

# REVIEW



2012 BUSINESS REPORT

## A REVIEW OF THE BEL GROUP

### STRATEGIC REVIEW

WHAT SETS A FAMILY BUSINESS APART?

### MARKET REVIEW

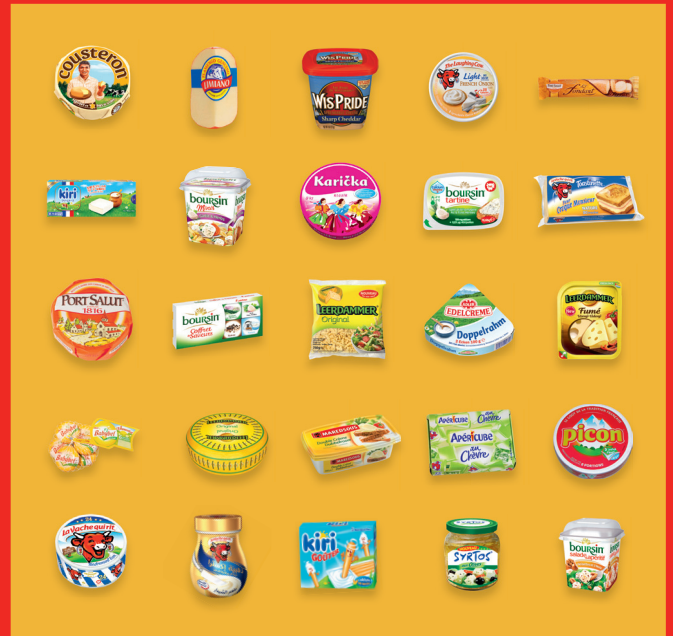
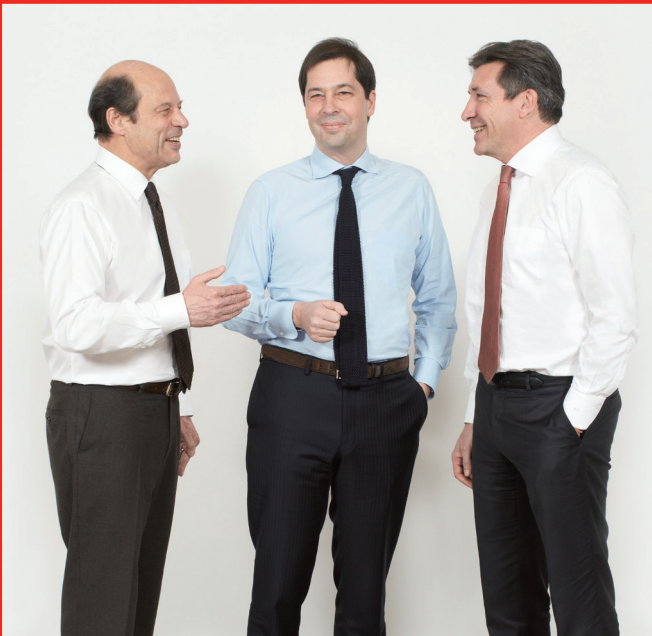
BRANDS, THE RECIPE FOR SUCCESS

### INNOVATION REVIEW

IDEAS FOR SHARING A MORE BALANCED DIET

### PEOPLE REVIEW

SMILES THAT BRING US TOGETHER



Sharing smiles



## STRATEGIC REVIEW

For understanding the profile and specific characteristics of a bold and pioneering family business recognized for its ability to combine tradition and innovation.



## MARKET REVIEW

For going behind the scenes of the brands that have made Bel a success and exploring their growth models, particularly in international markets, as well as discovering the main Bel brand highlights of 2012.



# REVIEW

### HOW IT WORKS?



## PEOPLE REVIEW

For assessing the company's commitment to weaving sustainable and responsible ties to its employees, partners and society as a whole.



## INNOVATION REVIEW

For grasping the range of challenges that Bel must meet to innovate.

# CONTENTS



15



28



59

**P.08** 30 seconds to grasp the Bel Group

## STRATEGIC REVIEW

**P.10** What sets a family business apart?

**P.13** Interviews

**P.15** Interview with CEO Antoine Fiévet

**P.18** Corporate governance

**P.20** Performance

**P.22** Overview

## MARKET REVIEW

**P.24** Brands, the recipe for success

**P.28** Brands with strong growth potential

**P.30** Brands close at hand

### Market Review

**P.31** 30 seconds to grasp Bel's international dimension

**P.32** Brand news

**P.36** Western Europe

**P.37** Greater Africa

**P.38** Near and Middle East

**P.39** Americas, Asia-Pacific

**P.40** Eastern Europe

**P.41** Bel Industries

**P.42** Bel Foodservice

## INNOVATION REVIEW

**P.44** Ideas for sharing a more balanced diet

**P.46** Interview

### Innovation at Bel

**P.47** 30 seconds to grasp the meaning of innovation at Bel

**P.48** Innovation from A to Z

**P.50** 2012 innovations

**P.52** Innovation on an industrial scale

**P.54** The environment, an innovation driver

**P.56** Innovating to serve the food industry

## PEOPLE REVIEW

**P.58** Smiles that bring us together

**P.60** Testimonial – Bel in Brookings

## The Bel Mindset

**P.61** 30 seconds to grasp Bel's mindset

**P.62** The foundation of Bel's employment policy

**P.64** Mutual commitment in action

**P.66** Commitments that bring us closer together

**P.68** Feedback on sharing the Bel mindset

## Sharing the Bel Mindset

**P.70** Bel's Corporate Foundation

**P.72** La Maison de La vache qui rit® (The Laughing Cow House)

**P.73** Lab'Bel

## P.74 Financial and CSR performance indicators



[WWW.BEL-GROUP.COM/2012BUSINESSREPORT](http://WWW.BEL-GROUP.COM/2012BUSINESSREPORT)





# THE BEL GROUP REVIEWED

**A global food group**, Bel has fashioned a unique vision for its markets, brands and ecosystem since its founding in 1865.

The reviews introducing each section of this business report are designed to share **Bel's original and pioneering vision** in the areas of corporate governance, strategy, innovation and relations with main stakeholders. Here, you can find the business model and strengths of an industrial company quite unlike any other.

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**HAPPY READING**



## THE SIX STRENGTHS OF BEL



### “PURE PLAYER” IN THE CHEESE MARKET

› **Bel’s business model is focused solely on branded cheese.** Bel is the world specialist in single serving cheese portions.



### MANUFACTURING KNOW-HOW

› **Bel’s manufacturing facilities are unique.** Because the Group adapts its equipment to produce its cheese portions, Bel has gained unparalleled manufacturing expertise over the years, particularly in the field of miniaturization. Bel makes its cheeses at 27 production sites around the world, and applies the same stringent demands for food quality and safety everywhere.



### GLOBAL AND LOCAL ROOTS

› **Bel’s inimitable brands appeal to families the world over.** They are the most international brands to be found in the cheese sector. Bel’s core brands are sold in more than 120 countries and account for nearly 70% of the Group’s sales.



#### WORTH KNOWING

**\*4 Bel brands figure among the world’s 12 leading cheese brands.**



#### DID YOU KNOW?

**Bel expanded into international markets very early on, with its first foreign subsidiary established in the UK in 1929, followed by Belgium in 1933.**



#### DID YOU KNOW?

**Across the globe, more than 8,000 people work for the Group’s manufacturing functions, contributing technical expertise, cheese-making know-how and a strong sense of doing the job right.**

Confident in its ability to pursue growth, Bel has set its sights on accelerating its performance, aiming for 3 billion in sales by 2015, while maintaining profitability. To that end, the Group will build on the six strengths that drive its growth.

# 3<sup>rd</sup> WORLDWIDE IN BRANDED CHEESE



World's 4<sup>th</sup> best-selling  
cheese brand\*



World's 6<sup>th</sup> best-selling  
cheese brand\*



World's 11<sup>th</sup> best-selling  
cheese brand\*



World's 12<sup>th</sup> best-selling  
cheese brand\*



## CULTURE OF INNOVATION

› **Innovation comes second nature to Bel.** The Group's ability to innovate cuts across all areas of its activity, from recipes and nutrition, to manufacturing, marketing and advertising, etc.



## FAMILY BUSINESS

› **A family Group founded in 1865,** Bel is over 70%-owned by the family holding company, Unibel, and members of the Bel/Fiévet family. Family governance, a factor of confidence and strength, highlights the contribution of Bel's 10,600 employees, and encourages entrepreneurship, autonomy and development.



## CORPORATE RESPONSIBILITY

› **Bel places corporate social responsibility at the heart of its growth strategy.**

The Group has structured its CSR process around five key challenges, which it plans to meet through improvement commitments to its stakeholders, including consumers, employees, partners, suppliers and all of the communities where the Group is present.



### DID YOU KNOW?

**Apéricube® is the fruit of an unrivaled manufacturing innovation — miniaturization. Only Bel knows how to produce these famous small cheese cubes designed for aperitif time.**



### WORTH KNOWING

**Bel CEO Antoine Fiévet represents the fifth generation of family managers.**

# 30 SECONDS TO GRASP

## THE BEL GROUP



As an international family business, Bel has made it its mission to share smiles with all families through the pleasure of dairy goodness. Its cheeses are synonymous with fun and healthy indulgence.

Bel's growth is derived from the power of its differentiated and universal brands. Among these are its five core brands, including The Laughing Cow®, Mini

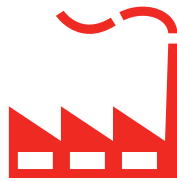
Babybel®, Kiri®, Leerdammer®, and Boursin®, and more than 25 local brands.

