

In 2014, the net amount expensed to the income statement totaled €2.2 million and broke down as follows:

<i>(in thousands of euros)</i>	Netherlands	France	Germany	Rest of the world	Total 2014	Total 2013
Service cost for the year	1,806	2,050	180	471	4,507	5,822
Interest income from the present value of the obligations	1,413	1,242	562	158	3,375	4,068
Past service cost following a plan change	(5,745)	0	0	76	(5,669)	(899)
Costs borne by bodies responsible for managing plan assets	82	0	0	0	82	268
Actuarial gains and losses on other long-term benefits during employment recognized during the year	164	570	21	0	755	143
Settlement	(15,992)				(15,992)	
CHANGE IN GROSS DEFINED BENEFIT OBLIGATIONS RECORDED IN PROFIT AND LOSS	(18,272)	3,862	763	705	(12,942)	9,402
Interest income (expense) on plan assets	(882)	0	0	0	(882)	(1,423)
Settlement	15,992				15,992	
TOTAL NET EXPENSES RECORDED ON THE INCOME STATEMENT	(3,162)	3,862	763	705	2,168	7,979

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	Total 2014	Total 2013
Actuarial gains and losses on the present value of obligations recognized during the year and arising from experience adjustments	721	1,974	(130)	154	2,719	(1,033)
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to demographic assumptions	0	(304)	0	23	(281)	2,616
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to financial assumptions	17,128	7,676	3,430	637	28,871	(10,115)
ACTUARIAL GAINS AND LOSSES RECORDED TO OTHER COMPREHENSIVE INCOME	17,849	9,346	3,300	814	31,309	(8,532)
Return on plan assets above the discount rate	(11,556)	0	0	0	(11,556)	3,555
TOTAL NET GAINS RECORDED ON THE INCOME STATEMENT	6,293	9,346	3,300	814	19,753	(4,977)

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 durations similar to the corresponding liabilities.

Europe	December 31, 2014	December 31, 2013
Discount rate (weighted)	1.85%	3.25%
Rate of salary increases (weighted)	2.80%	2.75%
Weighted duration of obligation	17.3	17.7

The main financial assumption used to measure the obligation of defined benefit plans is the discount rate, which can have a significant impact on the outcome. A 100-point variation in the discount rate versus the main assumption used at December 31, 2014 would have the following effects:

	Decrease of 100 basis points	Increase of 100 basis points
Impact on obligation at December 31, 2014	19%	-16%

4.11.3 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 to 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 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 bargaining, the indemnity was increased by mutual agreement by 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 annuities over the life of the retiree, with 60% going to the retiree's spouse in the event of death, and carries disability coverage. The annuities are 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 annuities 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. The plans pay life annuities at the date of retirement, with the retirement age set at 67. The annuities correspond to the benefits acquired over the employee's period of service in the company. They are annually revised up to the beneficiary's date of retirement. The plans also pay annuities 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 2014, the fair value of plan assets in the Netherlands totaled €41.6 million, versus €43.1 million at end 2013.

In 2014, collective bargaining with dairy sector trade organizations over employee retirement benefits resulted in the signature of an agreement that will replace the defined benefit plans with a defined contribution plan on January 1, 2015. The rights acquired by employees at December 31, 2014 were frozen, and the defined benefit plans are now closed to new employees.

The €5.7-million impact from the change in benefit plan was recognized in non-recurring income and expense (see Note 3.3).

4.12 Other non-current liabilities

Other non-current liabilities broke down as follows:

(in thousands of euros)	December 31, 2014	December 31, 2013
Investment grants	16,635	15,538
Amounts payable to personnel	23,969	20,870
Other	472	567
TOTAL	41,076	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.

4.13 Trade payables and other liabilities

The change in trade payables and other liabilities is presented in the following table:

(in thousands of euros)	2014	2013
At January 1	516,123	471,732
Changes in WCR	(20,776)	50,791
Change in consolidation scope	-	54
Reclassifications	1,444	387
Translation differences	5,023	(6,841)
AT DECEMBER 31	501,814	516,123

4.14 Net financial debt

Net financial debt is presented in the following table:

(in thousands of euros)	December 31, 2014	December 31, 2013
Bonds	159,437	159,320
Bank borrowings	235,802	217,980
Amounts related to assets held under finance leases	302	478
Employee profit-sharing	12,511	12,353
Minority shareholders' put options	100	998
Deposits and guarantee deposits	20	18
Long-term liabilities	408,172	391,147
Bank borrowings	5,103	4,385
Amounts related to assets held under finance leases	361	462
Employee profit-sharing	2,879	2,140
Commercial paper	101,976	99,951
Sundry loans and financial liabilities	2,739	1,483
Current account liabilities	49,300	41,892
Short-term liabilities	162,358	150,313
GROSS FINANCIAL LIABILITIES	570,530	541,460
Current used bank facilities including overdrafts and accrued interest	8,380	4,725
Marketable securities and money market instruments	(309,871)	(338,484)
Cash on hand and balances with banks, including accrued interest	(201,572)	(151,727)
TOTAL NET CASH AND CASH EQUIVALENTS	(503,063)	(485,486)
Current account assets	(8)	(1,569)
TOTAL NET LIABILITIES	67,459	54,405

The main financing transactions in 2014 are explained in Note 4.15.2.

At December 31, 2014, the amount of long-term liabilities issued in US dollars came to €96.8 million.

At that same date, the minority shareholders' put options on the Ukrainian subsidiary included in "Long-term liabilities" fell to €100,000, from €1 million at December 31, 2013. An offsetting amount was recognized in equity.

The Unibel parent company accounted for €47.9 million in current account liabilities (see Note 8.2).

Repayment schedule for long-term financial liabilities at December 31, 2014

<i>(in thousands of euros)</i>	2016	2017	2018	2019	2020 & beyond	Total
Bonds	0	0	19,934	139,503	0	159,437
Bank borrowings	18,023	529	153,632	1,866	61,752	235,802
Amounts related to assets held under finance leases	100	90	67	45	0	302
Employee profit-sharing	3,694	1,924	3,830	3,063	0	12,511
Minority shareholders' put options	0	0	100	0	0	100
Deposits and guarantee deposits	20	0	0	0	0	20
TOTAL LONG-TERM LIABILITIES	21,837	2,543	177,563	144,477	61,752	408,172

4.15 Financial instruments

4.15.1 Market risk management

The Treasury Department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

4.15.2 Financial and liquidity risk management

At December 31, 2014, the Group had net financial debt of €67.5 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 and from investors.

At December 31, 2014, the Group had significant liquidity, including:

- a confirmed, untapped €520-million credit line maturing in March 2019, with possible extensions to 2020 or 2021, if the banks agree;
- a €500-million commercial paper program, of which €102 million was used;
- a €160-million bond subscribed by private investors, with €20 million maturing in December 2018 and €140 million maturing in December 2019;

- a fund-raising transaction on the Schuldschein market in two tranches, including:

- €140 million with maturities of three years, five years, seven years and 10 years, at floating or fixed rates,
- USD 110 million, with maturities of three years and five years at floating or fixed rates.

Lastly, as part of a plant construction in the United States, the Group obtained USD 10 million in subsidized and amortizable financing, in a dual tranche transaction, including:

- USD 2 million maturing in October 2019;
- USD 8 million maturing in October 2024.

At December 31, 2014, the Group, via Fromageries Bel, had substantial cash and cash equivalents totaling €463 million.

Fromageries Bel committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt. At December 31, 2014, the ratio stood at 0.23, versus 0.17 at December 31, 2013.

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, Moroccan and Algerian subsidiaries, which accounted for most of non-pooled available cash, totaled €32.0 million at December 31, 2014.

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, term deposit accounts or short-term certificates of deposit.

4.15.3 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 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, 2014, the maturity of the derivatives portfolio did not extend beyond January 31, 2016. The cash flows from the budgeted 2014 and 2015 hedges are expected in 2015 and 2016, and will thus impact income in the 2015 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.

Hedging positions for foreign exchange, interest rate and raw materials risk, versus the prior year

Value of hedges secured by Fromageries Bel

	At December 31, 2014				At December 31, 2013			
	Equity	Operating income	Net financial result	Market value	Equity	Operating income	Net financial result	Market value
<i>(in thousands of euros)</i>								
Foreign exchange	(4,114)	(2,759)	(284)	(7,156)	12,874	4,068	679	17,621
Operations	(3,252)	(2,759)	(320)	(6,331)	12,838	4,068	734	17,640
Dividends	(860)			(860)	(29)			(29)
Capex	(2)			(2)	65			65
Financing			47	47			(35)	(35)
Other transactions			(11)	(11)			(20)	(20)
Interest rate	78		507	585	189		1,554	1,743
Cap/floor								
Euro interest-rate swaps								
USD interest-rate swaps	78			78	189			189
EUR/TRY Cross Currency swaps			507	507			1,554	1,554
TOTAL								
FOR FROMAGERIES BEL	(4,035)	(2,759)	223	(6,571)	13,063	4,068	2,233	19,364

Value of hedges secured by US entities

(in thousands of euros)	At December 31, 2014				At December 31, 2013			
	Equity	Operating income	Net financial result	Market value	Equity	Operating income	Net financial result	Market value
Raw materials	(5,103)		(1,055)	(6,158)	212	71	42	326

The market value of all hedges secured by the Group came to €12.7 million, which was recognized in "Other financial liabilities".

At December 31, 2014, 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)	Transaction type	Direction	Cross	At December 31, 2014			
				Commitment	Equity	Operating income	Market value
	FUTURES	Buy	EURGBP	31,500	(334)	(145)	(479)
	FUTURES	Buy	EURJPY	15,042	546	377	923
	FUTURES	Sell	EURPLN	26,500	(158)	21	(137)
	FUTURES	Buy	EURUSD	73,959	(1,439)	(2,575)	(4,014)
	FUTURES	Buy	OTHER	29,897	(51)	75	24
	FUTURES	Sell	OTHER	7,368	(24)	(42)	(66)
TOTAL					(1,460)	(2,289)	(3,749)

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURPLN signifies that the Group is selling EUR and buying PLN.

(in thousands of euros)	Transaction type	Direction	Cross	At December 31, 2013			
				Commitment	Equity	Operating income	Market value
	FUTURES	Buy	EURGBP	29,650	(379)	2	(377)
	FUTURES	Buy	EURJPY	20,484	2,777	1,520	4,297
	FUTURES	Sell	EURPLN	32,700	805	288	1,093
	FUTURES	Buy	EURUSD	130,741	4,793	1,959	6,752
	FUTURES	Buy	OTHER	43,432	1,235	102	1,337
	FUTURES	Sell	OTHER	8,266	(33)	2	(31)
TOTAL					9,198	3,873	13,071

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURPLN signifies that the Group is selling EUR and buying PLN.

Portfolio of currency options backed by trade receivables, trade payables or futures transactions

(in thousands of euros)		At December 31, 2014				
		Commitment	Equity	Operating income	Net financial result	Market value
Transaction type	Cross					
Call purchase	EURGBP	45,500	-	-	154	154
Put sale	EURGBP	22,750	(9)	-	(275)	(284)
Call purchase	EURJPY	10,389	254	-	146	400
Put sale	EURJPY	5,735	-	-	(34)	(34)
Put purchase	EURPLN	27,000	-	-	237	237
Call sale	EURPLN	16,250	(10)	-	(255)	(265)
Call purchase	EURUSD	151,174	-	-	336	336
Put sale	EURUSD	73,793	(2,244)	(465)	(773)	(3,482)
Call purchase	OTHER	41,242	313	-	282	595
Put sale	OTHER	18,942	(97)	(5)	(139)	(241)
TOTAL			(1,793)	(470)	(321)	(2,584)

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Call purchase EURGBP signifies that the Group is buying a EUR call/GBP put option.

(in thousands of euros)		At December 31, 2013				
		Commitment	Equity	Operating income	Net financial result	Market value
Transaction type	Cross					
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	EURUSD	74,933	1,770	195	662	2,627
Put sale	EURUSD	39,820	-	-	(171)	(171)
Call purchase	OTHER	29,636	928	-	114	1,042
Put sale	OTHER	17,732	-	-	(46)	(46)
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 EURGBP signifies that the Group is buying a EUR call/GBP put option.

Portfolio of currency forward and option contracts to hedge future dividend or share transaction flows

(in thousands of euros)			At December 31, 2014			At December 31, 2013		
			Commitment	Equity	Market value	Commitment	Equity	Market value
Transaction type	Direction	Cross						
FUTURES	Buy	EURGBP	2,000	(79)	(79)	1,000	(29)	(29)
FUTURES	Buy	EURUSD	6,374	(621)	(621)	-	-	-
FUTURES	Buy	OTHER	4,750	(160)	(160)	-	-	-
TOTAL				(860)	(860)		(29)	(29)

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 currency forward contracts to hedge future investment outflows on fixed assets

(in thousands of euros) Transaction type	Direction	Cross	At December 31, 2014			At December 31, 2013		
			Commitment	Equity	Market value	Commitment	Equity	Market value
FUTURES	Buy	EURUSD	300	(2)	(2)	1,000	21	21
FUTURES	Buy	OTHER	-	-	-	1,181	44	44
TOTAL				(2)	(2)		65	65

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) Transaction type	Direction	Cross	At December 31, 2014		
			Commitment	Net financial result	Market value
SWAP	Sell	EURGBP	6,124	36	36
SWAP	Buy	EURJPY	8,311	(96)	(96)
SWAP	Sell	EURPLN	5,486	56	56
SWAP	Sell	EURUSD	5,240	5	5
SWAP	Sell	OTHER	15,242	48	48
SWAP	Buy	OTHER	1,118	(3)	(3)
TOTAL				46	46

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURGBP signifies that the Group is selling EUR futures and buying GBP futures.

(in thousands of euros) Transaction type	Direction	Cross	At December 31, 2013		
			Commitment	Net financial result	Market value
SWAP	Sell	EURGBP	5,850	3	3
SWAP	Buy	EURJPY	575	8	8
SWAP	Buy	EURPLN	650	-	-
SWAP	Sell	EURUSD	21,802	(49)	(49)
SWAP	Sell	OTHER	17,011	3	3
SWAP	Buy	OTHER	4,476	-	-
TOTAL				(35)	(35)

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURGBP signifies that the Group is selling EUR futures and buying GBP futures.

Other transactions outside the hedging transactions category

(in thousands of euros) Transaction type	Cross	At December 31, 2014			At December 31, 2013		
		Commitment	Net financial result	Market value	Commitment	Net financial result	Market value
Call sale	OTHER	1,687	(11)	(11)	792	(20)	(20)
TOTAL			(11)	(11)		(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, 2013, all hedges that had been accounted for in equity, with a positive €12.9-million market value, were recognized in the income statement during fiscal 2014.

At December 31, 2014, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a negative €4.1 million.

The Group's main currency exposure was with the U.S. 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 €2.3 million.

A 1% decline in the EUR/GBP currency risk before hedging would positively impact operating income by €0.9 million.

A 1% increase in the EUR/PLN currency risk before hedging would positively impact operating income by €0.5 million.

At December 31, 2014, 80% to 100% of the net exposure relative to the main currencies in the 2015 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 will thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements complied with market practices in terms of data for yield curves, exchange rates and volatility curves, as well as valuation models. The Treasury Department has the requisite in-house means for calculating the valuations. However, Bel used an outside provider to determine the valuations.

4.15.4 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, 2014, the Group hedged interest-rate risk through interest-rate swaps or cross-currency swaps.

(in thousands of euros) Transaction type	Commitment currency	At December 31, 2014		At December 31, 2013	
		Nominal	Market value	Nominal	Market value
Fixed-rate borrower swaps	USD	41,183	78	36,256	189
Cross-currency EURTRY swap	TRY	7,082	507	7,456	1,554
TOTAL			585		1,743

The following hedging balance corresponds to hedges on some of the Group's floating-rate loans.