Bel's cheeses are adapted to meet the wide array of eating habits found around the world. Today, they appeal to more than 400 million consumers in over 120 countries ●



# 34

COUNTRIES WITH  
A GROUP PRESENCE



# 27

SITES

PRODUCTION



# 10,600

EMPLOYEES



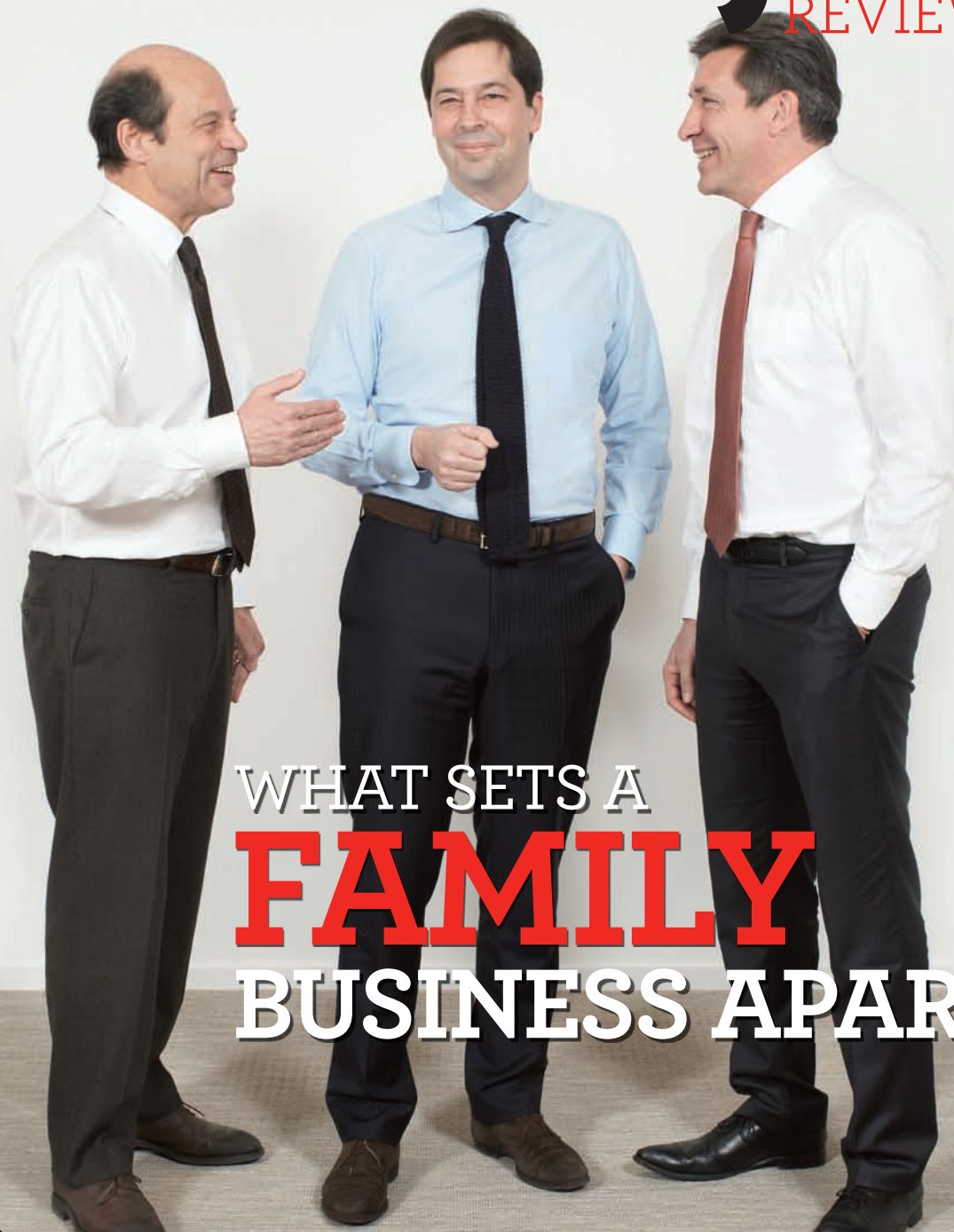
PRODUCTS DISTRIBUTED IN OVER  
**120** COUNTRIES

**2.6** BILLION OF EUROS €  
IN SALES IN 2012

+4.8% VERSUS 2011

CULTURE / MODERNITY / VISION / AMBITION

# Strategic: **REVIEW**



WHAT SETS A  
**FAMILY**  
BUSINESS APART?



*Bel*, named family business of the year





# Family

## & INTERNATIONAL

# WHAT SETS A FAMILY BUSINESS APART?

**LARGE FAMILY ENTERPRISES TODAY HAVE DEMONSTRATED THEIR ABILITY TO PREVAIL OVER ECONOMIC SWINGS AND TO REINVENT THEIR BUSINESS MODELS WITHOUT SACRIFICING THEIR FUNDAMENTALS. ESTABLISHED IN 1865, AND LED TODAY BY THE FIFTH-GENERATION DESCENDANTS OF COMPANY FOUNDER LÉON BEL, BEL IS AN EXAMPLE OF THE SUBTLE BALANCE BETWEEN RESPECT FOR TRADITION AND A PIONEERING SPIRIT.**



1921



2012

Confident, resilient and visionary, family businesses have many qualities. They were once considered to be too protective, but their appeal has increased considerably in the past several years. The reason? Their surprising resilience to crisis. Among executives surveyed by KPMG, 62% believed that family businesses formed the backbone of national economies<sup>1</sup>. Several factors contribute to their resilience. Because the heads of family businesses often seek to perpetuate their heritage, they follow long-

**TODAY, LIKE YESTERDAY, MANUFACTURING QUALITY AND INNOVATION WORK TOGETHER TO DELIVER SMILES AND DAIRY GOODNESS.**

term strategies aimed at investment and low debt. Further, their close-knit corporate governance enables fast decision-making. In terms of human resources, they recruit employees whose profiles are consistent

with their values and who, in return, show a certain amount of loyalty<sup>2</sup>.

### The cornerstone of our economy

All of these qualities have been documented in the works of HEC Montreal professors Danny Miller and Isabelle Le Breton-Miller, who specialize in researching family businesses. The success of the family business model is based on four key strengths<sup>3</sup>:

LÉON BEL FOUNDS FROMAGERIES BEL, A FRENCH CORPORATION (SOCIÉTÉ ANONYME) AND TRADEMARKS THE LAUGHING COW® BRAND.

1921



THE LAUGHING COW® HAS INSPIRED A LONG ADVERTISING SAGA THAT HAS MADE ITS MARK IN THE PUBLIC'S IMAGINATION.

SINCE 1921



1865

JULES BEL SETS UP HIS COMTÉ CHEESE RIPENING AND TRADING BUSINESS IN FRANCE'S JURA REGION.



50's  
60's

SUCCESSIVE LAUNCHES OF BABYBEL®, APÉRICUBE® AND KIRI®



# “5 generations of success!”

ROBERT FIÉVET, LÉON BEL'S SON-IN-LAW, JOINS THE COMPANY, WHERE A YEAR LATER HE WOULD TAKE THE REINS OF POWER AND LEAD THE COMPANY FOR 60 YEARS.

1936

2012: CONSTRUCTION OF BEL'S 3<sup>RD</sup> PLANT IN THE UNITED STATES.



- **Continuity** enables family enterprises to achieve their long-term missions. In this view, the family business invests in key skills and durable leadership.
- **Community**, where loyalty can be found on both sides of the employee-company coin. Employees believe strongly in the mission of the company, which rewards their efforts and offers them career opportunities.

- **Connection** suggests that family enterprises are also loyal to their customers and suppliers, with whom they form strong ties.
- **Command** means that the family business is able to respond rapidly thanks to short chains of command, often a crucial advantage, for example, in the field of innovation.

Together, these advantages explain why the family business model has become an entrepreneurial ideal over the past few years.

## Fragile gouvernance

The family enterprise model is a particularly popular choice, accounting for 80% of all global businesses. As virtuous as it is, however, it also has a vulnerability — namely governance. And central to that issue is the question of succession. A global study of family enterprises conducted every two years by PWC shows that only a third of family businesses are handed down to the next generation, and that the average lifespan of such businesses is no more than 50 years.

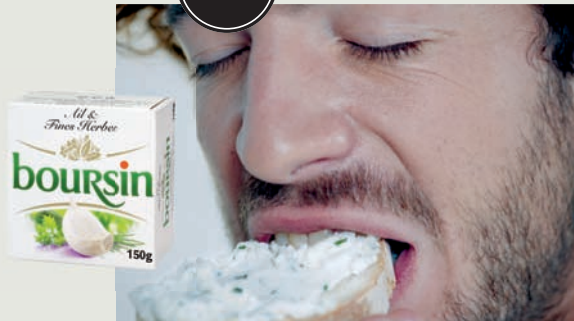
**BEL ACQUIRES LEERDAMMER® AND EXPANDS THE RANGE OF THE FAMOUS CHEESE WITH HOLES INTO MULTIPLE FORMATS.**

2002



**BOURSIN® IS ACQUIRED.**

2007



1996

**BERTRAND DUFORT IS NAMED CEO AFTER SERVING FOR 30 YEARS UNDER HIS FATHER-IN-LAW, ROBERT FIÉVET.**



2001

**ANTOINE FIÉVET, ROBERT FIÉVET'S GRANDSON, IS NAMED MANAGING GENERAL PARTNER OF UNIBEL, THE FROMAGERIES BEL CONTROLLING HOLDING COMPANY.**

2009

**ANTOINE FIÉVET IS NAMED CHAIRMAN AND CEO OF BEL.**

## The Bel model

A family company for nearly 150 years and managed by the fifth generation of family leaders, Bel has all the characteristics that make the family enterprise such a strong business model. Its international activity, begun and continued throughout Robert Fiévet's many years of leadership, today accounts for 78% of sales. Its model of respectful and empowering management offers promising career opportunities to its 10,600 employees. Today, the Sauvin, Fiévet and Dufort family branches, all descendants of Léon Bel and Robert Fiévet, hold a combined 71% of the company's share capital, primarily through Unibel, the holding company that presides over the Group's destinies.

## Actively involved descendants

Many of the founder's descendants participate in ensuring that the company runs smoothly. In addition to Antoine Fiévet, CEO since 2009, Jean-Thierry Dufort heads Bel Foodservice, Bel's catering business, and Florian Sauvin manages Bel Access, a new business model dedicated to making dairy goodness accessible to the greatest possible number of people. Although in the minority on Bel's Board of Directors, the family<sup>4</sup> forms the core of the company's governance through Unibel, the Group's lead holding company. Some descendants have opted to maintain and develop Bel's cultural heritage.

Catherine Sauvin directs La Maison de la Vache qui rit® (The Laughing Cow House), a cultural venue located on the site where Bel's iconic cheese brand was first produced, and Laurent Fiévet heads Lab'Bel, the Group's artistic laboratory. Other family members are involved in Bel's Corporate Foundation. Antoine Fiévet chairs the foundation, Valentine Fiévet, his sister, and Florian Sauvin are directors, and Isabelle Fiévet, Antoine Fiévet's wife, was named Chief Representative in January 2013. Such involvement is beneficial because it guarantees the sustainability of a unique business model and culture.

## ⊕ For more information

about the Group's history  
[bel-group.com/en/group/company-history](http://bel-group.com/en/group/company-history)

<sup>1</sup> In January 2012, KPMG conducted individual interviews with over 700 family business leaders in 31 countries in Europe and the Middle East.

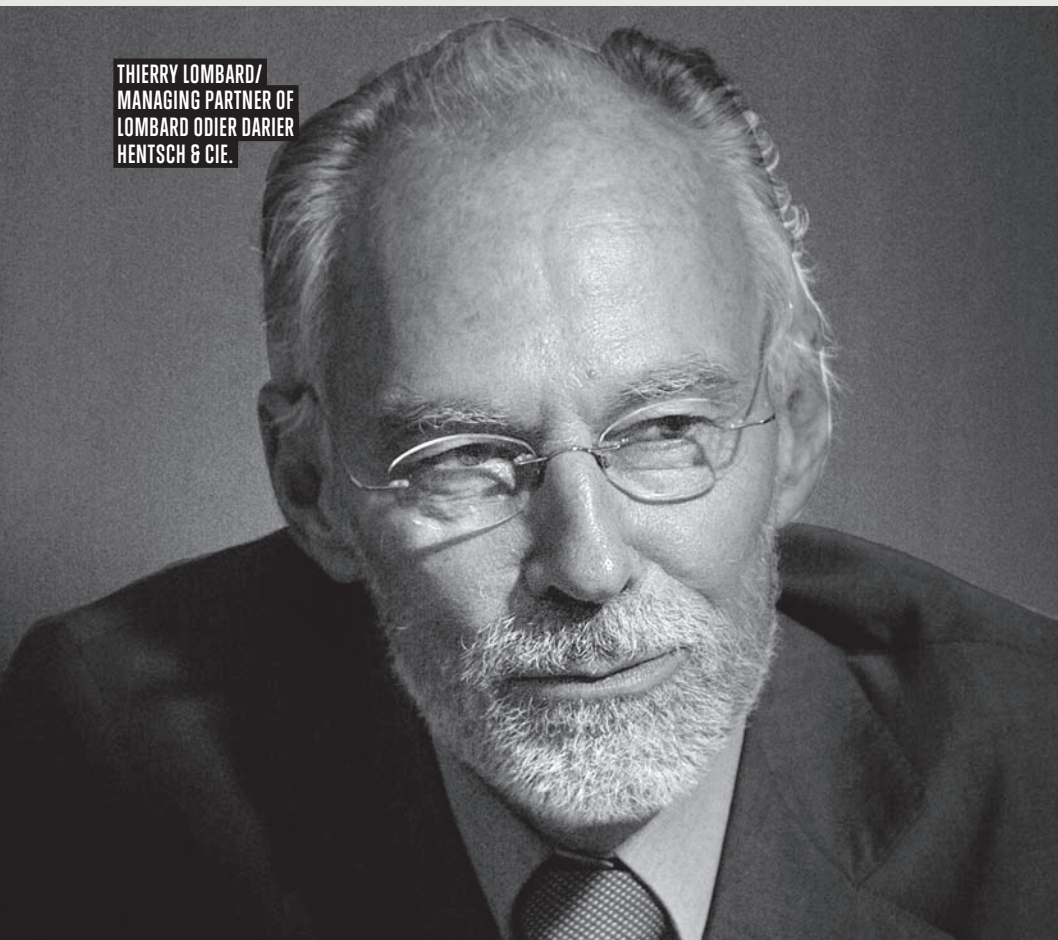
<sup>2</sup> Source: La Stratégie du propriétaire survey on the resilience of family businesses in times of crisis, published in French by Village Mondial.

<sup>3</sup> Source: Réussir dans la durée. Leçons sur l'avantage concurrentiel des grandes entreprises familiales, Enduring Success. Lessons about the competitive advantage of large family businesses, published in French by Presses de l'Université de Laval.

<sup>4</sup> Valentine Fiévet, Marion Roidor and Laurent Fiévet are members of Unibel's Supervisory Board. Antoine Fiévet chairs Unibel's Management Board, while Florian Sauvin is a Unibel Management Board member and a Bel Director.



THIERRY LOMBARD/  
MANAGING PARTNER OF  
LOMBARD ODIER DARIER  
HENTSCH & CIE.



## Bel named family business of the year

EACH YEAR IMD (INTERNATIONAL INSTITUTE FOR MANAGEMENT DEVELOPMENT) AND LOMBARD ODIER, A PRIVATE BANKING FIRM, RECOGNIZE A STANDOUT FAMILY ENTERPRISE FOR ITS ABILITY TO UNITE FAMILY AND BUSINESS INTERESTS AND TO COMBINE TRADITION AND INNOVATION, WHILE DEMONSTRATING A CLEAR COMMITMENT TO THE COMMUNITY. BEL IS THE 17TH FAMILY BUSINESS TO RECEIVE THIS DISTINCTION AND THE SECOND FRENCH COMPANY TO WIN THE AWARD, AFTER HERMÈS IN 1997.

Photo caption:  
Valentine Fiévet, Antoine Fiévet,  
Bruno Schoch

## 3 questions for...

**Thierry Lombard, Managing Partner of Lombard Odier Darier Hentsch & Cie**

**What are the traits common to family businesses?**

**What makes them so different?**

**Thierry Lombard:** Based on our experience and our research over the past 20 years, there are two notable characteristics. Number one is their adaptability, that is to say their ability to grow the business and to reinvent it in times of social and economic change. Number two is their resilience. Family businesses are able to overcome crises and structure growth by undertaking the necessary reorganizations to prepare for the future.

**Are there still many family businesses left? Aren't they growing scarce?**

**T.L.:** That finding is a reality, but I would add two heartening remarks:

- Family businesses represent a significant share of the world economy. Statistics from 2006 to 2009 show that they accounted for some 83% of the French economy, with a minimum share of 38% in Lithuania and a maximum 91% share in Finland. That averages out to about two-thirds of the economy;

- Family businesses are created every day. And their disappearance rates — although high — remain well below those of other types of companies.

**How does Bel typify the values of a family business?**

**T.L.:** Through its innovation, creativity and loyalty to its customers, employees, suppliers, partners, shareholders and the community as a whole.

## Success Story



BENOÎT LELEUX/  
STEPHAN SCHMIDHEINY PROFESSOR OF  
ENTREPRENEURSHIP AND FINANCE, IMD

“Deep knowledge of their market, values and the trust developed over generations are the strengths of family enterprises.”

## Benoît Leleux

Stephan Schmidheiny Professor of Entrepreneurship and Finance, IMD

It is said that family businesses often earn “slow” money rather than “fast” money. What can non-family businesses learn most from family businesses?

**Benoît Leleux:** Truly sustainable success is rarely the result of financial engineering. High leverage can create high profit but it also means higher risk. Long-term success is usually the result of hard work, better products, satisfied customers, strong and trust-based relations with the people at work, and financial stability. This is what the vast majority of excellent family businesses around the globe are doing. This is what makes them strong.

What are the special strengths of family businesses?

**B.L.:** Their strengths are their indepen-

dence, deep knowledge of their market and industry built up over generations, values, and the trust developed over generations inside and outside the business.

Despite the complexities of family businesses, statistics show that they are more profitable than non-family businesses.

What are the most successful practices that determine this?

**B.L.:** The values carried by families, even if not perfect, drive a sense of belonging and responsibility by the family, an element of individualism in what is otherwise a purely performance driven world. Family businesses are said to often “care more” about employees and business, providing the form of “secure base leadership” that

enables employees to “care to dare”. However, checks and balances need to be included in order to achieve the highest degree of professionalism.

It is said that “Some family businesses are more ‘family’ than others.” How would you define the “familyness” factor?

**B.L.:** This typically reflects the value system of the founding and owning family – for example, caring about employees and stakeholders, and being guided by community-driven concerns in addition to financial performance targets.



## INTERVIEW WITH ANTOINE FIÉVET CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**“WE HAVE A LOT  
OF OPPORTUNITIES  
AHEAD OF US.**

WE OPERATE  
IN A GROWTH  
SECTOR WITH A  
DEMOGRAPHIC BASE  
THAT IS GROWING  
WORLDWIDE. ”

**Antoine Fiévet**  
Chairman and CEO



### **Antoine Fiévet, what kind of year did the Group have in 2012?**

Overall, 2012 was a good year for Bel, with sales up 4.8%. We reduced our debt again, leaving us with a very healthy balance sheet and in sound financial position.

### **Which markets fueled Bel's growth?**

First of all, it was another year in which our core brands drove our growth, accounting for 68% of sales volumes, versus 66% in 2011. That performance strengthened our position as a “pure player” in the cheese market, with a focus on five strong brands, four of which rank among the world's top-12 cheese brands. Looking at our performance

by market, we grew everywhere except in Western Europe and some Near and Middle East markets, where the political situation is complicated. But even that did not affect our overall performance, because we have excellent geographical balance – which is another one of our strengths.

### **What are your growth targets for the coming years?**

We have a lot of opportunities ahead of us. We operate in a growth sector with a demographic base that is growing worldwide. We clearly have organic growth potential, particularly in Africa, where we are already the leader and where we plan to stay on top. The American market also remains strong, expanding at an average annual rate of 26% over the past three years.

I have set very clear-cut medium-term growth targets, including our goal of realizing 3 billion in sales by 2015.

**Sales were up**

**+4.8%**

**versus 2011**



## INTERVIEW WITH ANTOINE FIÉVET CHAIRMAN AND CHIEF EXECUTIVE OFFICER



I want to beef up our prospective side and sharpen the way we look at the future, to better anticipate trends and to make the right decisions.