Hedging balance in USD

(in millions of USD)	2015	2016	2017	2018
Interest-rate swaps	50	50	30	30

Market value of interest rate hedges

(in millions of euros)	At December 31, 2014	At December 31, 2013
Vanilla derivatives	0.1	0.2
Cross-currency EURTRY swap	0.5	1.5
TOTAL	0.6	1.7

Vanilla derivatives include only interest-rate swaps.

At December 31, 2014, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a positive €0.08 million. 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.

An increase of 1% across the yield curve would positively impact Group equity by €1 million.

A decrease of 1% across the yield curve would negatively impact Group equity by €0.8 million.

Breakdown of gross financial indebtedness by type, maturity and interest rate type at December 31, 2014

(in thousands of euros)		Gross financial liabilities			Impact of derivative instruments			Financial liabilities after impact of derivative instruments		
		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity	Type									
2015		(501)	(161,857)	(162,358)	(2,583)	2,583	-	(3,084)	(159,274)	(162,358)
	Sundry loans and financial liabilities	-	(2,238)	(2,238)	-	-	-	-	(2,238)	(2,238)
	Commercial paper	-	(101,976)	(101,976)	-	-	-	-	(101,976)	(101,976)
	Current account liabilities	-	(49,300)	(49,300)	-	-	-	-	(49,300)	(49,300)
	Amounts related to assets held under finance leases	-	(361)	(361)	-	-	-	-	(361)	(361)
	Bank borrowings	-	(5,103)	(5,103)	-	-	-	-	(5,103)	(5,103)
	Employee profit-sharing	-	(2,879)	(2,879)	-	-	-	-	(2,879)	(2,879)
	Interest-rate swaps	-	-	-	(2,583)	2,583	-	(2,583)	2,583	-
	U.S. loan	(501)	-	(501)	-	-	-	(501)	-	(501)
2016		(507)	(21,330)	(21,837)	(20,972)	20,972	-	(21,479)	(358)	(21,837)
	Deposits and guarantee deposits	-	(20)	(20)	-	-	-	-	(20)	(20)
	Amounts related to assets held under finance leases	-	(100)	(100)	-	-	-	-	(100)	(100)
	Bank borrowings	-	502	502	-	-	-	-	502	502
	Employee profit-sharing	-	(3,694)	(3,694)	-	-	-	-	(3,694)	(3,694)
	Interest-rate swaps	-	-	-	(20,972)	20,972	-	(20,972)	20,972	-
	EUR Schuldschein	-	(15,964)	(15,964)	-	-	-	-	(15,964)	(15,964)
	USD Schuldschein	-	(2,054)	(2,054)	-	-	-	-	(2,054)	(2,054)
	U.S. loan	(507)	-	(507)	-	-	-	(507)	-	(507)
2017		(529)	(2,014)	(2,543)			-	(529)	(2,014)	(2,543)
	Amounts related to assets held under finance leases	-	(90)	(90)	-	-	-	-	(90)	(90)
	Employee profit-sharing	-	(1,924)	(1,924)	-	-	-	-	(1,924)	(1,924)
	U.S. loan	(529)	-	(529)	-	-	-	(529)	-	(529)
2018		(31,629)	(145,934)	(177,563)	(24,710)	24,710	-	(56,339)	(121,224)	(177,563)
	Sundry loans and financial liabilities	-	(100)	(100)	-	-	-	-	(100)	(100)
	Amounts related to assets held under finance leases	-	(67)	(67)	-	-	-	-	(67)	(67)
	Bank borrowings	-	-	-	-	-	-	-	-	-
	Employee profit-sharing	-	(3,830)	(3,830)	-	-	-	-	(3,830)	(3,830)
	Bond issue	(19,934)	-	(19,934)	-	-	-	(19,934)	-	(19,934)
	Interest-rate swaps	-	-	-	(24,710)	24,710	-	(24,710)	24,710	-
	EUR Schuldschein	-	(59,812)	(59,812)	-	-	-	-	(59,812)	(59,812)
	USD Schuldschein	(6,159)	(82,125)	(88,284)	-	-	-	(6,159)	(82,125)	(88,284)
	EUR Schuldschein	(4,984)	-	(4,984)	-	-	-	(4,984)	-	(4,984)
	U.S. loan	(552)	-	(552)	-	-	-	(552)	-	(552)

(in thousands of euros)	Maturity	Type	Gross financial liabilities			Impact of derivative instruments			Financial liabilities after impact of derivative instruments		
			Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	2019		(141,369)	(3,108)	(144,477)			-	(141,369)	(3,108)	(144,477)
		Amounts related to assets held under finance leases	-	(45)	(45)			-	-	(45)	(45)
		Employee profit-sharing	-	(3,063)	(3,063)			-	-	(3,063)	(3,063)
		Bond issue	(139,503)	-	(139,503)			-	(139,503)	-	(139,503)
		U.S. loan	(1,866)	-	(1,866)			-	(1,866)	-	(1,866)
	2020		(22,484)	(16,940)	(39,424)			-	(22,484)	(16,940)	(39,424)
		EUR Schuldschein	-	(16,940)	(16,940)			-	-	(16,940)	(16,940)
		EUR Schuldschein	(21,922)	-	(21,922)			-	(21,922)	-	(21,922)
		U.S. loan	(562)	-	(562)			-	(562)	-	(562)
	2021		(588)	-	(588)			-	(588)	-	(588)
		U.S. loan	(588)	-	(588)			-	(588)	-	(588)
	2022		(615)	-	(615)			-	(615)	-	(615)
		U.S. loan	(615)	-	(615)			-	(615)	-	(615)
	2023		(20,567)	-	(20,567)			-	(20,567)	-	(20,567)
		EUR Schuldschein	(19,924)	-	(19,924)			-	(19,924)	-	(19,924)
		U.S. loan	(643)	-	(643)			-	(643)	-	(643)
	2024		(558)	-	(558)			-	(558)	-	(558)
		U.S. loan	(558)	-	(558)			-	(558)	-	(558)
	GRAND TOTAL		(219,347)	(351,183)	(570,530)	(48,265)	48,265	-	(267,612)	(302,918)	(570,530)

4.15.5 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, totaling €9,000 at December 31, 2014.

(in thousands of euros)

MTM measured on a risk-free rate basis ^(a)	(6,656)
Gross credit risk	9
Of which DVA (Debt Value Adjustment)	12
Of which CVA (Credit Value Adjustment)	(3)
MTM with gross credit risk	(6,647)

(a) MTM (Mark To Market) includes accrued interest not yet due on interest-rate and cross-currency swaps.

4.15.6 Raw materials risk management

The Group is exposed to price increases of raw materials, particularly for milk, cheese, milk powder and butter. As of this writing, the Group had not implemented a comprehensive,

systematic strategy to hedge raw material prices. The only Group entities with a hedging policy for raw materials were the U.S. entities, which use the Chicago futures market.

At December 31, 2014, Bel Brands and Bel USA had the following positions:

CME Class III Milk

<i>(in thousands of euros)</i> Transaction type	At December 31, 2014		At December 31, 2013	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	307	(865)	496	263
Call purchase	1,376	498	1,098	1,522
Put sale	1,366	(3,775)	987	(491)
Non-hedging				
Future sale	-	-	145	(390)
Call sale	-	-	861	(512)
Put purchase	-	-	7	1
TOTAL		(4,143)		393

CME Dry Whey

<i>(in thousands of euros)</i> Transaction type	At December 31, 2014		At December 31, 2013	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	39	(141)	11	23
Call purchase	48	2	36	50
Put sale	24	(47)	36	(1)
Non-hedging				
Future sale	-	-	-	-
Call sale	-	-	-	-
Put purchase	-	-	-	-
TOTAL		(186)		72

CME Cash Settled Cheese

<i>(in thousands of euros)</i> Transaction type	At December 31, 2014		At December 31, 2013	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	237	(633)	37	5
Call purchase	460	137	510	449
Put sale	460	(1,264)	510	(213)
Non-hedging				
Future sale	-	-	229	(403)
Call sale	-	-	480	(66)
Put purchase	-	-	-	-
TOTAL		(1,760)		(228)

CME Cash Settled Butter

(in thousands of euros) Transaction type	At December 31, 2014		At December 31, 2013	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	20	20	37	34
Call purchase	120	122	48	66
Put sale	120	(212)	48	(30)
Non-hedging				
Future sale	-	-	-	-
Call sale	-	-	-	-
Put purchase	-	-	-	-
TOTAL		(69)		70

CME Non Fat Dry Milk

(in thousands of euros) Transaction type	At December 31, 2014		At December 31, 2013	
	Number of contracts	Market value	Number of contracts	Market value
Hedging				
Future purchase	-	-	6	19
Call purchase	-	-	-	-
Put sale	-	-	-	-
Non-hedging				
Future sale	-	-	-	-
Call sale	-	-	-	-
Put purchase	-	-	-	-
TOTAL		-		19

At December 31, 2014, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity totaled a negative €5.1 million. At December 31, 2013, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity came to a positive €0.5 million.

The market values of hedges on the contracts for whey, butter and Boursin-related activity were recognized directly in the income statement.

4.15.7 Share-price risk management

At December 31, 2014, the Group had no equity-based derivatives. Concerning the valuation of Unibel shares, please refer to Section 4.5.

4.15.8 Fair value hierarchy disclosures based on IFRS 7

Description (in thousands of euros)	December 31, 2014	Level 1	Level 2	Level 3
Foreign exchange derivatives	(7,156)		(7,156)	
Interest rate derivatives	585		585	
Raw materials derivatives	(6,158)	(6,158)		
TOTAL FOREX, INTEREST RATE & RAW MATERIAL DERIVATIVES	(12,729)	(6,158)	(6,571)	
Mutual funds	309,871	309,871		
Certificates of deposit	-	-		
TOTAL MUTUAL FUNDS & CDS	309,871	309,871		
TOTAL	297,142	303,713	(6,571)	

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 FOREX, INTEREST RATE & RAW MATERIAL DERIVATIVES	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	

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:

(in thousands of euros)	Note	2014	2013
Change in inventories and write-downs	4.6	(13,571)	(28,325)
Change in trade and other receivables		(7,161)	(28,494)
Change in trade and other payables		(16,048)	50,106
(INCREASE) DECREASE IN INVENTORIES, CURRENT RECEIVABLES AND PAYABLES		(36,780)	(6,713)

Reconciliations with changes in balance sheet items are presented in the following table:

Trade and other receivables			
(in thousands of euros)	Note	2014	2013
Changes in WCR	4.7	6,437	26,888
Write-downs	4.7	724	1,714
Adjustments for provisions for other receivables		-	(131)
Other		-	23
CHANGE IN TRADE AND OTHER RECEIVABLES		7,161	28,494

Trade payables and other liabilities			
(in thousands of euros)	Note	2014	2013
Changes in WCR	4.13	(20,776)	50,791
Adjustments for fixed asset payables		4,289	(5,059)
Adjustments for dividends payable		-	4,250
Other		439	124
CHANGE IN TRADE PAYABLES AND OTHER LIABILITIES		(16,048)	50,106

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, Algeria, and Morocco (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>	2014	2013
Increase (decrease) in current accounts with		
Unibel	6,094	14,990
Other non-consolidated companies	2,874	(846)
TOTAL	8,968	14,144

Issues and repayments of borrowings and financial liabilities are described in Note 4.15.2.

NOTE 6 • Financial commitments

6.1 Table of off-balance sheet commitments

<i>(in thousands of euros)</i>	2014	2013
Commitments given	140,809	92,423
Off-balance sheet commitments given, related to Company financing	19,514	17,548
Financial guarantees given	13,296	13,576
Other	6,218	3,972
Commitments given, related to the issuer's operating activities	121,295	74,875
Asset orders	15,257	7,196
Operating leases	104,470	64,800
less than a year	18,352	14,140
one to five years	34,467	44,399
more than five years	51,651	6,261
Other	1,568	2,879

<i>(in thousands of euros)</i>	2014	2013
Commitments received	560,558	543,466
Off-balance sheet commitments received related to Company financing	520,000	520,000
Credit lines received and unused	520,000	520,000
Commitments received, related to the issuer's operating activities	40,558	23,466
Financial guarantees received	32,858	22,233
Other	7,700	1,233

Financial guarantees given correspond primarily to a €4.8-million guarantee (€10.9 million at December 31, 2013) granted by Fromageries Bel to CA Lyon Bank Ukraine to cover a credit facility agreement for the two consolidated Ukrainian subsidiaries.

By signing a lease on its future headquarters in the first half of 2014, the Group made a firm commitment to pay rent on the new premises over the next 12 years, representing a total amount of €67 million.

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, 2014, rights to an aggregate volume of 348,000 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, 2014.

The companies making up the Group are periodically subject to tax audits in the countries where they are based:

- tax arrears and penalties were booked for accepted tax adjustments and provisioned if the amounts in question were not definitively known;
- contested tax adjustments were carefully reviewed and generally provisioned, unless it was clear that the 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 in 2013 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 • Related parties

8.1 Management benefits

<i>(in thousands of euros)</i>	2014	2013
Remuneration and benefits in kind	6,885	5,480
Director's fees	217	172
TOTAL SHORT-TERM BENEFITS	7,102	5,652
Bonus shares	827	529
TOTAL LONG-TERM BENEFITS	827	529

Management in this note refers to Board of Directors and Management Committee members.

8.2 Related party relationships

<i>(in thousands of euros)</i>	2014	2013
Amount of transactions	16,401	13,207
<i>Of which Unibel</i>	6,727	6,962
<i>Of which other non-consolidated companies</i>	9,517	6,245
Associated receivables	78	1,655
Associated payables and current accounts	51,242	45,639
<i>Of which Unibel</i>	48,309	43,585
<i>Of which other non-consolidated companies</i>	2,933	2,054
Unibel shares	129,591	103,842

At December 31, 2014, transaction amounts with related parties included the Unibel holding company for €6.7 million, of which €6.5 million in personnel expense was billed back to Fromageries Bel under a service contract signed December 12, 2001, and non-consolidated Group companies Bel Proche et Moyen-Orient Beyrouth, Bel Middle East, Bel China and others for €9.6 million in operating expense billed back to Fromageries Bel.

Related parties associated payables and current accounts mainly concerned the Unibel holding company, with a €47.9-million current account, versus €41.8 million at December 31, 2013 (see Note 4.14).

The Unibel shares held by Sofico were valued at €129.6 million, based on the closing share price at December 31, 2014 (see Note 4.5).

The Group has no significant off-balance sheet commitments with related parties.

NOTE 9 • Significant subsequent events

At this writing, no significant subsequent events have occurred since the end of the reporting period.