### CAREER SNAPSHOT

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- ▶ The grandson of Robert Fiévet, Léon Bel's son-in-law, Antoine Fiévet is an entrepreneur.
- ▶ He began his career in advertising, first creating a company that sold promotional items and then partnering to found an advertising agency specialized in publishing.
- ▶ In 2004, he joined Emap France, the third-largest magazine publisher in France, as the head of marketing for a TV magazine.
- ▶ In 2001, he was named Managing General Partner of Unibel, the Fromageries Bel controlling holding company.
- ▶ In 2006, he became Chairman of the Unibel Management Board.
- ▶ Antoine Fiévet was named Chairman and Chief Executive Officer of the Bel Group on May 14, 2009.



I also believe that our mission, and the way in which we have put it into service, are powerful bond builders for Bel products. Bel's mission is to bring smiles to all families through the pleasure of dairy goodness. To elicit those smiles, we must first have a perfect understanding of our consumers. That means understanding their lifestyles and the role that food plays in families. It's an understanding that we continue to develop. We certainly know that eating pleasure is derived from good taste and quality. But dairy goodness also means the concentration of nutrients, such as the proteins, minerals and vitamins found in cheese, which is a major source of calcium.

**Do you think that Bel's identity as a family business can help as well?**

Yes, certainly. It can help create and maintain ties to the Bel brand. Bel is an enterprise with family capital, with attentive and actively involved shareholders. Its shareholders are the guardians of the company's values and image. This gives meaning to our work over the long term, and I know our employees respond to that. Bel is a "big home", where its leaders remain accessible and involved. We are very conscious of the fact that the families linked directly to Bel are as numerous as the Group's 10,600 employees. These family ties bind all of us together in the company's success.

**In 2012, you changed the method of governance by setting up an executive committee. Why?**

I wanted to delegate more responsibility to my Deputy General Managers. I want to dedicate more of my time to forecasting and anticipation. Bel is a strong and dynamic company today only because 30 or 40 years ago, its leaders made the right decision to expand internationally, and decided not to diversify into other dairy segments. Developing a suitable long-term vision demands that you spend some time on it.



How? By staying focused on our strengths – our core brands and our portions format, which is practical, affordable, anti-waste, and perfectly suited to emerging countries; By preserving the quality of our products; By continuing to innovate. Innovation accounts for 8% of our sales. I would like to see that percentage rise to 10% by 2015, which is very ambitious. But we have given ourselves the means to achieve those ends.

**For the longer-term, you are seeking to reach one billion consumers by 2020. What do you think will drive them to adopt and prefer Bel brands?**

History shows us that brands with strong values are the ones that keep growing over time. In an ever-changing environment, where it's increasingly easy to lose your bearings, trust is derived from shared values. Take The Laughing Cow®, for example. It's our leading brand, our oldest one, and it has been growing consistently at a rate of 10% per year for the past five years.



**Core brands  
accounted for**

**68%**

**of sales in 2012,  
versus 66% in 2011**



# CORPORATE GOVERNANCE

*Fromageries Bel is a French corporation (société anonyme) with a Board of Directors. It is listed on the Euronext Paris stock exchange. Unibel is the main shareholder and lead holding company for the Bel Group, which includes Unibel, Fromageries Bel and all other controlled companies. In that role, Unibel actively participates in guiding the policy of the Bel Group, setting the Group's strategy and controlling it.*



*Group Management Committee at April 1, 2013*

① **ANTOINE FIÉVET** / Chairman and Chief Executive Officer / ② **BRUNO SCHOCH** / Deputy General Manager, responsible for Finance, Legal affairs, and IT systems / ③ **FRANCIS LE CAM** / Deputy General Manager, responsible for Operations / ④ **DENIS GAYOUT** / Vice President Marketing / ⑤ **ÉRIC DE PONCINS** / Executive Vice President Group Strategy, Development and Transformation.



### The Board of Directors

Fromageries Bel is managed by a Board of Directors whose Chairman, Antoine Fiévet, is also the company's Chief Executive Officer. The Board of Directors sets the company's strategic directions, primarily in the economic, social, financial, and industrial realms, and ensures that those directions are followed. It deals with all matters concerning the proper operation of the Bel Group and, to that end, draws on the work and recommendations of the Board's committees as well as those of the Group's committees.

### The Executive Committee

Members of General Management, which includes the Chief Executive Officer and two Deputy General Managers, represent Fromageries Bel in its relations with third parties, and are invested with the broadest powers to act in all circumstances on behalf of Fromageries Bel, within the limit of the law and the provisions spelled out in the Board of Director's internal regulations. These Executive Committee (Comex) members meet weekly to approve and ratify decisions, drawing notably on the

recommendations of the Group Management Committee, as well as to provide monthly guidance about the Group's business performance and risk exposure.

### The Group Management Committee

The Group Management Committee coordinates operations. It is responsible for the proper execution of strategy and functional policies and meeting the Group's annual and multi-year targets. It prepares decisions for General Management by making recommendations concerning operating performance optimization and functional policies. Once General Management has made a decision via the Executive Committee, or as the case may be, the Board of Directors has issued a decision, the Group Management Committee is responsible for ensuring its proper implementation at the operating level and keeping track of its results and impact. The Group Management Committee is co-chaired by Bel's two Deputy General Managers, who are jointly responsible to the CEO for the committee's proper operation.



④ **GUILLAUME JOUËT** / Vice President, Human Resources, Communications and Corporate Social Responsibility / ⑦ **HUBERT MAYET** / Vice President Group Manufacturing Operations / ③ **ÉTIENNE LECOMTE** / Vice President Western Europe / ② **PHILIPPE CHAMPLONG** / Vice President North East Europe / ⑩ **FRÉDÉRIC NALIS** / Vice President Americas, Asia-Pacific / ⑪ **CHAKIB SEDDIKI** / Vice President Greater Africa / ⑫ **JOE TAYARD** / Vice President Near and Middle East.



# KEY FIGURES

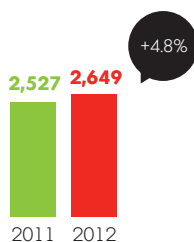
## KEY CONSOLIDATED FINANCIAL INFORMATION FOR 2012

(In thousands of euros)	2012	2011	% change
Sales	2,648,706	2,527,100	4.8%
Gross margin	818,814	718,612	13.9%
Income from ordinary activities	237,966	184,695	28.8%
Operating income	211,387	170,420	24.0%
Net profit (loss)	128,425	96,103	33.6%
(In millions of euros)	2012	2011	% change
Equity	1,150	1,044	13.9%
Net financial debt	64	194	-24.9%

**In 2012, the Group reported new growth in sales and volume, despite a slowing economy in Europe and unrest in some markets of the Near and Middle East region.** Changes in the scope of consolidation had no impact on the year. Excluding the impact of foreign exchange fluctuations, sales were up 3.4% organically,

driven by momentum in international markets, particularly in the Greater Africa region. This steady growth reflects the relevance of the Group's sales and marketing strategy, the strength of its distribution network and the talent of its teams for improving the brand mix and offering innovative products around its iconic brands.

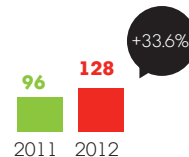
**SALES**  
IN MILLIONS OF EUROS



**OPERATING INCOME**  
IN MILLIONS OF EUROS

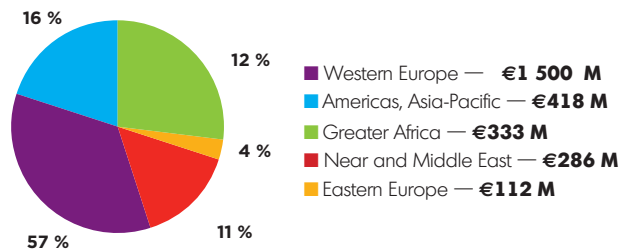


**CONSOLIDATED NET PROFIT - GROUP SHARE**  
IN MILLIONS OF EUROS





SALES **BREAKDOWN** (in millions of euros)



**€2.6 bn**

2012 BEL GROUP SALES TOTALED

**up 4.8%**

VERSUS 2011

#### OUTLOOK FOR 2013

Given the difficult economic environment in Europe, which does not bode well for consumer spending, and faced with uncertainties in some markets outside Europe, the Group enters the new year with little visibility for 2013. However, backed by its very healthy balance sheet, the commitment of its employees, its innovation efforts, and the balanced geographical reach of its business, the Group remains confident in its ability to continue defending and sustainably grow its positions in the world cheese market.



#### MORE INFORMATION

**SUMMARY FINANCIAL RESULTS FOR 2012 ARE PRESENTED ON PAGES 75 TO 79 OF THIS REPORT, AND ARE AVAILABLE AT [WWW.BEL-GROUP.COM](http://WWW.BEL-GROUP.COM) UNDER THE FINANCE TAB.**

# ONWARD TO NEW PERFORMANCE GOALS

*In 2012, Bel announced new performance goals, targeting sales growth of nearly 20% by 2015. Francis Le Cam and Bruno Schoch, the Group's Deputy General Managers, describe the strategy and talk about the means to that end.*

## How was this ambitious target of achieving 3 billion in sales by 2015 set?

**Bruno Schoch:** It is ambitious, but certainly doable. From 2009 to 2012, Bel averaged net sales growth of 6% per year. We want to maintain that same rate of organic growth to 2015. It means that we have to perform even better, while economic conditions, unfortunately, look to be tougher in the years ahead.

## What leverage do you have to achieve the goal?

**Francis Le Cam :** First, you have to look at the strength of our business model. It's based on five core brands, all of which are leaders in their markets — often niche markets to be sure, but global ones — and all of which are growing everywhere. You also have to look at our manufacturing excellence, notably in the area of single-serving portions, which is our priority playing field. Lastly, look at the geographical breakdown of our activity. In particular, the share we have in the fast-growing markets of Africa, the Middle East and Asia-Pacific is unique in our business.



Starting with these strong foundations, our growth is based on three pillars:

- **Innovation.** To enrich our offer, we focus on three growing market segments, including spreads, slices and snacks. We have already demonstrated our ability to succeed in the field of innovation;

- We continue to expand the geographical reach of **our core brands**, building on the success that we have achieved in the United States in the past several years, for example;

- Last but certainly not least, **the quality and commitment** of the Bel teams have enabled us to cross new product and country frontiers.

## Depending on the region, economic conditions are uncertain. Doesn't that pose a risk to the Group's ability to achieve its goal?

**Bruno Schoch:** That's true. But we are seeing strong resilience to the crisis in the cheese sector as a whole, and particularly in the segments where we are active.

**Francis Le Cam :** I would add that in these uncertain times, our brands have strong emotional capital that reassures our consumers. Our mission of "sharing smiles with all families by bringing the pleasure of dairy goodness" is relevant now more than ever. ■

### BEL EXECUTIVE COMMITTEE MEMBERS, FROM LEFT TO RIGHT

**Francis Le Cam**  
Deputy General Manager, responsible for Operations

**Antoine Fiévet**  
Chairman and CEO

**Bruno Schoch**  
Deputy General Manager responsible for Finance, Legal affairs and IT systems

# MARKET

THE BEL GROUP BUSINESS REPORT

## REVIEW

2012



## BRANDS

THE RECIPE FOR SUCCESS



# BRANDS

## The recipe for success

Some brands are more capable than others when it comes to winning customer loyalty. Iconic, they transcend eras, trends and boundaries, always staying positive and appealing. That describes Bel's brands. From Kiri® and Mini Babybel® to the mythical The Laughing Cow®, their success cannot be denied.

**Why? How? Here are five reasons.**



### MORE INFORMATION...

**TO LEARN MORE ABOUT BEL INNOVATION, SEE PAGE 43 OF THIS REPORT.**

## 1

### BRANDS THAT ELICIT SMILES

**➤ BEL BRANDS CONJURE UP FUN AND SMILES.** Historically evoked by the eldest brand, The Laughing Cow®, the smiles that the Bel Group aspires to share with all families are tied first and foremost to the intrinsic qualities of its products. Smiles are also associated with the practical and delightful side of the portions format, a serving that can be taken anywhere, eaten at mealtime or anytime and enjoyed at home or outdoors. And, of course, smiles are induced by audacious and humoristic advertising campaigns, such as "Have you laughed today?", "Leerdammer®, it's not as mild as you think", "Mini Babybel®, it serves us right", and "When The Laughing Cow® laughs, it's an udder success." All of these campaigns contribute to inspiring fun and sharing smiles.





2

## HEALTHY FUN

**MILK, WHETHER LIQUID OR PROCESSED, IS THE KEY COMPONENT**

in all Bel cheeses. Rich in proteins, vitamins and minerals, cheese is a major source of calcium, which is vital for healthy growth and bones. Bel's cheeses contain an average of 300 mg to 900 mg of calcium per 100 grams of product, depending on the process used to make them. Cheeses meant for children are the main focus of Bel's nutrition policy, which as a matter of priority seeks to optimize calcium content, while managing the recipes' fat and salt content. Because they go so well with other dishes, Bel cheeses are an excellent way to familiarize children with food groups that they don't always seek out, such as vegetables.

**"EASY TO COOK WITH, BEL CHEESES CAN HELP WHET THE APPETITES OF CHILDREN FOR OTHER FOOD GROUPS."**

### FOCUS

#### FORMULA RENEWALS

**As part of its nutrition policy, Bel renewed several of its formulas in 2012.**

In Vietnam for example, fat content in The Laughing Cow® was lowered from 27g to 23.5g per 100 grams of product. A new recipe for Kiri® Crème was introduced in September. It's now sold throughout Western Europe. Its 29.5g of fat content and 570mg of salt content per 100 grams of product meet the suggested targets in the Voluntary Commitment Charter of France's National Health and Nutrition Program.

## 3

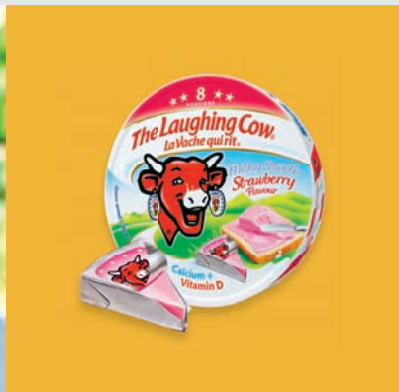
SAFETY AS  
A PRIORITY

**BEL BRANDS HAVE ALSO ATTRACTED** and won the loyalty of generation after generation of consumers because they are synonymous with food safety and trust. All steps of the products' life cycles are rigorously controlled for quality and fully

tracked, and all raw materials used to make the products are tested. Observance of cold chain regulations is also a key to meeting food safety challenges. Audits are carried out across the production and supply chains, from milk collection to the transport,

stocking and offering for sale at the retailer. Around the world, all 27 Bel production sites apply strict food-safety and quality standards established by the Group and inspired by the Global Food Safety Initiative (GFSI) guidebook.

## SPECIFIC FLAVORS HAVE BEEN DEVELOPED TO ECHO LOCAL CULINARY TRADITIONS.



## 4

UNIVERSAL  
ACCESS

**AVAILABLE EVERYWHERE AND OFFERING ASSURED QUALITY AND UNIQUE TASTES.** Bel brands are close

to market. With 27 plants around the globe, Bel's cheeses are produced close to where they are sold and consumed. The appeal of Bel's brands also stems from a capacity to adapt to the tastes, nutritional needs and eating habits of various markets. Specific flavors have been developed to echo local culinary traditions.

In 2012, a new sweet strawberry flavor was added to The Laughing Cow® range to appeal to South Korean and Chinese consumers. In the Middle East, a Labneh version of Kiri® was released, and a sweetened variety was rolled out in Japan and South Korea. Product recipes were also adapted to meet the nutrition needs of different populations. For example, in Egypt, The Laughing Cow® was specifically fortified to respond to calcium and vitamin D deficiencies observed in children. These optimized products were accompanied by instructive labeling to raise awareness about the growth and developmental benefits of these nutrients for children.

## MAKING OUR BRANDS ACCESSIBLE TO AS MANY PEOPLE AS POSSIBLE

As a global food group, Bel strives to make its brands as accessible to as many people as possible. Bel is leading several programs to improve product accessibility:

### CONTROLLING PRODUCTION COSTS

Bel is seeking ways to control the impact of higher raw material and energy prices through programs rolled out at all 27 plants.

### ADAPTING PRODUCT FORMULAS

Bel is developing local brands with specific recipes. These products offer nutritional quality and can often be stored without refrigeration. They are more affordably priced, in accordance with local purchasing power.

### DIVERSIFYING THE OFFERING

Because a growing share of populations in developing countries has very low purchasing power, Bel created the Bel Access division, aimed at making dairy goodness accessible to the greatest number of people by developing new products, specifically tailored to their nutritional needs.



## 5

## RESPONSIBLE BRANDS

**BEL'S POLICY FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)** is based on five pillars that represent real commitments to its stakeholders. The brands relay these commitments notably through advertising. Beyond making a purchase, consumers are looking for products that resonate with their awareness of social issues and their desire for commitment — for example, the societal commitment they sometimes see in the brands they buy. Brands must respond to consumer demand for product information. They must apply ethical principles in advertising, and even get involved in social and environmental causes.



get consumers involved in the cause. People were asked to join a great solidarity chain on the internet, by posting a photo of themselves wearing a red nose. The 5,500 photos posted at the site enabled the clowns to make 3,300 visits to hospitalized children.



In 2012, Mini Babybel® helped support Le Rire Médecin®, a French charity that has the same values of sharing, exchanging and laughing. The charity hires professional clowns to perform for hospitalized children to help raise their spirits and fight illness. In addition to providing financial support, Mini Babybel® set up the Big Red Nose Challenge to enhance and publicize the charity's initiatives, and to

In Lebanon, Picon® has partnered with the Arcenciel charity since 2010, for a program aimed at children called "The Happiness Heroes". The program seeks to get children involved in solidarity and sustainable development projects. Some 40 schools are participating in the operation.



### MORE INFORMATION...

**TO LEARN MORE ABOUT BEL'S EFFORTS IN THE AREA OF NUTRITION, SEE PAGES 44-45 OF THIS REPORT.**



# BRANDS WITH STRONG GROWTH POTENTIAL

## Focus on the African market

**BEL BRANDS ARE POWERFUL GROWTH VECTORS :** Close to consumers, synonymous with healthy fun and tailored to local eating habits, they are right at home in homes everywhere in the world. In Africa, the Group's flagship brand is The Laughing Cow®. Increasingly appreciated by an emerging middle class, the brand illustrates perfectly how Bel cheeses are capable of winning new consumers all over the globe.

Middle classes are developing new purchasing habits, using mobile telephones, the internet and home appliances, and they are going out to restaurants and supermarkets.

# A

available in Africa for 40 years, Bel brands have already attracted 150 million consumers, or nearly 15% of the continent's total population. The Group continues to grow there and

has set out to win over new consumers in Nigeria, Angola, South Africa, and Tanzania. In the next 20 years, Bel expects to welcome 200 million new African consumers into the big family of Bel brand fans.

### A FAMILY RESEMBLANCE

This goal is driven by a true economic and demographic revolution on the African continent, with the emergence of a middle class that has tripled in size over the past 30 years. This emerging class now encompasses more than 150 million people with average daily income of over \$4. The number of middle class people is expected to grow fourfold to 600 million by 2050. While not perfectly uniform, this population shares some common characteristics, such as limited family size, women who work, literacy, education, and a strong desire to educate their children. New purchasing habits are also developing, with the rise of mobile phone and internet usage, demand for home appliances and cosmetics, and outings to restaurants and supermarkets. African mothers, concerned about a balanced diet for their families, view cheese as an excellent way to get their children to eat dairy products.



These photos are from the Collateral Creation research commissioned by Bel to better understand the changing eating habits of African middle classes.



### KEY FIGURES / BEL IN AFRICA

# + 26%

**ADVANCE**  
in sales in 2012

# 2

**CORE BRANDS**  
The Laughing Cow®  
and Kiri®

# 3

**LOCAL BRANDS**  
Picon®, Régal Picon®  
and Les Enfants®

AFRICA ACCOUNTS FOR 40% OF THE LAUGHING COW®'S GLOBAL SALES. PORTIONS REPRESENT A QUARTER OF AFRICAN SALES.