NOTE 10 • Scope of consolidation

		December 2014	December 2013
Company	Country	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	100.00
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	99.88	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	96.92	93.87
Bel Shostka Service	Ukraine	96.81	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	95.00

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, 2014

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, 2014, 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 role 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, 2014, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

II. Justification of our assessments

In application of Section L.823-9 of the Commercial Code regarding evaluation justification, we call your attention to the following items:

- Note 1.5 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 1.5 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 Note 4.11.
- The Company on a systematic, annual basis tested goodwill and assets with an indefinite useful life for impairment at each closing date. Furthermore, it assessed whether there were any indications of impairment loss on long-term assets, in accordance with the conditions described in Notes 1.5 and 4.1 to the financial statements. We examined the methods used to test for impairment loss, as well as the cash flow projections and assumptions made, and verified that the appropriate information was disclosed in Note 4.1.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the 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, March 26, 2015

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, 2014

Company accounts for the year ended December 31, 2014

Income statement at December 31, 2014, vs. prior year

(in thousands of euros)

	Notes	2014	2013
OPERATING INCOME			
Sales of merchandise (goods purchased for resale)		127,465	116,019
Production sold			
Sales – goods		1,260,394	1,242,741
Sales – construction work			
Sales – services			
Revenue from ancillary operations		36,002	38,165
TOTAL PRODUCTION SOLD		1,296,396	1,280,906
REVENUE FROM SALES (INCLUDING EXPORTS OF 728,823)	3	1,423,861	1,396,926
Change in finished goods and in-progress inventories			
Work-in-progress goods		1,222	1,724
Work-in-progress services			
Finished goods		6,350	4,947
TOTAL CHANGE IN FINISHED GOODS AND IN-PROGRESS INVENTORIES		7,572	6,671
Self-constructed fixed assets		3,924	3,600
Government grants – operations		139	131
Reversals of provisions, write-downs, depreciation, and amortization		4,728	5,353
Expense transfers	4	23,503	17,286
Other revenue		57,339	54,711
TOTAL I		1,521,066	1,484,678
OPERATING EXPENSE			
Cost of merchandise (goods purchased for resale) sold during the year			
Purchase of merchandise (goods purchased for resale)		77,110	69,285
Change in inventories of merchandise (goods purchased for resale)		5,247	1,474
TOTAL COST OF MERCHANDISE (GOODS PURCHASED FOR RESALE) SOLD		82,357	70,759
Operating costs incurred through third parties and consumed during the period			
Purchases of inventoried raw materials and supplies			
Raw materials			1
Other production supplies		1,848	1,692
Increase (decrease) in raw material and supply inventories		1	437
Purchases from sub-contractors		814,203	799,784
Purchases of non-inventoried materials and supplies		2,151	3,064
Outside services			
Outside personnel	5	6,457	6,013
Lease payments			
Other		417,502	413,304
TOTAL OPERATING COSTS INCURRED THROUGH THIRD PARTIES		1,242,162	1,224,295
Taxes other than income tax			
On remunerations		3,287	2,905
Other		9,765	9,367
TOTAL TAXES OTHER THAN INCOME TAX		13,052	12,272
Personnel expense			
Wages and salaries		77,198	72,501
Payroll on-costs		33,674	32,748
TOTAL PERSONNEL EXPENSE	5	110,872	105,249

(in thousands of euros)	Notes	2014	2013
Depreciation and provision expense for the year			
Depreciation expense on fixed assets		12,901	13,194
Provision expense on fixed assets			
Provision expense on current assets		539	706
Provision expense for contingencies and losses		5,866	3,439
TOTAL DEPRECIATION AND PROVISION EXPENSE FOR THE YEAR		19,306	17,339
Sundry expenses		4,955	4,352
TOTAL II		1,472,704	1,434,266
1 - PROFIT FROM OPERATIONS (I - II)		48,362	50,412
NET PROFITS/(LOSSES) FROM JOINT VENTURES			
PROFIT OR LOSS TRANSFERRED III			
LOSS OR PROFIT TRANSFERRED IV			
FINANCIAL INCOME			
From participating interests		65,531	79,133
From other long-term marketable securities and receivables		1	149
Other interest and similar income		2,009	1,016
Reversal of provisions and transfers of financial expense		2,262	12,043
Foreign exchange gains		41,600	53,388
Net profits from sales of marketable securities		783	724
TOTAL V		112,186	146,453
FINANCIAL EXPENSE			
Depreciation and write-down charges for the year		2,713	2,291
Interest and similar expense		16,602	20,966
Foreign exchange losses		32,511	49,033
Net losses from sales of marketable securities			
TOTAL VI		51,826	72,290
2 - NET FINANCIAL RESULT (V - VI)	6	60,360	74,163
3 - PRE-TAX PROFIT (LOSS) ON ORDINARY ACTIVITIES (I - II + III - IV + V - VI)		108,722	124,574
EXTRAORDINARY INCOME			
From operations		22	85
From capital losses			
Proceeds from disposals of fixed assets		14,158	591
Investment grants transferred to income		336	485
Other			2
TOTAL CAPITAL GAINS		14,494	1,078
Reversal of provisions and transfers of extraordinary expense		18,572	16,463
TOTAL VII		33,088	17,626
EXTRAORDINARY EXPENSE			
From operations		8,459	4,311
From capital losses			
Carrying amount of capitalized assets and long-term investments sold		2,744	572
Other		975	2 146
TOTAL CAPITAL LOSSES		3,719	2,718
Depreciation and provision expense for the year			
Regulated provision expense		7,420	7 490
Depreciation and other provision expense for the year		14,413	8,624
TOTAL DEPRECIATION AND PROVISION EXPENSE FOR THE YEAR		21,833	16,114
TOTAL VIII		34,011	23,143
4 - EXTRAORDINARY PROFIT (LOSS) (VII - VIII)	7	(923)	(5,517)
Employee profit-sharing	IX	3,279	2,870
Income tax	X	6,579	32,505
Total income (I + III + V + VII)	XI	1,666,340	1,648,757
Total expense (II + IV + VI + VIII + IX + X)	XII	1,568,399	1,565,075
5 - NET PROFIT (LOSS)		97,941	83,682

Balance sheet at December 31, 2014 vs. prior year

		2014			
		Gross amounts	Depreciation and write-downs	Net amounts	2013 Net amounts
Assets (in thousands of euros)	Notes				
FIXED ASSETS					
Intangible fixed assets					
Concessions, patents, licenses, brands, processes, software, rights, and similar assets		70,255	50,647	19,608	24,066
Goodwill from businesses (a)		221,533		221,533	221,533
Other					
Intangible assets in progress		5,265		5,265	3,223
		297,053	50,647	246,406	248,822
Property, plant and equipment					
Land		755	369	386	387
Suspense account					
Constructions		14,563	8,943	5,620	9,504
Technical installations, fixtures, machinery, and equipment		46,263	26,599	19,664	21,538
Other		25,098	20,746	4,352	6,171
Assets in the course of construction		3,422		3,422	2,855
Advances and down-payments		409		409	141
		90,510	56,657	33,853	40,596
Long-term investments (b)					
Participating interests		1,010,933	17,713	993,220	995,673
Loans to and receivables from participating interests		7,586	825	6,761	10,115
Other long-term financial assets		239		239	239
Loans		6,158	1	6,157	5,875
Other		23,773	21	23,752	10,547
		1,048,689	18,560	1,030,129	1,022,449
TOTAL I	9	1,436,252	125,864	1,310,388	1,311,867
CURRENT ASSETS					
Inventories and work-in-progress					
Raw materials and other supplies		943	24	919	840
Work-in-progress (goods and services)		8,893		8,893	7,601
Finished and intermediate goods		13,690	22	13,668	12,672
Merchandise (goods purchased for resale)		4,251	20	4,231	4,027
		27,777	66	27,711	25,140
Advances and down-payments made to suppliers					
		285		285	323
Receivables from operations (c)					
Trade and other receivables		241,763	2,129	239,634	212,744
Other	10	21,089		21,089	18,339
		262,852	2,129	260,723	231,083
Sundry receivables (c)					
	11	40,195	841	39,354	17,785
Subscribed capital called and unpaid					
Marketable securities and money market instruments					
	12	305,917		305,917	331,989
Short-term financial instruments					
	13	4,526		4,526	23,508
Cash on hand and balances with banks					
		158,522		158,522	101,403
Prepaid expenses and suspense account for unrealized losses on financial instruments (c)					
	14	10,328		10,328	4,637
TOTAL II		810,402	3,036	807,366	735,868
Expenses amortized over several years III					
Bond discounts to be amortized IV					
Unrealized losses on foreign exchange V					
	15	2,500		2,500	3,198
TOTAL ASSETS (I + II + III + IV + V)		2,249,154	128,900	2,120,254	2,050,933
(a) Of which leasehold rights					
(b) Of which current/less than a year (gross)					
(c) Of which non current/more than a year (gross)					
				8,497	13,044
				1,856	2,512

Liabilities (in thousands of euros)	Notes	2014	2013
EQUITY			
Share capital (of which, paid: 10,308)	17	10,308	10,308
Paid-in capital		22,106	22,106
Revaluation adjustments		61	61
Reserves:			
Legal reserve		1,099	1,099
Regulated reserves		168	168
Other		487,657	487,656
Retained earnings		230,262	189,290
Profit for the year		97,941	83,682
Investment grants		1,189	1,525
Regulated provisions	18	42,478	45,608
TOTAL I	19	893,269	841,503
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for contingencies		17,474	18,476
Provisions for losses		14,837	4,390
TOTAL II	20	32,311	22,866
DEBTS ^(a)			
Financial liabilities			
Convertible bonds			
Other bonds	21	160,156	160,156
Bank borrowings ^(b)	22	232,835	222,621
Sundry borrowings and financial liabilities	23	322,463	310,351
		715,454	693,128
ADVANCES AND DOWN-PAYMENTS RECEIVED		142	154
Payables from operations			
Trade and other payables		191,299	200,000
Taxes payable and payroll and on-cost amounts payable		39,127	38,757
Other	24	26,155	18,752
		256,581	257,509
Other liabilities			
Amounts payable to fixed asset suppliers and related accounts		645	688
Income tax payable		769	21,522
Other	25	209,328	190,458
		210,742	212,668
SHORT-TERM FINANCIAL INSTRUMENTS	13	8,370	2,344
DEFERRED INCOME AND SUSPENSE ACCOUNT FOR UNREALIZED GAINS ON FINANCIAL INSTRUMENTS	26	386	19,454
TOTAL III		1,191,675	1,185,258
Unrealized gains on foreign exchange transactions IV	15	2,999	1,305
TOTAL LIABILITIES (I + II + III + IV + V)		2,120,254	2,050,933
(a) Of which non current/more than a year		603,649	575,211
Of which current/less than a year		579,270	588,248
(b) Of which current used bank facilities and cash at bank		1,290	1,903

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 • Accounting rules and methods

To give a true and fair view of the operating performance of the past year and the financial position of the Company at December 31, 2014, the annual financial statements have been prepared in accordance with French generally accepted accounting principles and the rules and regulations of France's accounting standards authority, the *Autorité des Normes Comptables* (ANC).

The recommended rules and methods were applied with respect to the general principles listed in France's Commercial Code, and in particular those pertaining to a going concern, independence of financial years, the recognition of items in the financial statements on a historical cost basis, prudence, and the permanence of accounting methods from one year to the next.

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 to implement SAP, 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 over five years for 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 expensed in the year in which they were incurred.

Start-up costs were also expensed 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 expense).

In compliance with the components approach described in Section 214-9 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 were 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 was written down when:

- gross amount, as determined above, exceeded market value or net realizable value;
- goods 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, 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 hedging results on 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 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 that includes the following companies: Fromageries Bel Production France, Safr, Fromageries Picon, Société des Produits Laitiers, Sofico, Sicopa, Sopaic, Atad, and Fromagerie Boursin.

As the lead company, Fromageries Bel is designated as the sole company liable for 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 2014

2.1 Headquarters move

The Group's operating income was affected by extraordinary expense of slightly more than €10 million to cover financial costs arising from the decision to move the company's headquarters in 2015.

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, which were expensed 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>	2014	2013
France	695,039	673,434
Other European countries	318,467	321,097
Rest of the world	410,356	402,395
	1,423,861	1,396,926

Sales increased 1.93% vs. 2013, when sales grew 3.60% in 2013 vs 2012.

On a constant exchange-rate basis, using the average exchange rate for the past year, sales advanced 2.16% in 2014, and grew 4.64% in 2013.

NOTE 4 • Expense transfers

Expense transfers included primarily €13,659,000 in advertising and distributor services costs and €6,518,000 in personnel and expatriate expenses.

NOTE 5 • Remuneration and headcount**Management compensation**

<i>(in thousands of euros)</i>	2014	2013
Directors' fees paid to members of the Board of Directors (included in "Other operating expenses")	217	172

It should be recalled that executive management is paid by Unibel, with those costs – which totaled €2,796,000 in 2014 – billed back to Fromageries Bel.

Average headcount

	Salaried personnel		Personnel seconded to the Company	
	2014	2013	2014	2013
Executives and managers	629	618	1	1
Non-executive technicians and supervisors	281	270	6	7
Staff employees	77	85	3	3
Workers	1	0	0	6
	988	973	10	17

Individual training rights

At December 31, 2014, rights to an aggregate volume of 87,940 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.

Tax credit for competitiveness and employment

A €703,000 gain from France's tax credit for competitiveness and employment CICE was recognized during the year as a personnel expense deduction.

NOTE 6 • Net financial result

Net financial result encompassed:

<i>(in thousands of euros)</i>	2014	2013
Dividends	65,531	79,133
Other revenue	1	149
Gains from sales of marketable securities	783	724
Write-downs and (reversals) on exchange rate risks	(1,188)	9
Write-downs and (reversals) on participating interests ^(a)	736	9,743
Interest income (expense)	(14,592)	(19,950)
Foreign exchange gains (losses)	9,089	4,355
	60,360	74,163

(a) Of which the reversal in FY 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>	2014	2013
Regulated provisions	3,129	3,635
Provisions for disputes and litigation and other extraordinary expenses	(11,953)	(4,463)
Net profit (loss) from disposals of fixed assets	11,413	21
Termination indemnities	(1,631)	(3,131)
Recognized dispute and litigation expense	(1,384)	(3)
Other extraordinary income	22	85
Loss on repurchase of shares awarded to employees	(855)	(2,146)
Share of investment grants transferred to income	336	485
	(923)	(5,517)

Provisions for disputes and litigation and other extraordinary expenses primarily included costs related to moving the Company's headquarters in 2015.

Net profit from disposals of fixed assets resulted mainly from an internal Group transaction to sell Bel Egypt Expansion shares for €10,469,000.

NOTE 8 • Income tax

Income tax breaks down as follows:

Income tax payable for the fiscal year, concerning <i>(in thousands of euros)</i>	2014		2013	
	Base	Amount	Base	Amount
Profit (loss) from ordinary activities	105,443	8,472	121,704	34,391
Extraordinary profit (loss)	(923)	(2,609)	(5,517)	(1,925)
Effect of the tax consolidation regime		716		39
		6,579		32,505

Effect of prospective increases and decreases

Tax base	Balance at Dec. 31, 2014	Changes in 2014	Balance at Dec. 31, 2013
TAX-BASE INCREASE			
Excess tax depreciation	40,758	(3,126)	43,884
Revaluation	1,788	(3)	1,791
Financial instruments	2,849	6,823	(3,974)
Other temporary differences	366	(310)	676
TOTAL 1	45,761	3,384	42,377
TAX-BASE DECREASE			
Employee benefits	19,211	5,866	13,345
Discounting of deposits and guarantee deposits	2,413	(38)	2,451
Inventory valuation difference	1,934	1,566	368
Provisions for contingencies and losses	2,595	1,528	1,067
Non-deductible expenses	2,457	(21)	2,478
Employee profit-sharing	3,360	410	2,950
Provision for asset write-downs	1,709	(483)	2,192
Corporate/tax value adjustment on property, plant and equipment	3,844	3,844	
Other temporary differences	2,423	(80)	2,503
TOTAL 2	39,946	12,592	27,354
TOTAL A: NET INCREASE IN BASE	5,815	(9,208)	15,023
PROSPECTIVE INCREASE IN INCOME TAX	1,679	(3,170)	4,849

2013 Effective tax rate = 38%.

2014 Effective tax rate = 38%.

In 2014, 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 2014

Statement of fixed assets

<i>(in thousands of euros)</i>	Gross amount at Jan. 1, 2014	Increases	Decreases	Transfers	Gross amount at Dec. 31, 2014
INTANGIBLE FIXED ASSETS					
Concessions, patents, licenses, brands, processes, software, rights, and similar assets	73,860	687	6,563	2,271	70,255
Goodwill from businesses	221,533				221,533
Other					
Intangible assets in progress	3,223	4,313		(2,271)	5,265
PROPERTY, PLANT AND EQUIPMENT					
Real property	15,230	99	15	4	15,318
Technical installations, fixtures, machinery and equipment	45,192	622	107	556	46,263
Other	25,843	223	1,307	338	25,098
Assets in the course of construction	2,855	1,184		(617)	3,422
Advances and down-payments	141	549		(281)	409
LONG-TERM INVESTMENTS					
Participating interests	1,013,386	200	2,653		1,010,933
Other	28,359	20,659	11,262		37,756
	1,429,622	28,536	21,906		1,436,252

Statement of depreciation and amortization

<i>(in thousands of euros)</i>	At Jan. 1, 2014	Increases	Decreases	At Dec. 31, 2014
INTANGIBLE FIXED ASSETS	49,793	7,417	6,564	50,647
PROPERTY, PLANT AND EQUIPMENT				
Real property	5,339	3,980	8	9,312
Technical installations, fixtures, machinery and equipment	23,655	3,049	105	26,599
Other	19,672	2,365	1,290	20,746
	98,459	16,812	7,967	107,304

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 €2,958,000. Abandoned software owing to obsolescence totaled €6,563,000.

Property, plant and equipment

The €1,249,000-increase in property, plant and equipment resulted mainly from fitting out headquarters and The Laughing Cow House in Lons le Saunier, as well as renewing research center equipment.

Long-term investments

The gross amount of participating interests declined €2,453,000 to €1,010,933,000 (see list of subsidiaries and affiliates).

The decrease resulted from:

(in thousands of euros)

The sale of 28,161 Bel Egypt Expansion shares	(2,653)
A new Bel Vietnam share	+150
The purchase of 49,999 MVQR Gestion shares	+50

As a reminder, 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	+6,761
Bel Tunisie Distribution	+796
Bel Rouzane Company	+29

Loans to Iran-based Bel Rouzaneh and Tunisia-based Bel Tunisie Distribution were written down in full. Bel Tunisie Distribution entered into court-ordered liquidation.

At December 31, 2014, Fromageries Bel held 90,946 of its own shares, valued at €21,743,000. At December 31, 2013, the Company held 45,374 of its own shares, valued at €8,457,000.

NOTE 10 • Other receivables from operations

This line item includes:

(in thousands of euros)

	2014	2013
Trade and other payables	3,639	2,039
Value added tax	17,335	16,091
<i>of which the reimbursement of requested VAT credits</i>	3,887	3,774
Other	115	209
	21,089	18,339

NOTE 11 • Sundry receivables

This line item includes:

(in thousands of euros)

	2014	2013
Income tax receivables	2,951	1,922
Current accounts	34,296	14,965
Tax consolidation accounts	596	396
Other	2,352	3,578
	40,195	20,861

At December 31, 2014, the gross value of outstanding cash advances to subsidiaries came to:

<i>(in thousands of euros)</i>	2014	2013
FBPF	13	
ATAD	1	
Bel Italia	38	
Bel Syry Cesko AS	363	3,587
Bel Tunisie		1,662
Bel Tunisie mktg	8	6
Bel USA	11	599
Bel Polska	2	669
Bel Proche et Moyen Orient Beyrouth		1,378
Bel Portugal	4,293	4,734
Bel Japon	8,414	568
Quesos Bel Mexico	817	1,222
Bel Canada	1	355
LVQR Diffusion		185
Bel Suisse	179	
Bel Brands USA	20,156	
Other outstanding cash advances (less than €1 million)		
	34,296	14,965

Additionally, the balance of income tax payable due by tax consolidated companies totaled €597,000 in 2014, versus €396,000 in 2013.

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 2014, cash equivalents totaled €305,917,000, vs. €331,989,000 in 2013.

NOTE 13 • Other short-term financial instruments

Other short-term financial instruments included premiums paid (assets) and received (liabilities) on currency options and interest rate hedges marked to market at the balance sheet date.

Because these were for hedging purposes, the corresponding adjustments were posted to the following balance-sheet line items:

- prepaid expenses and unrealized losses on financial instruments;
- deferred income and suspense account for unrealized gains on financial instruments;

and treated in accordance with the symmetry principle.

NOTE 14 • Prepaid expenses

Prepaid expenses related to operational activities totaled €1,936,000, up from €1,787,000 in 2013, while prepaid expenses related to financial activities amounted to €8,391,000, vs. €2,850,000 in 2013.

NOTE 15 • Foreign exchange differences**Fiscal year 2014***(in thousands of euros)*

	Amounts	Differences offset	Provision for foreign exchange losses ^(a)
UNREALIZED LOSSES ON FOREIGN EXCHANGE			
From long-term investments	1,006		1,006
From trade receivables	163	137	26
From short-term financial instruments			
From financial liabilities			
From debts	1,331	260	1,071
	2,500	397	2,103
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
From long-term investments			
From trade receivables	2,810	2,799	
From short-term financial instruments	5	5	
From debts	184	98	
	2,999	2,902	

*(a) From translation differences only.***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.

NOTE 16 • Provisions and write-downs

Fiscal year 2014

<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	19,296		736	18,560
Inventories and work-in-progress	314	22	270	66
Trade receivables	2,974	517	1,362	2,129
Sundry receivables	3,076		2,235	841
Marketable securities and money market instruments				
	27,297	539	4,603	23,233
<i>Of which charges and reversals:</i>				
<i>posted to operating income/expense</i>		539	2,205	
<i>posted to financial income/expense</i>			736	
<i>posted to extraordinary income/expense</i>			1,662	

Bel Tunisie Distribution accounted for €2,542,000 of the €4,603,000 in reversals, following the debt forgiveness granted to that subsidiary in 2014.

The balance of the reversals stemmed mainly from reversing a €736,000 charge for loans to and receivables from the participating interest in Bel Rouzaneh and a €573,000 charge arising from the difference in the 20% rate of withholding tax on royalties for Bel Egypt, versus an internationally agreed rate of 15%.

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
<i>Of which charges and reversals:</i>				
<i>posted to operating income/expense</i>		706	352	
<i>posted to financial income/expense</i>		766	10,509	
<i>posted to extraordinary income/expense</i>		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 in reversals of 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 in write-downs for sundry receivables arose from the difference in the 20% rate of withholding tax on royalties for Bel Egypt, versus an internationally agreed rate of 15%.

NOTE 17 • Share capital

Share capital was comprised of 6,872,335 shares with a par value of €1.50 and corresponding to 13,352,908 exercisable voting rights at the Annual General Meeting of Shareholders. Of the shares comprising the share capital, the Company held 90,946 of its own shares at December 31, 2014, with 6,557 shares awarded in May 2014 under the two-year 2012-2014 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, 2014, there were 6,480,573 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 2014

<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	43,884	7,419	10,546	40,758
Special revaluation provisions ^(a)	17		3	13
Reinvested capital gains	1,707			1,707
	45,608	7,419	10,549	42,478

(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 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.

NOTE 19 • Changes in equity

(in thousands of euros)

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
Revaluation adjustments	(1)
Dividends (Combined AGM of May 14, 2014)	(42,952)
Additional paid-in capital	
Cancellation of dividends on treasury shares	243
Free reserves	
Investment grants	(336)
Regulated provisions	(3,129)
Profit for the year	97,941
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2014	893,269

NOTE 20 • Provisions for contingencies and losses

(in thousands of euros)	Amount at beginning of year	Increase (charges)	Decrease (reversals)		Amount at year-end
			Reversals – offset against expenses	Reversals – cancelled provisions	
Disputes and litigation	15,447	1,819	1,828	3,254	12,184
Foreign exchange losses	1,526	2,713	1,526		2,713
Restructurings		437			437
Withholding tax	1,503	2,323	1,250		2,576
Stock option plan	3,616	2,672	1,752		4,536
Other	774	9,184	94		9,864
	22,866	19,148	6,450	3,254	32,310
<i>Of which charges and reversals:</i>					
<i>posted to operating income/ expense</i>		5,866	3,096		
<i>posted to financial income/ expense</i>		2,713	1,526		
<i>posted to extraordinary income/expense</i>		10,569	1,828	3,254	

The main increase for the year arose from trade disputes and extraordinary costs related to the decision to move the Company's headquarters in 2015.

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;

- USD 110,000,000 (€90,602,000), with maturities of three years and five years at floating or fixed rates.

These amounts do not include €941,000 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 €107,001,000 including accrued interest (vs. €100,628,000 in 2013), Bel Belgique for €90,419,000 including accrued interest (vs. €80,404,000 in 2013), and Bel Egypt Expansion for Cheese

for €15,982,000, including accrued interest (vs. €23,226,000 in 2013). Also encompassed were sundry borrowings in commercial paper totaling €102,000,000 (vs. €100,000,000 in 2013), and €6,552,000, including accrued interest, for the employee profit-sharing fund (vs. €6,092,000 in 2013).

NOTE 24 • Other credits from operations

This line item was entirely comprised of trade and related receivables with credit balances totaling €26.155,000, vs. €18,752,000 in 2013.

NOTE 25 • Other liabilities – sundry payables

<i>(in thousands of euros)</i>	2014	2013
Interest-bearing advances from Group companies, excluding accrued interest	203,699	181,982
Surplus income tax payment on the profits of companies included in the tax consolidation scope	674	2,364
Provisioned debt for employee profit-sharing plan	3,366	2,950
Other	1,589	3,162
	209,328	190,458

NOTE 26 • Deferred income and unrealized gains on financial instruments

This line item consisted chiefly of the €352,000 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>	2014	2013
Net profit for the year	97,941	83,682
Income tax	6,579	32,505
PRE-TAX PROFIT	97,941	116,187
Change in regulated provisions	(3,129)	(3,635)
PRE-TAX PROFIT EXCLUDING ASSESSED TAX EXEMPTIONS	94,812	112,552

NOTE 28 • Deferred income, accrued expense and receivables and payables represented by bills of exchange

Deferred income

<i>(in thousands of euros)</i>	2014	2013
Trade and other receivables	7,716	5,292
Other receivables from operations	15,015	12,227
Sundry receivables	194	347
Cash on hand and balances with banks	85	69
	23,010	17,935

Accrued expenses

<i>(in thousands of euros)</i>	2014	2013
Bonds	156	156
Bank borrowings	943	955
Sundry borrowings and financial liabilities	543	1,149
Trade and other payables	79,888	72,672
Taxes payable and payroll and on-cost amounts payable	32,231	32,152
Other credits from operations	25,909	18,320
Amounts payable to fixed asset suppliers and related accounts	151	550
Other liabilities – sundry payables	345	1,981
	140,166	127,935

Receivables and payables represented by bills of exchange

<i>(in thousands of euros)</i>	2014	2013
Trade and other receivables	5,833	6,488
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>	2014	2013
COMMITMENTS GIVEN		
Bank guarantees	3,605	2,013
Guarantees made on behalf of a foreign subsidiary (Bel Rouzaneh and Bel Australia)	761	
Partnership liability in GIEs, SCIs, etc.	1,472	1,371
Retirement indemnities (see Note 29.1 below)	19,211	13,345
Guarantees made on behalf of a foreign subsidiary (Bel Shostka Ukraine and Bel Shostka Service)	4,807	10,877
	29,856	27,606
COMMITMENTS RECEIVED		
Syndicated credit lines (see Note 29.2 below)	520,000	520,000
Export receivable guarantees	25,564	18,670
Performance bond		175
	545,564	538,845
RECIPROCAL COMMITMENTS (EXCLUDING CURRENCY FUTURES AND FINANCE LEASES)		
Real estate rentals (see Note 29.3 below)	72,342	39,816
less than a year	8,399	
one to five years	16,772	
more than five years	47,171	
Asset rentals	1,200	1,622
less than a year	698	
one to five years	502	
more than five years		
Asset orders	1,620	553
Stock option plan (see Note 29.4 below)	1,451	1,362
	76,613	43,353

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:
 - 2014: a nominal discount rate of 1.85%, including an inflation rate of 2.00%,
 - 2013: 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 Financial instruments

29.2.1 Market risk management

The Treasury Department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

29.2.2 Liquidity risk management

At December 31, 2014, the Group had significant liquidity, including:

- a confirmed, untapped €520-million credit line maturing in March 2019, with a possible extension to 2020 or 2021, if the banks agree;
- a €500-million commercial paper program, of which €102 million was used;
- a €160-million bond subscribed by private investors, with €20 million maturing in December 2018 and €140 million maturing in December 2019;
- a financial transaction on the Schuldschein market in two tranches, including:
 - €140 million maturing in three years, five years, seven years and ten years, at floating or fixed rates,
 - USD 110 million, with maturities of 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, term deposit accounts or short-term certificates of deposit.

29.2.3 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 Department and provides the necessary exchange rate hedging for these entities.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 months. At December 31, 2014, the maturity of the derivatives portfolio did not extend beyond January 31, 2016. The cash flow from the budgeted 2014 and 2015 hedges are expected in 2015 and 2016, and will thus impact income in the 2015 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, 2014, 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) Transaction type			December 31, 2014		December 31, 2013	
			Commitment	Market value	Commitment	Market value
Direction	Cross					
FUTURES	Buy	EURGBP	31,500	(479)	29,650	(377)
FUTURES	Buy	EURJPY	15,042	923	20,484	4,297
FUTURES	Sell	EURPLN	26,500	(137)	32,700	1,093
FUTURES	Buy	EURUSD	73,959	(4,014)	130,741	6,752
FUTURES	Buy	OTHER	29,897	24	43,432	1,337
FUTURES	Sell	OTHER	7,368	(66)	8,266	(31)
TOTAL				(3,749)		13,071

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURPLN signifies that the Group is selling EUR and buying PLN.

Portfolio of currency options backed by trade receivables, trade payables or futures transactions

(in thousands of euros) Transaction type		At December 31, 2014		At December 31, 2013	
		Commitment	Market value	Commitment	Market value
Cross					
Call purchase	EURGBP	45,500	154	36,000	155
Put sale	EURGBP	22,750	(284)	20,000	(216)
Call purchase	EURJPY	10,389	400	6,942	753
Put sale	EURJPY	5,735	(34)	3,643	(10)
Put purchase	EURPLN	27,000	237	25,000	546
Call sale	EURPLN	16,250	(265)	18,500	(111)
Call purchase	EURUSD	151,174	336	74,933	2,627
Put sale	EURUSD	73,793	(3,482)	39,820	(171)
Call purchase	OTHER	41,242	595	29,636	1,042
Put sale	OTHER	18,942	(241)	17,732	(46)
TOTAL			(2,584)		4,569

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Call purchase EURGBP signifies that the Group is buying a EUR call/GBP put option.

Portfolio of currency forward contracts set up with Group subsidiaries

(in thousands of euros) Transaction type				At December 31, 2014		At December 31, 2013	
				Commitment	Market value	Commitment	Market value
	Direction	Cross	Entity				
FUTURES	Buy	DKKSEK	Bel Nordic	689	51	404	7
FUTURES	Sell	EURCAD	Bel Canada	555	(3)	-	-
FUTURES	Sell	EURCHF	Bel Suisse	-	-	300	(55)
FUTURES	Sell	EURCZK	Bel Syry Cesko	639	(40)	2,166	(172)
FUTURES	Sell	EURGBP	Bel UK	8,000	777	4,651	(78)
FUTURES	Buy	EURPLN	Bel Polska	2,408	34	5,513	(6)
FUTURES	Sell	EURSEK	Bel Nordic	1,500	(103)	450	(8)
FUTURES	Sell	EURUSD	Bel Brands USA	1,041	72	4,282	(266)
FUTURES	Sell	EURUSD	Bel USA	171	16	3,895	280
FUTURES	Buy	NOKSEK	Bel Nordic	231	(10)	-	-
FUTURES	Sell	USDCAD	Bel Canada	968	(98)	-	-
FUTURES	Sell	CHFUSD	Bel Brands USA	-	-	1,181	(44)
FUTURES	Sell	EURJPY	Bel Japon	5,077	(568)	-	-
FUTURES	Sell	EURGBP	SICOPA	2,000	79	1,000	29
FUTURES	Sell	EURCAD	SICOPA	4,750	144	-	-
TOTAL				351		(313)	

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, 2014, Fromageries Bel's subsidiary hedging portfolio hedged only the subsidiaries' foreign exchange risks related to the 2014 budget year and collected in 2015.