**BEL IN AFRICA**

- **3,200 EMPLOYEES**  
**28% OF THE GROUP'S TOTAL HEADCOUNT**  
BEL'S SECOND-LARGEST EMPLOYMENT BASIN IN THE WORLD, 99.5%-STAFFED WITH LOCAL TALENT.
- **3 PRODUCTION SITES**  
TANGIERS, MOROCCO  
CAIRO, EGYPT  
KOLEA, ALGERIA

**FLAGSHIP BRAND**

To meet this emerging demand, Bel turned to its flagship brand in Africa, The Laughing Cow® and its wedged portions. The brand's format is a strong and effective response to the three-pronged problem in Africa of nutrition, food safety and cost. Studies by the World Health Organization (WHO) show that African populations suffer from protein and calcium deficiencies. With a vitamin-D enriched recipe, however, those needs can be addressed. The Laughing Cow® portion is also well suited to the scarcity of cold chain equipment in Africa's distribution channels. Lastly, sold at an average price of 15 eurocents, a wedge of The Laughing Cow® can be purchased even by people of very modest means. Sales of single-serving portions account for 25% of Bel's sales in Africa.

**KNOWING MORE ABOUT EXPECTATIONS**

To learn more about the aspirations and eating habits of these new consumers, in 2012, Bel commissioned a creative study by a unique company called **Collateral Creations**. Its co-founder, **Joan Bardeletti**, is a recognized specialist on the African middle classes, having reported, photographed and conducted sociological research on this subject since 2008. Using a shared methodology, divided into targeted themes and key countries based on their growth potential (Senegal, South Africa, Angola, and Nigeria), Bel is refining its understanding of the lifestyles and aspirations of this new class of consumers.

**FOCUS**

**IN APRIL 2012**

The Laughing Cow® was launched in Lagos, Nigeria. Thirteen sales people took the Bel-X-Sales course, a training program designed by Bel for its distribution partners. The portions sold in Lagos are made at the Bel plant in Tangiers, Morocco.



**FOR MORE INFORMATION**

➤ and photos, please visit our website [bel-group.com](http://bel-group.com) or read this QR code.

# BRANDS close at hand...

**BEL HAS FIVE UNIVERSAL BRANDS KNOWN THE WORLD OVER**, but it also has a family of 25 local and international brands that are equally iconic in the eyes of their consumers. From Régal Picon®, the Middle Eastern version of Belgium's Maredsous®, to Belcube® in Japan, discover some of the brands that have blended into the local culture.

SLOVAKIA'S FAVORITE  
CHEESE



**KARICKA®**

**(Slovakia)**

**THE BEST FROM MOM**

Karicka®, which takes its name from a traditional Slovakian dance, was first made in 1976. Its slogan, "The best from mom", highlights its important place in Slovak family hearts. The country's favorite cheese, the brand can be found in the refrigerator of one out of every two Slovakian homes. It accounts for 65% of Bel Slovakia's cheese production alone.



**MAREDSOUS®**

**(Belgium)**

**THE SECRET RECIPE  
OF BELGIAN MONKS**

In Belgium, more than one out of every two households buys Maredsous®. The recipe for this brand comes from the Maredsous Abbey, where Belgium's leading cheese is still ripened by hand. This traditional cheese remains perfectly in tune with modern times. It's available in a variety of formats, including logs for aperitif time, slices and spreads, etc.



**BELCUBE®**

**(Japan)**

**BELCUBE® : ADORED BY THE  
JAPANESE AND KOREANS!**

Belcube® is the brand name for Apéricube® in Japan, South Korea and the United Arab Emirates. Japan is the world's second-leading market for the min-portion aperitif-time cheese, after France. There, Belcube® is consumed with a glass of wine, for an aperitif-time "à la française". Specific flavors have been developed to match the type of wine tasted.

A FAMILY STAPLE



**REGAL PICON®**

**(Middle east)**

**THE CHEESE  
WITH THE BOY**

Introduced in the Middle East 45 years ago, this spreadable cheese is known everywhere in the region. It's the brand of reference for families seeking quality and affordable cheese. To better suit differing eating habits, Régal Picon® is available in tubs, jars and slices.

FRENCH STYLE APERITIF



**MORE BRANDS**

➤ Like to learn more about Bel brands?

Go to <http://www.bel-group.com/en/brands/brands> or read this QR code.



# 30 SECONDS TO GRASP

## BEL'S INTERNATIONAL SCOPE



Having implemented an international growth strategy early on, Bel has built a geographically well-balanced business with significant growth leverage. Present for many years in Africa, the Middle East and Asia, and more recently in Latin America, the Group is active in regions with strong potential for economic and demographic growth.

Bel's business, organized into five geographical regions, is located close to consumers to better apprehend local growth opportunities. The Group follows a leadership strategy in each of its markets. In 2013, Bel carried out a geographical reorganization of its activity. The present report reflects the geographical scope of the business in 2012.

## FIVE GEOGRAPHICAL REGIONS



**GREATER  
AFRICA**



**WESTERN  
EUROPE**



**EASTERN  
EUROPE**



**AMERICAS,  
ASIA-PACIFIC**



**NEAR AND  
MIDDLE EAST**



## NATIONALITIES WITHIN THE GROUP

# BRAND NEWS IN 2012

## AROUND THE WORLD

### WESTERN EUROPE

#### WESTERN EUROPE



#### Something new for Leerdammer®

Leerdammer® was given a new identity, a new logo and new packs.

#### FRANCE



#### One million fans for The Laughing Cow®

In October 2012, French Facebook page of The Laughing Cow® crossed the threshold of one million fans.



#### PORTUGAL

#### The Laughing Cow® ready for school

With a small rigid container, a kid could take two wedges of The Laughing Cow® to school without crushing them in the school bag. An idea too good to pass up!

#### FRANCE / GERMANY

#### New Leerdammer® flavors

Leerdammer® expanded its range of flavors with a new recipe and new packaging for special Croque Monsieur Leerdammer® slices in France and a new Mediterranean flavor in Germany.



EASTERN  
EUROPE

## POLAND

**New market for Bel cheeses**

Following the promising launch of The Laughing Cow® in Romania in 2011, The Laughing Cow®, Mini Babybel® and Kiri® set out in 2012 to conquer the Polish market.



## CZECH REPUBLIC

**New freshness**

Gervais Delicatessés® won over Czech consumers with its "à la française" flavors.



## GERMANY / ITALY

**Soccer in the cheeses**

Inspired by the Euro 2012 cup, Bel brands stuffed Kiri® packs with tattoos in Germany, and instructions on how to transform Mini Babybel® wax coatings into a soccer ball in Germany and Italy.



## UNITED KINGDOM

**Co-branding for Mini Babybel®**

Mini Babybel® and its "98% milk" slogan were printed on 5.5 million milk cartons distributed at Tesco and Sainsbury stores in the UK.



## FRANCE

**Kiri® launches www.cremedemots.fr**

In partnership with the Red Cross, Kiri® has launched the [www.cremedemots.fr](http://www.cremedemots.fr) website for parents and families who collect the funny things kids say. For every "cream of the crop" saying posted, 100 portions of Kiri® were donated to the French Red Cross.

## FRANCE

**Boursin® online**

In France, Boursin® beefed up its web presence with a new site and Facebook page to put some taste in your life!



## NETHERLANDS

**Award for Boursin® Minis**

In the Netherlands, a jury of consumers and professionals awarded the "FoodAward 2012" to Boursin® Minis.



# BRAND NEWS IN 2012

## AROUND THE WORLD

### AMERICAS, ASIA-PACIFIC



#### CHINA & SOUTH KOREA

##### **The Laughing Cow® sweetened**

Strawberry-flavored The Laughing Cow® was launched in China and South Korea, offering a sweet taste more in line with local taste buds.



#### UNITED STATES

##### **Cream cheese version of The Laughing Cow® rolled out**

Five new varieties were added to the Smooth Sensations range, including classic cream cheese, classic cream light, and light strawberry cream, cinnamon cream and garden vegetable versions.



#### MEXICO

##### **New tastes for Christmas**

Christmas lasted all year long in Mexico, as Bel took the wraps off Gouda-flavored Mini Babybel® and Mozzarella-flavored The Laughing Cow®.



#### JAPAN

##### **New packaging for Kiri®**



#### JAPAN

##### **New recipes for aperitif-time**

Three new Belcube® flavors were rolled out in Japan, including pizza, smoked cheese and fried onions, for elegant tasting at Otsumami (aperitif-time).





### MIDDLE EAST

#### A digital campaign for children

Since going live in 2010, the [www.albakara.com](http://www.albakara.com) website has attracted 15 million hits. In 2012, a digital nutrition themed campaign marked a new success, establishing an even stronger bond with children.

## NEAR AND MIDDLE EAST



### NEAR AND MIDDLE EAST

#### New formula for The Laughing Cow®

The Laughing Cow® introduced a "Body and mind" formula rich in calcium and fortified with vitamins D and B12, which contribute to good physical and cognitive growth.



### UNITED ARAB EMIRATES

#### Product of the year

The three original flavors of The Laughing Cow® were voted product of the year in the United Arab Emirates.

### MIDDLE EAST

#### A Facebook app for Kiri®

Kiri®'s Facebook page is winning fans in the Middle East and offering an app called the Memory Game. In six weeks, the page attracted more than 106,000 fans.

## GREATER AFRICA

### EGYPT

#### Promising launch of Kiri® Labneh

This creamier version of Kiri® is destined to win over families.

### ALGERIA



#### Recipes for all seasons

The leading cheese in Algeria can be cooked in summer as well as winter with The Laughing Cow® Chef recipe book, 2.4 million copies of which were distributed in 2012.



### ALGERIA

#### Kiri® in tubs

Kiri® was launched in tub format as Kiri® Délice in Algeria, with an ultra creamy texture in a generous 200g tub.



### MOROCCO

#### Contagious fun

The Laughing Cow®'s fun side was on display, when a flash mob turned up at a Moroccan supermarket for the launch of a new campaign. The internet video received 700,000 hits.