Portfolio of currency forward and option contracts to hedge future dividend or share transaction flows

(in thousands of euros) Transaction type			At December 31, 2014		At December 31, 2013	
			Commitment	Market value	Commitment	Market value
	Direction	Cross				
FUTURES	Buy	EURGBP	2,000	(79)	1,000	(29)
FUTURES	Buy	EURUSD	6,374	(621)	-	-
FUTURES	Buy	OTHER	4,750	(160)	-	-
TOTAL			(860)		(29)	

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 currency forward contracts to hedge future investment outflows on fixed assets

(in thousands of euros) Transaction type			At December 31, 2014		At December 31, 2013	
			Commitment	Market value	Commitment	Market value
	Direction	Cross				
FUTURES	Buy	EURUSD	300	(2)	1,000	21
FUTURES	Buy	OTHER	-	-	1,181	44
TOTAL			(2)		65	

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, 2014		At December 31, 2013	
			Commitment	Market value	Commitment	Market value
Transaction type	Direction	Cross				
SWAP	Sell	EURGBP	6,124	36	5,850	3
SWAP	Buy	EURJPY	8,311	(96)	575	8
SWAP	Sell	EURPLN	5,486	56	-	-
SWAP	Buy	EURPLN	-	-	650	-
SWAP	Sell	EURUSD	5,240	5	21,802	(49)
SWAP	Sell	OTHER	15,242	48	17,011	3
SWAP	Buy	OTHER	1,118	(3)	4,476	-
TOTAL			46		(35)	

NB: The transactions are presented according to the direction of the cross-currency operation, e.g., Sell EURGBP signifies that the Group is selling EUR futures and buying GBP futures.

Other transactions outside the hedging transactions category

(in thousands of euros)		At December 31, 2014		At December 31, 2013	
		Commitment	Market value	Commitment	Market value
Transaction type	Cross				
Call sale	OTHER	1,687	(11)	792	(20)
TOTAL		(11)		(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.

Fromageries Bel's main currency exposure was with the U.S. dollar and the Japanese yen. The valuations shown exclude the impact of deferred taxes.

At December 31, 2014, 80% to 100% of the net exposure relative to the main currencies in the 2015 budget was hedged, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements complied with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury Department

has the requisite in-house means for calculating the valuations. However, Fromageries Bel used an outside provider to determine the valuations.

29.2.4 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, 2014, the Group hedged interest-rate risk through interest-rate swaps or cross-currency swaps.

(in thousands of euros)		At December 31, 2014		At December 31, 2013	
		Nominal	Market value	Nominal	Market value
Transaction type	Commitment currency				
Fixed-rate borrower swaps	USD	41,183	78	36,256	189
Cross-currency EURTRY swap	TRY	7,082	507	7,456	1,554
TOTAL		585		1,743	

The following hedging balance corresponds to hedges on some of Fromageries Bel's floating-rate loans.

Hedging balance in USD

(in millions of USD)	2015	2016	2017	2018
Interest-rate swaps	50	50	30	30

Market value of interest rate hedges

(in millions of euros)	At December 31, 2014	At December 31, 2013
Vanilla derivatives	0.1	0.2
Cross-currency EURTRY swap	0.5	1.5
TOTAL	0.6	1.7

Vanilla derivatives include only interest-rate swaps.

29.2.5 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.

Fromageries Bel's counterparty risk was non-material and totaled €9,000 at December 31, 2014.

29.2.6 Share-price risk management

At December 31, 2014, Fromageries Bel had no equity derivatives.

29.3 Real estate rentals

By signing a lease on its future headquarters in the first half of 2014, the Group made a firm commitment to pay rent on the new premises over the next 12 years, representing a total amount of €67 million.

29.4 Existing stock option plans

The commitment given corresponds to the difference between the award amount, which takes into account the rate of completion of performance milestones, and the provision recorded in the amount of €4,536,000.

A breakdown of bonus share plans is presented in the following table:

(in thousands of euros)	2014 cash plan	2014 share plan	2013 cash plan	2013 share plan	Total
Number of shares awarded at December 31, 2014	6,100	5,447	4,862	4,915	
Share value (in €)	285.80	183.99	258.66	185.33	
Award criteria: percentage provisioned	100	100	100	100	
Amount expensed in 2013			1,326	538	1,864
Amount expensed in 2014	1,891	658	(104)	227	2,672

Also included in personnel expense was the provision for the 2013 Fromageries Bel cash plan totaling €898,000 and representing 4,538 shares, as well as the provision for the 2014 Fromageries Bel cash plan totaling €316,000 and representing 4,338 shares.

29.5 Other commitments

Litigation and disputes

The Company was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were set up for any probable and measurable costs that might arise from

those lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Company's earnings or financial position that was not provisioned for at the balance sheet date.

NOTE 30 • Parent company consolidating the Group's financial statements

The financial statements of Fromageries Bel, the parent company of the Bel group, were included in the consolidation of the Unibel Group.

NOTE 31 • Significant subsequent events

No significant subsequent events to be reported have occurred since the end of the reporting period.

Maturities of receivables and payables

Headings and line items <i>(in thousands of euros)</i>	Gross amounts	Maturity	
		Due in 1 year or less	Due in more than 1 year ^(e)
RECEIVABLES			
Fixed asset receivables:			
Loans to and receivables from participating interests	7,586	7,586	
Loans ^(a)	6,159		6,159
Other	24,011	911	23,100
Current asset receivables			
Trade and other receivables	241,763	241,763	
Other	61,570	61,570	
Prepaid expenses	10,328	8,472	1,856
	351,417	320,302	31,115
DEBTS			
Other bonds ^(b)	160,156	156	160,000
Borrowings ^(b) and current used facilities at banks ^(c)	231,893	1,291	230,602
Sundry borrowings and financial liabilities ^{(b)*}	323,405	120,595	202,810
Trade and other payables	191,298	191,298	
Taxes payable and payroll and on-cost amounts payable	39,128	32,257	6,871
Amounts payable to fixed asset suppliers and related accounts	645	645	
Income tax payable	769	769	
Other liabilities ^{(d) (e)}	235,625	232,259	3,366
Deferred income			
	1,182,919	579,270	603,649
(a) Loans granted during the year	283		
Loans recovered during the year			
(b) Borrowings subscribed during the year	373,060		
Borrowings reimbursed during the year	361,152		
(c) Of which			
- originally no more than two years	1,291		
- originally more than two years	230,602		
(d) To associates (other debts line item)	204,374		
(e) Debts maturing in more than five years.	3,366		
* Of which €102,000,000 in commercial paper.			

Participating interests and investments in associates

(in thousands of euros)	Amounts	
	Subsidiaries	Affiliated companies
LINE ITEM		
Participating interests	993,220	
Loans to and receivables from participating interests	6,761	
Other long-term financial assets	21,743	
Loans		4
Other financial investments		
Trade and other receivables	81,875	
Other current assets	36,460	
Subscribed capital called and unpaid		
Sundry borrowings and financial liabilities	213,910	
Trade and other payables	91,775	
Amounts payable to fixed asset suppliers and related accounts		
Other liabilities	205,378	
Dividends and interest income	65,531	
Other financial income	845	
Financial expense	2,835	

Related-party relationships:

Cash management agreement with Unibel

At December 31, 2014, the Company had received a €47,934,000 cash advance from the Unibel company. The advance, bearing interest at the EONIA rate plus 120 basis points, generated a financial cost of €527,000, which was expensed in the 2014 fiscal year.

Service agreement with Unibel

In 2014, €6,473,000 were expensed as part of the service agreement with Unibel.

List of subsidiaries and affiliates

(currencies in thousands)				(in thousands of euros)				
Company	Share capital ^(a)	Equity other than share capital ^(a)	Percentage of share capital held	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Amount of endorsements, guarantees, and letters of intent provided by the company	Dividends collected by the Company during the year
				Gross amounts	Net amounts			
I – DETAILED INFORMATION								
Subsidiaries (more than 50%-owned by the Company)								
French companies								
Fromageries Picon – 16 Bld Malesherbes – 75008 Paris	EUR 600	EUR 4,493	99.975	5,638	5,638			2,999
Fromageries Bel Production France – 16 Bld Malesherbes – 75008 Paris	EUR 48,917	EUR 129,170	100.000	132,209	132,209			14,543
Société Anonyme des Fermiers Réunis – 12 Cours Louis Lumière – 94306 Vincennes	EUR 7,200	EUR 10,914	99.848	18,118	18,118			908
Sofico – 16 Bld Malesherbes – 75008 Paris	EUR 2,339	EUR 8,444	99.965	2,376	2,376			961
Fromagerie Boursin SAS – Route de St-Aquilin – 27120 Croisy-sur-Eure	EUR 2,825	EUR 17,990	100.000	23,630	23,630			1,112
Sicopa – 16 Bld Malesherbes – 75008 Paris	EUR 591,402	EUR 344,117	100.000	780,174	780,174			32,330
LVQR Diffusion – 16 Bld Malesherbes – 75008 Paris	EUR 50	EUR 140	100.000	50	50			
MVQR Gestion – 25 rue Richebourg – 39000 Lons-le-Saunier	EUR 50		99.998	50	50			
Foreign companies								
Bel Tunisie – Tunis/Tunisia	TND 3,000	TND (7,695)*	99.000	2,053	0			
Bel Syrie – Damascus/Syria	SYP 1,045,000	SYP (258,318)	99.976	15,660	0			1,476
Bel Algérie SpA – Algiers/Algeria	DZD 2,358,693	DZD 4,309,672	99.023	21,170	21,170		38,922	5,087
II – GENERAL INFORMATION								
Subsidiaries not covered in paragraph I								
a) French subsidiaries (aggregate)				102	102	1		
b) Foreign subsidiaries aggregate				9,703	9,703	817	16,370	5,329
Affiliates not covered in paragraph I								
a) French companies (aggregate)								
b) Foreign companies (aggregate)								

(a) General Accounting Charter data for French companies and IFRS data for foreign companies.

* 2008 data.

Table of investments and participating interests

		Net carrying amount on the balance sheet	Net carrying amount on the balance sheet
(in thousands of euros)		2014	2013
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
	Société industrielle commerciale et de participation "SICOPA"		
39,426,793		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	50
49,999	MVQR Gestion	50	
Companies with a net carrying value below €15,000 per category of shares		4	4
		962,347	962,297
Foreign companies			
94,796	Bel Egypt Expansion for Cheese Production	8,931	11,584
2,335,653	Bel Algérie SpA	21,170	21,170
594	Bel Tunisie		
1,044,745	Bel Syrie		
9	Bel Vietnam	770	620
Companies with a net carrying value below €15,000 per category of shares		2	2
		30,873	33,376
TOTAL PARTICIPATING INTERESTS		993,220	995,673
OTHER LONG-TERM FINANCIAL ASSETS			
French companies			
5,162	Lactoserum France	140	140
1,120	Sogal-Socamuel	17	17
90,946	Fromageries Bel	21,743	8,457
Companies with a net carrying value below €15,000 per category of shares		25	25
		21,925	8,639
Foreign companies			
26,044	Parmalat	56	56
		56	56
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		21,981	8,695
MARKETABLE SECURITIES AND MONEY MARKET INSTRUMENTS		305,917	331,989

Company earnings and other financial highlights over the last five years (Sections R.225-81, R.225-83 and R.225-102 of the Commercial Code)

Item	2010	2011	2012	2013	2014
I. SHARE CAPITAL AT YEAR-END					
Share capital	10,308,503	10,308,503	10,308,503	10,308,503	10,308,503
Number of 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	1,233,264,948	1,323,239,235	1,348,442,118	1,396,926,890	1,423,861,417
Profits before income tax, employee profit-sharing, amortization, depreciation and provisions	100,988,662	68,029,363	82,403,232	120,942,743	126,089,383
Income tax	7,015,905	2,110,277	5,375,821	32,504,903	6,579,315
Employee profit-sharing for the year	2,751,841	1,473,720	3,170,277	2,870,214	3,279,297
Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	79,001,885	61,536,908 ^(a)	30,085,250	83,681,844	97,941,058 ^(b)
Dividends paid out	41,234,010*	34,361,675*	42,952,094*	42,952,094*	42,952,094
III. EARNINGS PER SHARE					
Earnings after income tax, employee profit-sharing but before amortization, depreciation and provisions	13.27	9.38	10.75	12.45	16.91
Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	11.50	8.95	4.38	12.18	14.25
Dividend per share	6.00	5.00	6.25	6.25	6.25
IV. PERSONNEL					
Average number of employees during the year	861	884	944	973	988
Total payroll for the fiscal year	60,242,143	67,262,028	68,690,186	70,028,440	72,600,991
Total payroll on-costs for the fiscal year (social security, employee welfare)	26,885,774	31,461,689	33,097,576	35,220,021	38,271,055

* Theoretical amount since treasury shares held by the Company are not entitled to dividends. The corresponding amount of unpaid dividends is allocated to "Retained earnings".

(a) Amount modified versus the 2011 Registration Document.

(b) 2014 data are preliminary.

Statutory Auditors' Report on the annual financial statements

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.

For the year ended December 31, 2014

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, 2014, 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, 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In application of Section L.823-9 of the Commercial Code regarding evaluation justification, we call your attention to the following items:

- Participating interests listed on the balance sheet in the amount of €993 million at December 31, 2014, 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 divisions, 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 information relating to acquisitions of interests and controlling interests in companies, cross-shareholdings and the identity of shareholders and holders of voting rights were disclosed in the management report.

Neuilly-sur-Seine and Paris, March 26, 2015

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'Études 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 General Meeting of Shareholders. Its mandate as Alternate Statutory Auditor to Deloitte & Associés was renewed by the May 12, 2010 Combined 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 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 2014 financial year.

Fees paid to the Statutory Auditors and members of their networks

(currencies in thousands)	Deloitte & Associés				Grant Thornton			
	Amounts		%		Amounts		%	
	2014	2013	2014	2013	2014	2013	2014	2013
AUDIT								
Auditorship, auditing, review of company and consolidated financial statements								
• Issuer	181	198	27%	27%	189	182	28%	26%
• Fully consolidated companies	419	385	61%	53%	411	421	60%	62%
Other due diligence and services directly related to the auditors' mission								
• Issuer	57	113	8%	16%	34	60	5%	9%
• Fully consolidated companies	2							
SUB-TOTAL	659	696	96%	96%	634	663	93%	97%
Other services provided by the auditors' networks to fully consolidated subsidiaries								
Legal, tax advisory, labor-related	30	28	4%	4%	25	10	3%	2%
Other					26	9	4%	1%
SUB-TOTAL	30	28	4%	4%	51	19	7%	3%
TOTAL	689	724	100%	100%	685	682	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, 2014, 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, 2013, as well as the financial statements themselves, may be consulted under paragraphs 4.5.1 and 4.5.2 respectively of the Company's Registration Document, filed with AMF on April 3, 2014, under filing number D.14-02;
- 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 20.3.1.2 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 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 €15,964,000 for the 2014 financial year.

In the annual financial statements

Trade payables by due date are presented in the following tables:

At December 31, 2014 (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
5,339,797	95,983,595	9,760,070	280,356	111,363,818

In accordance with Section 223 *quater* and Section 39.4 of the French Tax Code, non-tax deductible expenditure and expenses totaled €340,025 and corresponded to €129,210 in tax.

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	127,621,919

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, 2014.

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, 2014.

4.9 Dividend payout policy

Fromageries Bel has paid out the following dividends per share over the past five years:

<i>(in euros per share)</i>	2010	2011	2012	2013	2014 (subject to approval by the AGM of May 12, 2015)
Net dividend	6.00	5.00	6.25	6.25	6.25

The Annual General Meeting of Wednesday, May 12, 2015, will be asked to approve a dividend of €6.25 per share for the 2014 financial year. If approved, the dividend will be paid out on Wednesday, May 20, 2015.

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 change in the issuer's financial or trading position

The Group's net financial debt remained mostly flat over the past three fiscal years, ranging from €64 million (representing 6% of equity) at December 31, 2012, to €67 million (representing 5% of equity) at December 31, 2014.

Over the past three years, there have been no acquisitions or disposals of operations that have significantly impacted the Group's debt.



5

Shareholding and Stock market ⁽¹⁾

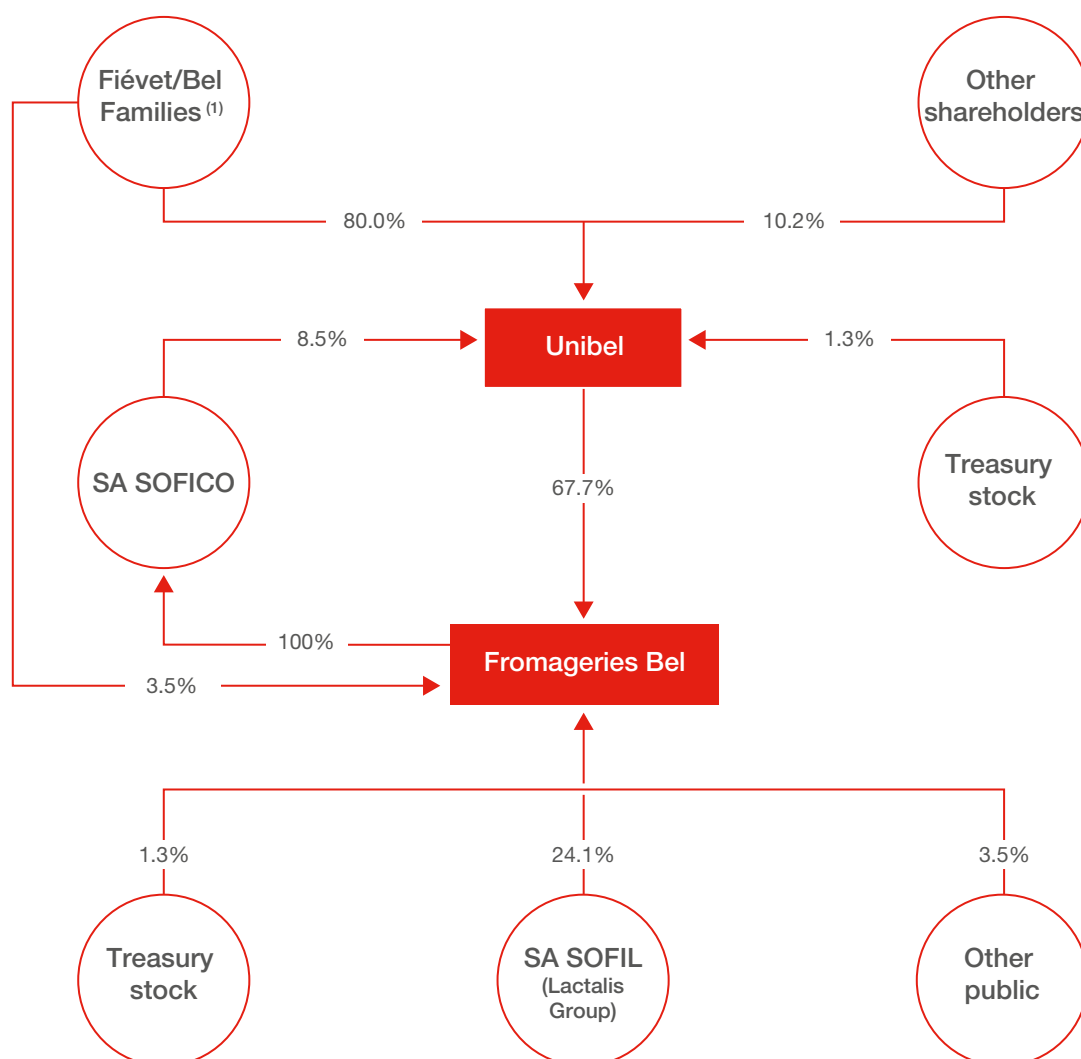
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⁽¹⁾ This chapter is part of the Report of the Chairman of the Board of Directors.

5.1 Shareholding and share capital

5.1.1 Shareholding as at December 31, 2014 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 at December 31, 2014	Share capital		"Gross" Voting Rights		GM Voting Rights	
	Number	%	Number	%	Number	%
Unibel ^(a)	4,651,237	67.68%	9,286,134	66.07%	9,286,134	69.54%
Fiévet-Bel family group ^(b)	237,221	3.45%	473,959	3.53%	473,959	3.55%
SUB-TOTAL CONCERT	4,888,458	71.13%	9,760,093	72.60%	9,760,093	73.09%
SOFIL/Lactalis group ^(c)	1,653,323	24.06%	3,306,646	24.60%	3,306,646	24.76%
Other shareholders	239,608	3.49%	286,169	2.13%	286,169	2.14%
SUB-TOTAL PUBLIC	1,892,931	27.55%	3,592,815	26.72%	3,592,815	26.91%
Treasury stock	90,946	1.32%	90,946	0.34%	-	0.00%
TOTAL	6,872,335	100.00%	13,443,854	100.00%	13,352,908	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 and not represented on the Board of Directors.

No material change has occurred in shareholding or voting rights since December 31, 2014.

The share capital is comprised of 6,872,335 shares, to which 13,443,854 gross voting rights and 13,352,908 voting rights eligible for General Meetings are attached. This difference corresponds to treasury shares.

97.7% of shares are in registered form and held by 213 shareholders. 95.6% of the 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. The issuer does not have any more recent information regarding bearer share holders.

Unibel, a French corporation (*société anonyme*) with a Management Board and Supervisory Board, held more than two thirds 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. This agreement is described in AMF notice No. 213C1436 dated September 26, 2013 and in Unibel's Registration Document. 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 I b and 885 I d 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 the share capital	Unibel

"Dutheil agreements" provide direct or indirect shareholders covered by the scope of the agreement tax exemptions of 75% of the tax base in terms of transfer duties and solidarity tax on wealth. In return, beneficiaries of these exemptions commit to a minimum individual or collective share retention period of six years.

Changes in the breakdown of share capital over the last three years

The following table indicates the breakdown of share capital and voting rights that can be exercised at General Shareholders' Meetings over the last three years.

	12/31/2014			12/31/2013			12/31/2012		
	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)	4,651,237	67.68%	69.54%	4,634,897	67.44%	68.77%	4,634,897	67.44%	68.76%
Fiévet-Bel family group ^(b)	237,221	3.45%	3.55%	237,221	3.45%	3.57%	267,034	3.89%	3.97%
SUB-TOTAL CONCERT	4,888,458	71.13%	73.09%	4,872,118	70.89%	72.34%	4,901,931	71.33%	72.73%
SOFIL/Lactalis group ^(c)	1,653,323	24.06%	24.76%	1,653,323	24.06%	24.90%	1,653,657	24.06%	25.03%
Other shareholders	239,608	3.49%	2.14%	301,520	4.39%	2.76%	257,513	3.75%	2.24%
SUB-TOTAL PUBLIC	1,892,931	27.55%	26.91%	1,954,843	28.45%	27.66%	1,911,170	27.81%	27.27%
Treasury stock	90,946	1.32%	0.00%	45,374	0.66%	0.00%	59,234	0.86%	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 agreement of September 2013 or April 2001 agreement for previous years.

(c) Company controlled at the highest level by the Besnier family and not represented on the Board of Directors.

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 the 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 less than €15 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 ceased 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 (six out of ten members): Michel Arnaud, Thierry Billot, James Lightburn, Luc Luyten, Fatine Layt and Nathalie Roos.
- 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 and the main governance principles applied are detailed in paragraph 3.1 "Governance principles" and in paragraph 3.2 "Compensation and benefits".

5.1.3 Share capital

Situation as at December 31, 2014

The amount of share capital subscribed for and fully-paid up as of December 31, 2014 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.

Securities giving access to the capital, shares that do not represent share capital, options

As at December 31, 2014, 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 paragraph 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 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.e., until July 9, 2015	(a)
May 14, 2014	Authorization given to the Board of Directors to increase share capital in favor of employees who are members of a company savings scheme, without preferential subscription rights for the latter.	The maximum nominal amount of capital increases may not exceed 1% of the share capital	26 months, i.e., until July 13, 2016	None

(a) In accordance with this delegation, the Board of Directors Meetings of May 10, 2012, August 29, 2013 and August 27, 2014 adopted free share award plans relating to existing shares. The Board granted 17,134 shares, subject to presence and performance conditions being met. Therefore, based on this resolution, it can still grant 12,866 shares.

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
1/1/2010	Starting position	-	-	-	10,308,502.50	6,872,335
12/31/2014	Final position	-	-	-	10,308,502.50	6,872,335

Crossing statutory thresholds

In addition to the thresholds defined in legal and regulatory provisions, article 10 of Fromageries Bel's articles of association states that any individual or legal entity, acting alone or in concert, who has obtained, in any manner, alone or in concert, within the context of articles L. 233-7 *et 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.

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.

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 second 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.

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

Fromageries Bel was listed on the Paris stock exchange on December 11, 1946.

There are 6,872,335 Fromageries Bel shares listed on double call auction on the Euronext Paris Exchange, Compartment A. Fromageries Bel's shares are eligible for "long-only" Deferred Settlement Service (SRD): given the limited liquidity of the security, short-selling is not authorized.

ISIN code: FR 0000121857 – mnemonic FBEL.

5.2.1 Change in Fromageries Bel share price and traded share volumes

	In €			Number of securities traded	Volume (in thousands of euros)	Average trading price (in euros)	Average closing price for CAC All Tradable Index
	Highest	Lowest	Last				
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
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	282.67	3,284
March 2014	295.00	275.10	276.61	823	237	287.85	3,328
April 2014	308.00	277.05	295.00	1,913	550	287.64	3,399
May 2014	308.00	265.20	288.50	2,670	732	274.04	3,433
June 2014	290.01	277.00	286.00	68,806	19,268	280.03	3,465
July 2014	300.00	275.60	280.20	834	239	286.50	3,348
August 2014	284.00	270.00	273.20	739	205	277.08	3,252
September 2014	295.00	270.01	290.00	1,769	506	285.86	3,373
October 2014	314.00	290.02	300.00	603	185	306.20	3,148
November 2014	310.00	291.60	296.03	309	94	302.88	3,259
December 2014	300.00	286.00	292.00	856	251	292.71	3,275
2014	314.00	265.20	292.00	80,573	22,618	280.71	3,316
January 2015	300.00	295.00	297.00	13,698	4,000	292.00	3,381
February 2015	309.70	288.01	300.00	577	171	296.58	3,673

Source: 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, the following transactions on the Company's shares by managers or similar persons have been recorded since early 2014:

Manager	Type of transaction	Number of transactions	Amount of transactions (in thousands of euros)
Unibel	purchase	2	16,083

5.2.3 Stock options/performance shares

No stock option program is in effect in the Group for the year ended December 31, 2014 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 2014 financial year.

Fromageries Bel AGA Plans

Plan Number	3	4	5	6	7	8
Award date	08/26/2009	03/24/2010	05/12/2011	05/10/2012	08/29/2013	08/27/2014
Vesting date	08/26/2012	03/24/2013	05/12/2013	05/10/2014	08/30/2015	08/27/2016
Availability date	08/26/2014	03/24/2015	05/12/2015	05/10/2016	08/30/2017	08/27/2018
Number of securities granted	11,515	12,010	7,243	7,234	5,130 ^(a)	5,447 ^(a)
Number of securities transferred	8,074	8,578	5,282	6,557	N/A	N/A
Number of employee beneficiaries	62	69	76	84	87 ^(a)	100 ^(a)

^(a) Subject to presence and performance conditions.

In 2014, the vesting period for the 2012 AGA No. 6 plan ended after two years. Based on achieving 100% 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 6,557 existing shares was transferred to 84 beneficiaries.

On August 27, 2014 the Board of Directors voted the eighth AGA plan. 5,447 existing shares were awarded to 100 beneficiaries. These shares shall be transferred to the beneficiaries in August 2016 according to the ROCE and EBITDA performance achieved in 2014 and 2015 and subject to a condition of presence.

With these shares, 10,438 performance units valued at the price of the share and subject to the same performance conditions have been granted for payment in August 2016.

No corporate officer was awarded free shares.

The ten largest awards to employees represented 2,100 shares.

After taking into account the known starts and results, as at December 31, 2014, 10,362 existing shares were still likely to be awarded under the sixth and seventh plans.

As at December 31, 2014, 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 Wednesday, May 14, 2014 authorized the Board of Directors, for eighteen months starting from said Meeting, *i.e.*, until November 13, 2015, 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 16, 2013.

In 2014, Fromageries Bel acquired, on two occasions, a total of 52,129 treasury shares at an average share price of €280 for a total amount of €14,597,000. Acquisition costs totaled €43.7 thousand.

6,557 shares were transferred to the beneficiaries of the 6th free share award plan.

No reallocation of treasury shares to another purpose occurred in 2014.

Number of treasury shares as at December 31, 2014

Number of shares	90,946
% of capital in treasury stock	1.32%
Value based on purchase price	€21,743,000
Net carrying value	€21,743,000
Par value	€136,000

Description of the share buyback program submitted to the Combined General Meeting on Wednesday, May 12, 2015

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 12, 2015.

Breakdown by objective of share capital held on February 28, 2015

Number of shares held directly and indirectly: 90,946, representing 1.32% 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	90,946
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 2014, 10,362 shares were likely to be awarded to Group employees under free share award programs in place, subject to performance and presence conditions. This figure is to be compared with 90,946 treasury shares held as of the same date.

New share buyback program

- Subject to the program's approval by the General Shareholders' Meeting on Tuesday, May 12, 2015.
- 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 (90,946 shares, *i.e.*, 1.32% of share capital), the maximum number of shares that may be purchased is 596,587 shares (*i.e.*, 8.68% of share capital) unless the securities already held are sold, transferred or canceled.
- Maximum purchase price: €420.
- Maximum amount for the program: €288,637,860.

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 12, 2015, in its eighth 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 12, 2015, *i.e.*, until November 11, 2016.



Combined General Meeting on May 12, 2015

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6.1 Agenda

ORDINARY ITEMS

- Approval of the annual financial statements for the year ended December 31, 2014 – Approval of expenses and charges that are not tax deductible.
- Approval of the consolidated financial statements for the year ended December 31, 2014.
- Allocation of income for the year and setting of the dividend to be distributed.
- Statutory Auditors' Special Report on regulated agreements and undertakings, and approval of the new agreement.
- End of the term of office of Florian Sauvin as a Director.
- End of the term of office of Luc Luyten as a Director.
- Authorization to be granted to the Board of Directors to have the Company buy back its own shares as provided for under article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, and ceiling.

EXTRAORDINARY ITEMS

- Authorization to be granted 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.
- Authorization to be granted to the Board of Directors to grant free shares, already existing and/or to be issued, to employees and/or certain corporate officers of the Company and related companies, waiver of preferential subscription rights, duration of the authorization, ceiling, length of vesting periods in particular in the event of disability or during a retention period.
- Harmonization of articles 1, 9, 13, 21 and 24 of the articles of association with legal and regulatory requirements.
- Powers to carry out formalities.

6.2 Text of the draft resolutions

ORDINARY ITEMS

First resolution – Approval of the annual financial statements for the year ended December 31, 2014 – Approval of expenses and charges that are not tax-deductible

The General Meeting, after having reviewed the Board of Directors' Report, the Chairman's Report and the Statutory Auditors' Reports for the fiscal year ended December 31, 2014, approves, as presented, the annual financial statements for the year ended December 31, 2014, which showed a profit of €97,941,058.17.

The General Meeting approves the amount of expenses and costs referred to in article 39.4 of the French General Tax Code, totaling €340,025.31, as well as the corresponding amount of tax.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2014

The General Meeting, after having reviewed the Board of Directors' Report, the Chairman's Report and the Statutory Auditors' Reports on the consolidated financial statements for the year ended December 31, 2014, approves the consolidated financial statements as they were presented, showing a profit of €122,895,000 (net income of the Group share).