# BUSINESS IN WESTERN EUROPE

“



**ÉTIENNE LECOMTE**

Vice President Western Europe

This year, once again, the core brands grew their market share and consolidated their already largely established leadership positions in their respective segments.

”

**After two strong years of growth, with sales advancing 12% from 2009 to 2011,** Western Europe reported a virtually flat performance in 2012, with sales of 1.5 billion, up 0.4% over the previous year.

**The Group's core brands,** clearly given priority, maintained their momentum, growing nearly 3%. Their market shares increased as a consequence, with the core brands once again consolidating already largely established leadership positions in their respective segments.

**Sales of Mini Babybel®, backed by a new advertising campaign across Europe,** were particularly strong, rising nearly 7%.



SALES  
€ **1.5 BN**

UP 0.4%  
VERSUS 2011

Plants Subsidiaries Sales Offices R&D Centers Head Offices

**Boursin® also reported buoyant growth** of nearly 5%, thanks in particular to the successful launch of Boursin® cheese rolls. The Boursin® range was expanded to cover a number of new uses, from aperitif-time and the starter dish with Boursin® Salade, to the main course with Boursin® Cuisine and the cheese platter with Boursin® Original. Sandwiches were also targeted with Boursin® Tartine spread.

**Other core brands,** including The Laughing Cow®, Kiri® and Leerdammer®, also reported positive growth.

**Given the challenging economic environment in Europe,** which does not bode well for consumer spending, visibility is cloudy for 2013. However, the prioritization strategy, with targeted increases in advertising spending, should help keep the pace of growth for the core brands on an even keel with past years.

## KEY FACTS

### BOURSIN®

Boursin® cheese rolls were successfully launched, extending the product range to a wide array of uses.



### SPAIN

The Laughing Cow® helped Bel gain ground in Spain, where its sales advanced 10% over 2011.

# BUSINESS IN GREATER AFRICA



**CHAKIB SEDDIKI**

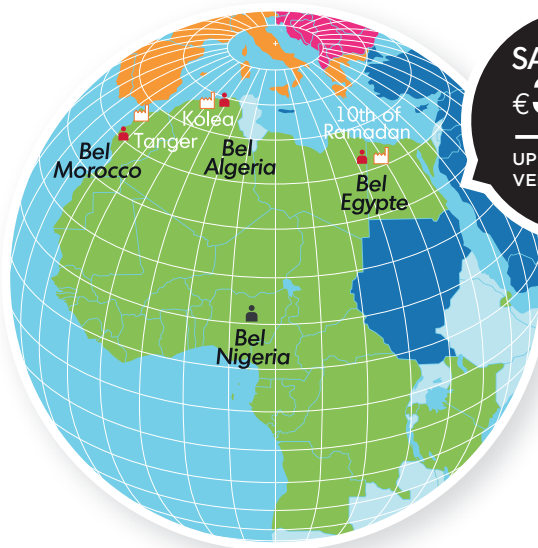
Vice President Greater Africa

The Greater Africa region contributed half of the Group's sales increase in 2012, although it accounts for just 13% of total sales. These figures reflect the strength of the Bel business model and our growth potential on the African continent.



**In 2012, sales advanced 26%**, marking a strong acceleration in growth for Greater Africa. The region's performance was fueled by double-digit growth in all activities. Remarkably, sales volumes in Libya made a spectacular recovery, increasing 35% over 2010, the last full year of activity before the 2011 civil war.

**The African continent hosts two flagship brands:** The Laughing Cow® remains the leader, growing at a 17% clip in Africa, which



Sales Offices Plants Subsidiaries

accounts for 40% of the brand's sales volume worldwide. Kiri® is a fast growing brand, with its sales advancing 35% in 2012, and doubling since 2009. Its growth has been driven by heavy marketing outlay since 2009, as well as the launch in 2012 of two new promising products, Kiri® Délice and Kiri® Labneh, sold in tubs for convenient family use.

**The Group's commitment to responsible and sustainable growth** in Africa continued to guide investment in 2012. Among other notable efforts, initiatives were undertaken to train employees and develop their skills. Investments were made to improve capacity, operating excellence and productivity at the region's three production sites. Sales representatives were put through the Bel X-Sales program. **Africa's macro-economic picture remains favorable** with GDP growth of some 5%, according to the IMF. However, competitive pressures are intensifying, and political stability

remains an issue in some territories. In 2013, more normative growth is expected for Africa, a region that Bel values highly and one that remains a confirmed growth market for the Group.

## KEY FACTS

### BEL ALGERIA CELEBRATES ITS 10<sup>TH</sup> ANNIVERSARY

Algeria is the world's leading market for The Laughing Cow®.

### SOCIAL CERTIFICATION

awarded to Tangiers plant. Bel is the first food company in Morocco to obtain this certification.

### A RECORD YEAR

for Bel in Morocco, as well as in Egypt and Libya, despite still volatile geopolitical conditions.

# BUSINESS IN NEAR AND MIDDLE EAST



**JOE TAYARD**

Vice President  
Near and Middle East

The responsiveness and commitment of the region's teams can once again be seen in the higher volumes achieved outside the complicated markets. We continue to lay the foundations for future growth in these territories.



**In a particularly volatile year**, the Near and Middle East successfully met its main challenges and overcame major crises in 2012, while keeping its fundamental medium and long-term business activity on course. The region posted strong volume growth versus 2011 in nearly all markets, and notably in the Gulf States, up 7%, the Levant, up 4.5%, and



Plants Subsidiaries Sales Offices

## KEY FACT

### PRODUCTION SITE TEMPORARILY CLOSED IN DAMASCUS, SYRIA

In July 2012, Bel temporarily closed its production site to ensure the safety of employees at its subsidiary in Damascus, following the unrest in Syria. The NME teams were particularly responsive in the face of the difficulties, notably setting up a new and efficient supply chain to continue meeting Syrian market demand and markets previously supplied by Syria.

Turkey, up 13%. The sole exceptions were Syria and Iran, owing to political and economic issues in those countries.

**Bel's positions in the region were consolidated** thanks to several strategic initiatives involving the brands, the price-promotion mix and distribution networks. Market share was maintained in the fiercely competitive Gulf States, thanks in particular to the Kiri® brand and the launch of a new vitamin B12-enriched formula of The Laughing Cow®. Bel's leadership position in the Levant countries held steady, with market share gains achieved in Lebanon by the local Picon® brand. The Group vigorously continued rolling out a distribution network in Iraq to preserve its

leadership position in a post-war environment that remains chaotic. In Iran, despite complicated conditions, Kibi® tubs (Kiri®) were successfully launched to complete the portions offering introduced two years ago.

**The reorganization of the NME's structure was completed in 2012.** In 2013, the NME expects to continue reaping the fruit its work on fundamentals in the most mature economies of the region, where cheese markets still have strong momentum and opportunities abound. At the same time, Turkey is poised to become a strategic staging ground, with improved production capacity, while the finishing touches will be put on the new manufacturing model for the growing market of Iran.



# BUSINESS IN AMERICAS, ASIA-PACIFIC



**FRÉDÉRIC NALIS**

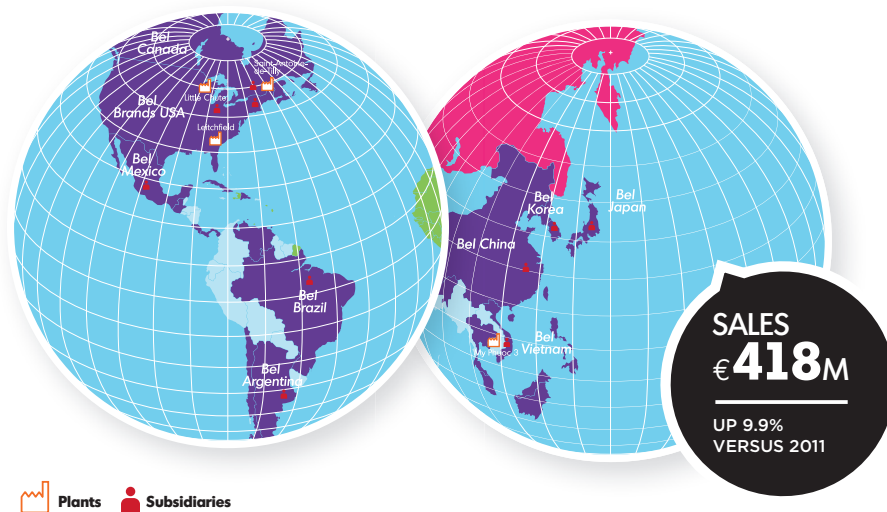
Vice President  
Americas, Asia-Pacific

The strategic choices made in 2012 proved to be the right ones, making the outlook for profitable growth optimistic.



**In 2012, the Americas, Asia-Pacific consolidated its positions** in the United States and Vietnam, two countries driving the region's growth.

**In North America**, Boursin® confirmed its strong growth potential, while a "cream cheese" version of The Laughing Cow® was launched to add to the original range. Mini Babybel® sales continued to increase, albeit at a slower pace after three years of extraordinary growth. The results achieved in North America confirmed the appeal of Bel cheeses in this territory. The excellent performance in Canada is also well worth noting, and once again confirms the relevance of Bel's business model.



**Other markets in the region reported satisfactory performances** as well, despite sometimes turbulent economic conditions and slower growth in Japan. Lower consumer spending in Japan led to more moderate sales growth for Belcube®, and Kiri® portions and blocks. Kiri®, however, remained the country's top cream cheese. The portions cheese market expanded, offering Bel strong potential for growth.

**In other Asia-Pacific markets**, 2012 was marked by the growing success of The Laughing Cow® and Belcube® in South Korea. Both products benefited from significant advertising outlay. Sales volumes climbed nearly 30% in a single year.

**In Vietnam, a key market for the Group in Asia**, business slowed in the first half of the year because of organizational and supply chain issues. The adjustments made, however, sparked a rapid return to faster and more sustainable momentum in the second half of 2012.