Third resolution – Allocation of income for the year and setting of the dividend to be distributed

The General Meeting, upon the proposal of the Board of Directors, decides to allocate the income for the year ended December 31, 2014 as follows:

Starting point

Retained earnings previously brought forward	€230,262,430.14
Profit for the period	€97,941,058.17
Distributable profit	€328,203,488.31

Allocation of income

Distribution of a dividend of €6.25 per share, i.e., a maximum dividend to distribute equal to	€42,952,093.75
Minimum retained earnings to carry forward after allocation	€285,251,394.56
DISTRIBUTABLE PROFIT	€328,203,488.31

The General Meeting notes that the overall gross dividend per share is set at €6.25 and that the total amount distributed is therefore eligible for the 40% tax allowance mentioned in article 158-3-2 of the French General Tax Code.

The ex-dividend date is set for May 18, 2015 and shall be paid on May 20, 2015.

As the Fromageries Bel shares that may be held by the Company on the ex-dividend date are not intended for this purpose, the sums corresponding to the unpaid dividends for these shares shall be allocated to retained earnings.

In compliance with the provisions set out in article 243 *bis* of the French General Tax Code, the General Meeting notes that the distributed dividends and income for the last three years were as follows:

For the fiscal year	Earnings eligible for the tax allowance		Earnings not eligible for the tax allowance
	Dividends	Other distributed earnings	
2011	€34,361,675.00 ^(a) i.e., €5 per share	-	-
2012	€42,952,093.75 ^(a) i.e., €6.25 per share	-	-
2013	€42,952,093.75 ^(a) i.e., €6.25 per share	-	-

(a) Including the amount of the dividend corresponding to treasury shares not paid out and allocated to retained earnings.

Fourth resolution – Statutory Auditors' Special Report on regulated agreements and undertakings, and approval of the new agreement

The General Meeting, deliberating on the Statutory Auditors' Special Report on regulated agreements and undertakings presented to it, approves the new agreement mentioned therein along with the terms of this report.

Fifth resolution – End of the term of office of Florian Sauvin as a Director

The General Meeting, after noting that the term of office as Director of Florian Sauvin expires at the end of this Meeting, decides to neither renew his term nor to replace him.

Sixth resolution – End of the term of office of Luc Luyten as a Director

The General Meeting, after noting that the term of office as Director of Luc Luyten expires at the end of this Meeting, decides to neither renew his term nor to replace him.

Seventh resolution – Authorization to be granted to the Board of Directors to have the Company buy back its own shares as provided for under article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, and ceiling

The General Meeting, after having reviewed the Board of Directors' Report, authorizes the Board of Directors, for a period of eighteen months, in accordance with the provisions of articles L. 225-209 *et seq.* of the French Commercial Code, to purchase, on one or more occasions, at the time or times it shall deem fit, shares in the Company representing up to a maximum of 10% of share capital, and where applicable, adjusted in order to take into account potential capital increases or decreases that could take place during the program.

This authorization terminates the authorization given to the Board of Directors by the General Meeting on May 14, 2014 in its fifth ordinary resolution.

Buybacks may be carried out to:

- support the secondary market or the liquidity of Fromageries Bel stock through an investment service provider *via* a liquidity contract, in compliance with the AMAFI Code of Conduct approved by the French Financial Markets Authority;
- keep the purchased shares for subsequent use in exchange or in payment for potential external growth transactions;
- ensure the coverage of stock option plans and/or free share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group;
- ensure the coverage of securities entitling the allocation of Company shares under current regulations;
- potentially cancel all or part of the shares purchased, subject to the authorization granted or to be granted by the Extraordinary General Meeting.

These buyback may be carried out in any form, including as blocks of shares, and at the time of the Board of Directors' choosing.

The Company reserves the right to use options or derivatives pursuant to applicable regulations.

The maximum purchase price is set at €420 per share. 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 maximum amount of the transaction is set at €288,637,860.

The General Meeting confers all powers to the Board of Directors to carry out these transactions, to determine the terms and conditions, to enter into any agreement and to carry out any required formalities.

EXTRAORDINARY ITEMS

Eighth resolution – Authorization to be granted 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 and ceiling

The General Meeting, 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;
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, modify the Company's articles of association accordingly and to accomplish any formalities required.

Ninth resolution – Authorization to be granted to the Board of Directors to grant free shares, already existing and/or to be issued, to employees and/or certain corporate officers of the Company and related companies, waiver of preferential subscription rights, duration of the authorization, ceiling, length of vesting periods in particular in the event of disability or retention

The General Meeting, after having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, authorizes the Board of Directors to grant, on one or more occasions, in accordance with articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, ordinary shares in the Company, already existing or to be issued, to:

- employees of the Company or companies related directly or indirectly pursuant to article L. 225-197-2 of the French Commercial Code;
- and/or corporate officers meeting the conditions set out in article L. 225-197-1 of the French Commercial Code.

The total number of free shares thus granted cannot represent more than 30,000 Company shares at a par value of €1.50.

The allocation of these shares to beneficiaries will be definitive following a vesting period set by the Board of Directors, the duration of which cannot be less than the minimum period provided for by law. Beneficiaries must, where applicable, retain these shares for a period, set by the Board of Directors, that cannot be shorter than the minimum duration, where applicable, provided for by law. The cumulative duration of the vesting and retention periods cannot be shorter than the minimum duration, where applicable, provided for by law.

By way of exception, shares may be fully vested prior to the end of the vesting period in the event of the beneficiary's invalidity, pursuant to the second or third categories defined by article L. 341-4 of the French Social Security Code.

All powers are conferred to the Board of Directors to:

- set the conditions and, where applicable, the criteria for allocating shares;
- establish the identity of beneficiaries, along with the number of shares to be allocated to each of them;
- where applicable:
 - recognize the existence of sufficient reserves and transfer, for each allocation, to an unavailable reserve account the amounts necessary to pay for the new shares to be granted,
 - decide, at the appropriate time, to increase the share capital by incorporating reserves, premiums or profits as a result of the issue of free shares,
 - acquire the necessary shares as part of the share buyback program and allocate those shares to the award plan,
 - determine the impact on the rights of the beneficiaries of transactions modifying the share capital or likely to affect the value of the granted shares and carried out during the acquisition period and, as a result, modify or adjust, if necessary, the number of shares granted to preserve the rights of beneficiaries,
 - take all appropriate measures to ensure that beneficiaries comply, where applicable, with the obligation to retain shares,
 - and generally, do everything that is required to implement the present authorization, in accordance with applicable regulations.

This authorization entails the express waiver by shareholders of their preferential subscription rights to new shares issued by incorporation of reserves, profits or issue premiums.

It is granted for a period of thirty eight (38) months starting from this Meeting.

It shall cancel, for the portion not used, any authorization previously given to the same effect.

Tenth resolution – Harmonization of articles 1, 9, 13, 21 and 24 of the articles of association with legal and regulatory requirements

The General Meeting, having reviewed the Board of Directors' Report, decides:

1. Relating to provisions governing the Company:

- to remove reference to the July 24, 1966 law which is now codified;
- to modify as a result and as follows, article 1 of the articles of association:

"There exists between the owners of the shares currently existing and of those which may be created later, a limited liability company which will be governed by all the legal and regulatory provisions in force regarding limited liability companies and by these articles of association."

2. Relating to the identification of bearer share holders:

- to align the articles of association with the provisions set out in article L. 228-2 of the French Commercial Code as amended by article 18 of Order No. 2014-863 dated July 31, 2014;
- to amend the first subparagraph of paragraph 3 of article 9 of the articles of association accordingly and as follows, with the rest of the article remaining unchanged:

"3 – In order to identify the shareholders, the Company is entitled to ask at any time from the agency responsible for stock clearance, the name, or, if it is a legal person, the corporate name, nationality and address of shareholders conferring immediately or in the future, the right to vote in its own Shareholders' Meetings, as well as the number of shares held by each of them and, if applicable, any restrictions which apply to the shares."

3. Relating to the deadline granted to Directors to acquire the minimum required amount of shares:

- to align the articles of association with the provisions set out in article L. 225-25 of the French Commercial Code as amended by article 9 (V) of law No. 2013-504 dated June 14, 2013;
- to amend the second subparagraph of paragraph 3 of article 13 of the articles of association accordingly and as follows, with the rest of the article remaining unchanged:

"If, on the day of his or her appointment, a Director is not the owner of the number of shares required or if, during his term of service, he or she ceases to be the owner of them, he or she is deemed to have resigned automatically, if he or she has not rectified his situation within six months."

4. Relating to the determination of shareholders who may take part in General Meetings:

- to align the articles of association with the provisions set out in article R. 225-85 of the French Commercial Code as amended by decree No. 2014-1466 dated December 8, 2014;
- to amend the first paragraph of article 21 of the articles of association accordingly and as follows, with the rest of the article remaining unchanged:

"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 his or her behalf, pursuant to article L. 228-1 of the French Commercial Code, by the second 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."

5. Relating to double voting rights:

- to harmonize the articles of association with the provisions set out in article L. 225-123 of the French Commercial Code as amended by law No. 2014-384 dated March 29, 2014;
- to repeal accordingly the second and third subparagraph of article 24 of the articles of association, with the rest of the article remaining unchanged:

Eleventh 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 Registration 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.

Paris, Thursday, April 2, 2015

Chairman and Chief Executive Officer

Antoine Fiévet

7.2 Information about the Company

Corporate name, trade name and acronym

Fromageries Bel

This legal name may or may not be followed by the tag line:
La vache qui rit [The Laughing Cow].

Acronym: F.B.S.A.

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 – Manufacture of cheese.

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 purpose, 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 which manufacture and market 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

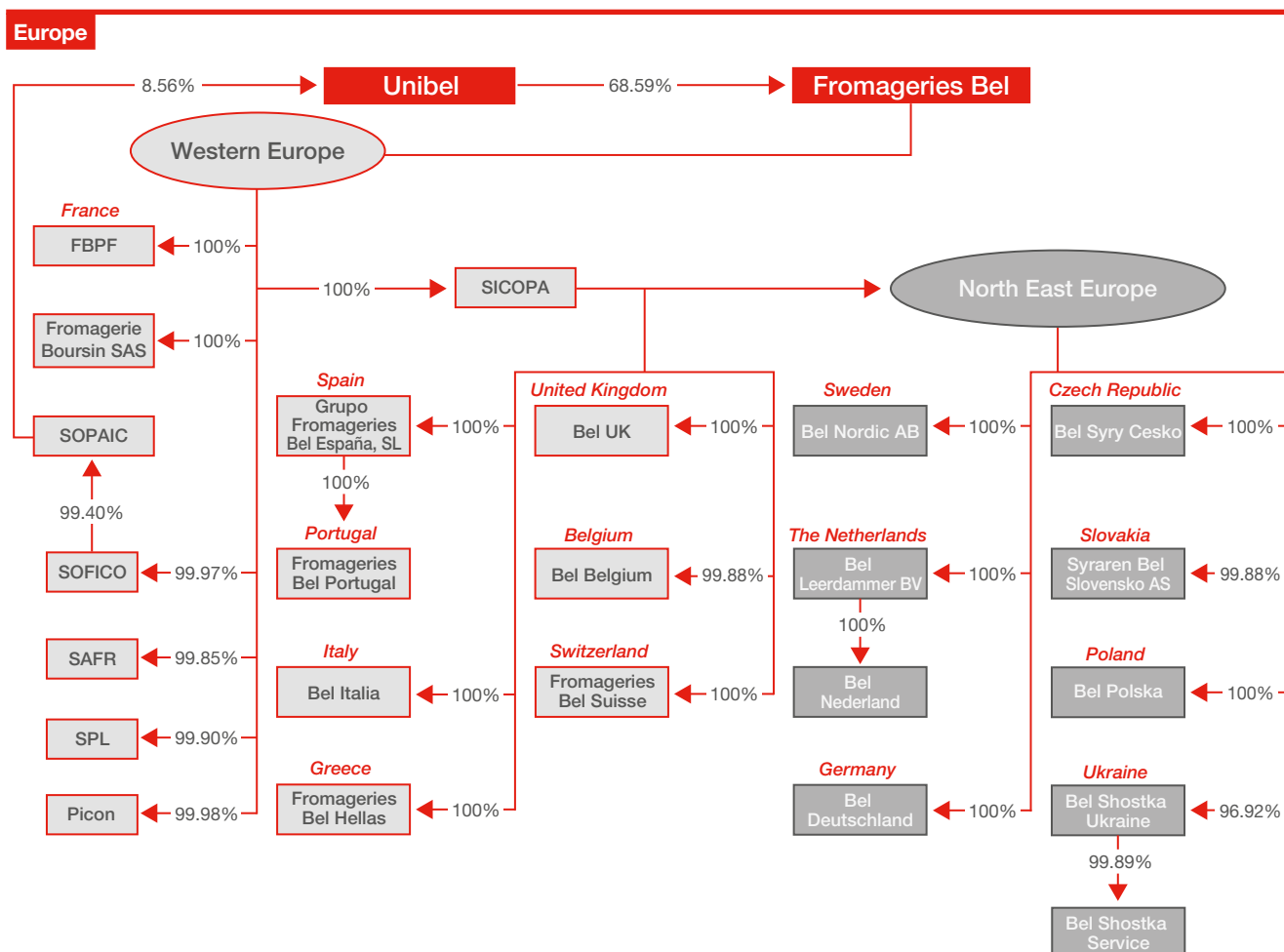
(Excerpt from the articles of association – article 26)

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.

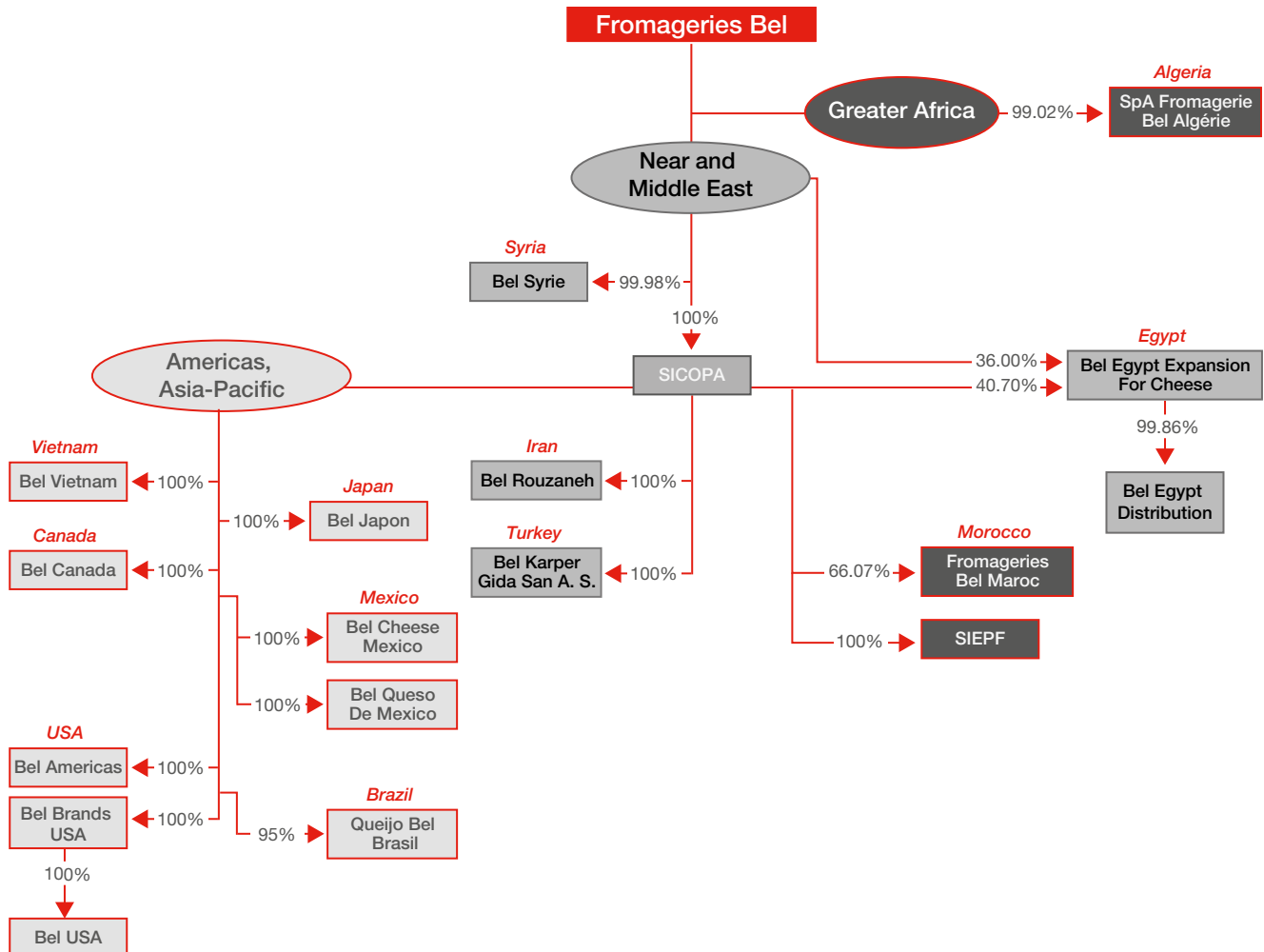
The meeting may, in addition, collect all sums in the reserve funds at its disposal for their distribution to shareholders, on condition that the accounts from which the debits thus made are stated. However, dividends are made as a priority using the distributable profits of the financial year.

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 10 of the Notes to the consolidated financial statements published in section 4.5.1.

Rest of the world



7.4 Material agreements

Agreements 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 4.14 of the Notes to the consolidated financial statements, which are presented in paragraph 4.5.1 “Consolidated financial statements at December 31, 2014” of this Registration Document concerning the amount of commitments recognized as at December 31, 2014.

Information regarding the current service agreement between Unibel and Fromageries Bel is provided in paragraph 3.5.2 “Related parties”.

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 No. 809/2004 and corresponds to the paragraphs of the Registration Document, which mentions the corresponding information.

		Chapters or paragraphs of the Registration Document
1	Responsible persons	7.1
1.1	Persons responsible for information	7.1
1.2	Declaration of the person responsible for the Registration Document	7.1
2	Statutory Auditors	4.5.3
2.1	Name and Address	4.5.3
2.2	Potential changes	4.5.3
3	Selected financial information	1
3.1	Historical financial information	1
3.2	Interim financial information	Not applicable
4	Risk factors	1.6
5	Information about the issuer	
5.1	History and development of the Company	1.1
5.1.1	Corporate name and trade name	7.2
5.1.2	Place of registration and registration number	7.2
5.1.3	Date of incorporation and duration	7.2
5.1.4	Head office and legal form, applicable legislation	7.2
5.1.5	Important events in the development of the Company's business	1.1
5.2	Main investments	1.5.2
5.2.1	Main investments made	1.5.2
5.2.2	Main investments in progress	1.5.2
5.2.3	Main future investments	1.5.2
6	Overview of business activities	1
6.1	Main business activities	1.3
6.1.1	Nature of the Company's operations and its primary business activities	1.3
6.1.2	Significant new products or services launched on the market	1.3
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 10
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 paragraphs 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	2.3
17.1 Number of employees	2.3.1
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 and Note 8.2 of paragraph 4.5.1
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 paragraphs of the Registration Document
22	Material contracts	7.4
23	Information from third parties, expert certifications	Not applicable
23.1	Identity	Not applicable
23.2	Declaration	Not applicable
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 cross-reference table below identifies the information which makes up the Annual Financial Report that listed companies must publish, in accordance with articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the French Financial Market Authority's General Regulations.

ANNUAL FINANCIAL REPORT	Chapters or paragraphs 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 L. 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	2.3
• 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 and 4.5.1
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 Registration Document constitutes the Board's Management Report to the Annual General Meeting: the appendix below refers readers to the elements required by articles L. 225-100 *et seq.*, L. 232-1, R. 225-102 *et seq.* of the French Commercial Code.

Management Report of the parent company	Chapters or paragraphs of the Registration Document
Situation and business 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	4.5.2 Note 2
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 4.15
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 4.15
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

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 9
Research and Development activities	1.1.4 and 4.6.2
Information on the use of financial instruments	4.5.1 Note 4.15
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 satisfies 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).

The table below indicates the location of the information in chapter 2.

Paragraph(s) of the Registration Document			
SOCIAL INFORMATION			
a) Employment	Total workforce	2.3.1	Employer Bel: key figures
	Breakdown of employees by gender, age, and geographical region	2.3.1	Employer Bel: key figures
		2.3.1	Diversity
	Hires and dismissals	2.3.1	Employer Bel: key figures
	Compensation and salary increases	2.1.2	Sharing the value created (payroll) ^(a)
		2.3.1	Compensation
b) Organization of work	Organization of working hours	2.3.1	Occupational health and safety
		2.3.1	Well-being at work
	Absenteeism	2.3.1	Well-being at work (absenteeism ^(b))
c) Labor-management relations	Organization of social dialog: rules and procedures regarding information, consultation and negotiation with personnel	2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.3.1	Social dialog
	Overview of collective agreements	2.3.1	Social dialog
d) Health and safety	Health and safety conditions	2.1.1	Clear guidelines (Number of certified sites)
		2.3.1	Occupational health and safety
		2.2.3	Ethics in the downstream value chain
	Report on the agreements signed with trade unions or staff representatives regarding health and safety at work	2.3.1	Social dialog (collective agreements signed in 2014)
	The frequency rate and severity rate of work accidents and accounting for occupational illnesses	2.3.1	Occupational health and safety (uncomfortable working conditions and occupational illnesses)
		2.3.1	Occupational health and safety (monitoring accidents)
e) Training	Training policies implemented	2.3.1	Employee training
	Total number of training hours	2.3.1	Employee training

(a) 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.

(b) 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% to be a warning threshold that must not be crossed.

Paragraph(s) of the Registration Document			
f) Equal treatment	Measures favoring gender equality	2.3.1	Diversity (gender)
	Measures favoring the employment and integration of disabled people	2.3.1	Diversity (disability)
	The anti-discrimination policy	2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.3.1	Diversity
g) Promotion of and compliance with the ILO fundamental conventions	Respect for the freedom of association and the right to bargain collectively	2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.2.1	Watch points to monitor in terms of ethics (Respect for human rights)
		2.3.1	Social dialog
	Elimination of employment and professional discrimination	2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.2.1	Watch points to monitor in terms of ethics (Respect for human rights)
		2.2.2	The Sustainable Purchasing Charter
		2.3.1	Diversity
	Elimination of forced labor and compulsory labor	2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.2.1	Watch points to monitor in terms of ethics (Respect for human rights)
	Effective abolition of child labor	2.2.1	Watch points to monitor in terms of ethics (Respect for human rights)
		2.2.1	Watch points to monitor in terms of ethics (Respect for children’s rights)
		2.2.2	The Sustainable Purchasing Charter
ENVIRONMENTAL INFORMATION			
a) General environmental policy	Organization of the Company to deal with environmental issues and, when required, environmental assessment or certification measures	2.1.1	CSR and governance
		2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.2.1	Watch points to monitor in terms of ethics (Respect for the environment)
		2.2.2	The Sustainable Purchasing Charter
		2.2.2	Purchasing and biodiversity
	Training and informing employees on environmental protection	2.4.1	Environmental policy
		2.1.1	CSR and Governance
		2.1.1	Clear guidelines
	Resources devoted to preventing environmental risks and pollution	2.3.1	Employee training
		2.4.1	Investments
		2.4.2	Water – in the sites (Cost of wastewater treatment)
	Amount of provisions and guarantees for environmental risks	2.4.1	Investments

		Paragraph(s) of the Registration Document	
b) Pollution and waste management	Measures to prevent, reduce or redress emissions into the air, water and soil that are adversely affecting the environment	2.4.2	Water
		2.4.3	Energy and greenhouse gas emissions
	Measures to prevent, recycle and eliminate waste	2.5.2	Waste and environmental footprint
		2.5.2	Ecodesign of packaging
		2.4.1	Extended responsibility
c) Sustainable use of resources	Dealing with noise pollution and any other form of pollution specific to an activity	2.2.1	Watch points to monitor in terms of ethics (Respect for the environment)
	Water consumption and water supply according to local constraints	2.4.2	Water
	Raw material consumption and measures to improve their efficiency in use	2.5.2	Fighting food waste
	Energy consumption and measures taken to improve energy efficiency and use of renewable energies	2.4.3	Energy and greenhouse gas emissions
	Land use	2.2.1	Watch points to monitor in terms of ethics (Respect for the environment)
d) Climate change		2.2.2	Purchasing and biodiversity
	Greenhouse gas (GHG) emissions	2.4.3	Energy and greenhouse gas emissions
		2.5.2	Waste and environmental footprint
	Adapting to the effects of climate change	2.4.2	Water (water stress)
		2.4.3	Energy and greenhouse gas emissions
e) Protection of biodiversity	Measures taken to safeguard or develop biodiversity	2.2.2	Purchasing and biodiversity
		2.3.2	"Gente que produz e preserva ^(c) " project in Brazil
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	2.1.2	Return on capital employed
		2.1.2	Sharing the value created
		2.2.3	Ethics In the downstream value chain
		2.3.2	Community outreach programs
	on neighboring or local populations	2.3.2	Territorial anchoring of facilities
b) Dealings with people or organizations benefiting from the Company's activity	The conditions for dialog with stakeholders	2.1.2	Interactions with stakeholders (including materiality analysis)
		2.5.1	Group nutritional policy (Use of external advice)
		2.3.1	Social dialog
		2.6.2	Contact with stakeholders (Consumers and customers)
	Partnership or sponsorship actions	2.3.2	The civic commitment of the brands
		2.3.2	Bel's corporate foundation
		2.3.2	"Gente que produz e preserva" project in Brazil

(c) Translation: "People who produce and protect the environment".

		Paragraph(s) of the Registration Document	
c) Subcontracting and suppliers	Factoring social and environmental challenges into the purchasing policy	2.2.2	Ethics in the upstream value chain: suppliers
	The significance of subcontracting and social and environmental responsibility in dealings with suppliers and subcontractors	2.2.2	Ethics in the upstream value chain: suppliers
	Actions to prevent corruption	2.2.1	Shared benchmarks (Code of Best Business Practices)
		2.2.1	Watch points to monitor in terms of ethics (Fighting corruption/responsible commercial practices)
		2.2.1	Shared benchmarks (Code of Best Business Practices)
	Measures to protect consumer health and safety	2.1.1	Clear guidelines (Number of certified sites)
		2.2.2	Specific expectations from certain suppliers (subcontractors, dairy producers)
		2.5.1	Nutritional and natural qualities
		2.6.1	Quality, safety and traceability
		2.6.2	Nutritional information
	Other actions in favor of human rights	2.3.2	Sharing Cities program

GRI Content Index for 'In accordance' – Core

The table below indicates the location of the information in the Registration Document.

Paragraph(s) of the Registration Document		
GENERAL STANDARD DISCLOSURES		
Strategy and analysis		
G4-1	2.1	Vision of sustainable growth
Organizational profile		
G4-3	1.1	Presentation of the Group
G4-4	1	Presentation of the Group and its activities (Key figures)
G4-5	7.2	Information about the Company
G4-6	1	Presentation of the Group and its activities (Key figures)
	1.3	2014 markets and business
G4-7	5.1	Shareholding and share capital
G4-8	1	Presentation of the Group and its activities (Key figures)
	1.1.5	Group businesses' external stakeholders
G4-9	1	Presentation of the Group and its activities (Key figures)
G4-10	2.3.1	Diversity
G4-11	2.3.1	Social dialog
G4-12	2.2.2	Ethics in the upstream value chain: suppliers
G4-13	5.1	Shareholding and share capital
	1.5.2	Investments
G4-14	2.6.1	Inspections at each stage
G4-15	2.2.1	Ethics in activities
G4-16	2.2.1	Ethics in activities (<i>responsible</i> lobbying)
Identified material aspects and boundaries		
G4-17	2.7	Note on methodology
	7.3	Information on subsidiaries and interests
G4-18	2.1.2	Materiality analysis
	2.7	Note on methodology
G4-19	2.1.2	Materiality analysis
	2.7	Note on methodology
G4-20	2.1.2	Materiality analysis
	2.7	Note on methodology
G4-21	2.1.2	Materiality analysis
	2.7	Note on methodology
G4-22	2.5.2	Ecodesign of packaging
	2.7	Note on methodology
G4-23	2.1.1	Steering and reporting
	2.7	Note on methodology

Paragraph(s) of the Registration Document		
Stakeholder engagement		
G4-24	2.1.2	Interactions with stakeholders
G4-25	2.1.2	Interactions with stakeholders
G4-26	2.1.2	Interactions with stakeholders
G4-27	2.1.2	Interactions with stakeholders
Report profile		
G4-28	2.7	Note on methodology
G4-29	2.1.1	Steering and reporting
G4-30	2.7	Note on methodology
G4-31	2.1.1	Steering and reporting
G4-32	2.1.1	Steering and reporting
G4-33	7.6.4	Cross-reference table with GRI-G4
	2.1.1	Steering and reporting
	2.8	Statutory Auditors' Reasonable Assurance Report on a selection of social and environmental information
	2.9	Report of the Statutory Auditors, appointed as independent third party, on the consolidated social, environmental and corporate information in the Management Report
Governance		
G4-34	2.1.1	CSR and governance
Ethics and integrity		
G-56	2.2	Ethical behavior
SPECIFIC STANDARD DISCLOSURES		
Economic		
EC1	2.1.2	Sharing the value created
EC2	2.4.3	Energy and greenhouse gas emissions
EC8	2.1.2	Sharing the value created
	2.3.2	Territorial anchoring of facilities
	2.3.2	Sharing Cities program

Paragraph(s) of the Registration Document

Environmental		
EN1	2.2.2	Specific expectations for each purchasing category
	2.2.2	Purchasing and biodiversity
	2.5.2	Ecodesign of packaging
EN2	2.2.2	Purchasing and biodiversity
EN3	2.4.3	Energy and greenhouse gas emissions
EN5	2.4.3	Energy and greenhouse gas emissions
EN6	2.4.3	Energy and greenhouse gas emissions
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EN11	2.2.1	Respect for the environment
	2.2.2	Purchasing and biodiversity
EN12	2.2.1	Respect for the environment
	2.2.2	Purchasing and biodiversity
EN15	2.4.3	Energy and greenhouse gas emissions
EN16	2.4.3	Energy and greenhouse gas emissions
EN18	2.4.3	Energy and greenhouse gas emissions
EN19	2.4.3	Energy and greenhouse gas emissions
EN22	2.4.2	In the sites (Quality of emissions)
EN23	2.4.1	Extended responsibility
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	2.6.2	Environmental information
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EN32	2.2.2	Assessment of suppliers' societal performance
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Labor practices and decent work		
LA1	2.3.1	Employer Bel: key figures
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	2.3.1	Compensation
LA6	2.3.1	Occupational health and safety
	2.3.1	Well-being at work (Absenteeism)
LA7	2.3.1	Occupational health and safety (uncomfortable working conditions and occupational illnesses)
LA9	2.3.1	Employee training
LA10	2.3.1	Employee training
LA11	2.3.1	Employee training
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LA12	2.3.1	Diversity
LA13	2.3.1	Diversity
LA14	2.2.2	Ethics in the upstream value chain: suppliers
LA15	2.2.2	Ethics in the upstream value chain: suppliers
Human rights		
HR10	2.2.2	Ethics in the upstream value chain: suppliers
Public policy		
SO3	2.2.1	Shared benchmarks
SO4	2.2.1	Watch points to monitor in terms of ethics
SO9	2.2.2	Ethics in the upstream value chain: suppliers
SO10	2.2.2	Ethics in the upstream value chain: suppliers



Sharing smiles

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A French limited company (société anonyme) with capital of €10,308,502.50
SIREN no. 542 088 067 – Paris Trade and Companies Register
NAF / APE code (French industry classification number): 1051 C