**In Latin America**, the Group continued to invest in developing its business and building its brands in Mexico, a market Bel entered three

years ago. Taking advantage of the dynamic economic conditions in South America, the Group set up a subsidiary in Brazil in 2012, and worked to develop The Laughing Cow® and Mini Babybel® brands in the region.

**In 2012, the strategic choices made for the Americas, Asia-Pacific region** proved to be the right ones, making the outlook for profitable growth optimistic.

## KEY FACTS

### CANADA

Boursin® sales volumes were up more than 30%.

### BRAZIL

Bel opened a subsidiary in Brazil.

### SOUTH KOREA

Sales volumes of The Laughing Cow® increased more than 70%, while Belcube®'s sales volumes rose nearly 30%.

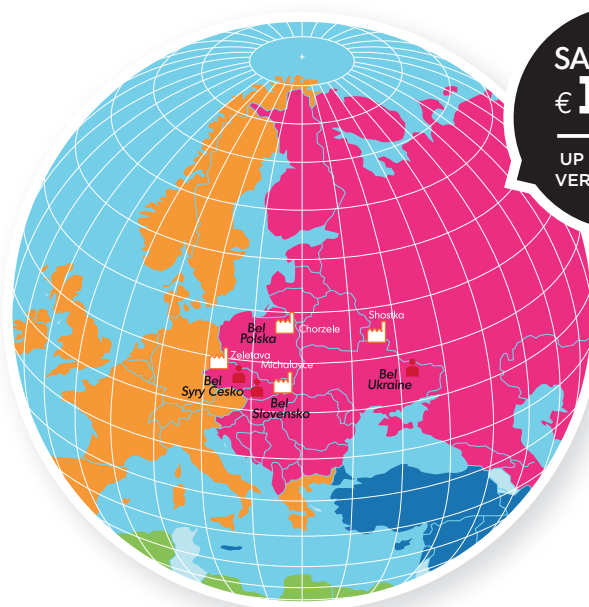
# BUSINESS IN EASTERN EUROPE



**PHILIPPE CHAMPLONG**

Vice President North East Europe

We returned to profitability in 2012, as a result of implementing a clarified strategy.



SALES  
€ **112M**

UP 8.4%  
VERSUS 2011

 Plants  
 Subsidiaries

## KEY FACTS

### UKRAINE

The Laughing Cow® adapted to local eating habits by adopting the block format. It now ranks number one in Ukraine's processed cheese market.



### LEERDAMMER®

Volumes grew more than 50% in the Eastern Europe region.

**F**or Eastern Europe, 2012 marked a return to sustainable growth. After three loss-making years, the region returned to the black in 2012, against a backdrop of favorable trends in raw material price. The satisfactory results were the fruit of a strategy aimed at accelerating the growth of Bel's core brands, up 55% versus 2011, simplifying the range of local brands and streamlining production facilities.

**In Ukraine, The Laughing Cow® blocks format** was a confirmed success, enabling the brand to take first place in the country's processed cheese segment. Leerdammer® also reported strong growth, with its volumes advancing more than 50%, thanks to a very proactive strategy to reintroduce the brand in the Czech Republic and Slovakia.

**The partnerships initiated with Danone enabled Bel brands** to take their first steps into the promising markets of Romania in 2011 and Poland in 2012.

**FY 2013 looks to be a year of consolidating** the return to profitability, notably by enriching the region's product ranges, a key driver of growth for Bel brands.

# BEL INDUSTRIES' BUSINESS



## STÉPHANE PAILLOT

Bel Industries General Manager

From a constraint tied to high whey prices, Bel Industries has found strengths by developing new export markets and products with lower protein content.



**In 2012, in a market environment with structurally high whey prices** bolstered by firm global demand, Bel Industries' sales contracted 3.6%.

Economic conditions eroded further in Europe, where sales fell sharply, while the share of exports grew. In 2012, exports accounted for 68% of sales, up from 58% in 2011.

To counter the significant rise in prices observed in the whey market, Bel Industries introduced a strategy in 2012 to diversify into new applications for specialty dairy proteins, which offer greater profitability. Sales momentum and extended product ranges bode well for a favorable upswing in 2013.

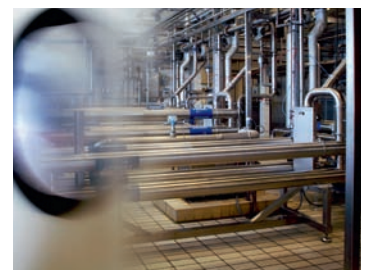


## KEY FACTS

The 2012 fiscal year marked Bel Industries' commercial development in South America and steady growth in Asia.

Conversely, volumes in Europe were down significantly from the combined effects of the economic crisis and weather conditions unfavorable to ice cream, the leading field of application for Bel Industries' products.

## BEL INDUSTRIES' BUSINESS



Bel Industries is the Group division responsible for marketing and selling specially prepared dairy proteins to meet the needs of food industry customers, who make such products as ice cream, yogurt and other foods that use dairy products. Its Nollibel® brand is the world market leader in its segment.

# BEL FOODSERVICE'S BUSINESS



## JEAN-THIERRY DUFORT

Bel Foodservice General Manager

Nutrition remains the core of Bel Foodservice's commitments, and a number of initiatives were undertaken in 2012, such as renewing the nutrition profile of the Kiri® portion.



## KEY FACTS

### CATERING

- Two product innovations: individual portions were launched for Boursin Tartine®, and Leerdammer Zig Zag® was introduced in France and Belgium.
- Nutrition profile renewed for Kiri® portions sold in Europe. Fat content was cut from 32% to 29.5% and salt content was lowered from 610mg to 570mg per 100 grams of product.

### INTERMEDIARY FOOD PRODUCTS

- Liebig® launched the "Doux plaisirs au Kiri®" product range, backed by a strong advertising campaign.
- McDonald's® selected well-known local Bel brands for its promotional campaigns. In Belgium, the fast-food chain added Maredsous® cheese to its menu to accompany its Belgo burger throughout 2012. In Portugal, it offered Terra Nostra® cheese on its McLutisano burger from the end of March to early May 2012.

**W**ith the market slowing significantly across Europe, and the economic crisis impacting the purchasing power of European consumers, thereby reducing visits to commercial catering outlets, catering sales volumes grew 1% in 2012. The best performing brands included The Laughing Cow®, up 5%, thanks mainly to business in France and Spain, and Boursin®, up 11%, following the launch of Boursin Tartine®.

The PAI (Intermediary Food Product) business continued to grow with its volumes rising by more than 10%. The uptrend confirmed the strong value added of Bel cheeses for the European food industry and fast food chains.



## MORE INFORMATION

FOR MORE INFORMATION ABOUT BEL FOODSERVICE AND INNOVATION  
SEE THE INNOVATION SECTION ON PAGE 56.



Pioneer / Research & Development / Expertise / Industry

# INNOVATION

~ **Review** ~

**Nutrition**

**IDEAS FOR SHARING  
A MORE BALANCED DIET**

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# IDEAS FOR SHARING A MORE BALANCED DIET

**Meal composition can vary significantly depending on whether the consumer is European, Asian, African or American. Too high in fat content in some countries and lacking in essential nutrients in others, all diets have their excesses and deficiencies.**

**W**ith over 400 million consumers in the world, Bel is responsible for delivering nutritional solutions suited to the specific needs of each population. That's one of the directions of Bel's innovation.

Cheese contains a number of nutrients, proteins, vitamins, minerals and mineral nutrients like calcium, all of which contribute to a balanced diet. It also contains fat, which is often eaten to excess in mature countries, but sorely lacking among some populations in emerging countries. So what's the best way to share the benefits of cheese with the greatest number of people, while taking into account the excesses in some plates and the deficiencies in others? One part of the answer is to develop specific nutritional formulations, formats and educational approaches for each territory where Bel cheeses are consumed.



## **165 million children**

**in the world suffer from stunted growth because of insufficient food intake, a diet poor in vitamins and minerals, inadequate healthcare and disease, according to a 2011 WHO study. Africa and Asia have the highest rates of growth retardation.**

## **1,900 calories**

**That's the recommended daily allowance of calories for an adult according to the United Nations' FAO (Food and Agriculture Organization). On average, Europeans eat 3,500 calories per day, double the recommended daily allowance.**



"Bel is committed to offering consumers products suitable to their nutritional balance."



**The portion, an asset for nutritional balance**

Offering cheese portions can help parents and children learn how to balance nutrition and quantity.

## Overnutrition and undernutrition

Food-related health problems in developed countries are often linked to a calorie intake that is too high, at a time when lifestyles are increasingly sedentary. This imbalance can lead to overweightedness, diabetes, cardiovascular disease and other illnesses. Conversely, it can also lead to deficiencies in essential nutrients and related health and developmental problems. Such undernutrition problems can be observed in some social categories in developed countries, while obesity and overweightedness can crop up in developing countries. This is what is referred to as the nutrition transition.

### INFORM AND ACCOMPANY

To familiarize Vietnamese mothers with the new product, Bel trained "ambassadors" to educate other moms about its nutritional benefits. Taking the educational road is something the Group has always done. In Africa and the Middle East, where cheese is eaten at breakfast, the packaging of Bel brands offer nutritional guidelines and provide examples of balanced breakfasts. Children are also directly sensitized to nutrition issues through appropriate campaigns. In the Middle East, for example, a digital advertising campaign operating since May 2012 asks children to help The Laughing Cow® and her two faithful companions, Karim and Sara, fight against monsters. Each monster represents an eating habit unsuited to the well-being of young children. In France, a call center allows consumers and canteen cooks to ask a team of dieticians questions. ●

### SUITABLE COMPOSITIONS

Bel is committed to offering consumers products designed to contribute to a balanced diet. The Group's nutrition policy is set by an in-house team of nutritionists and dieticians, who are supported by a committee of international nutrition experts. Bel teams also work with food sociologists, child nutritionists and other specialists. By taking into account all these recommendations, Bel's operating entities can design renewed recipes to be marketed with the aim of reducing fat and salt content, while boosting calcium rates.

### FROM AFRICA TO ASIA

Finding suitable formulations for the dietary balances already in force in the world's various regions is a simple and effective idea used by Bel. According to studies by the WHO

(World Health Organization), Africa suffers from animal protein and calcium deficiencies in the nutritional realm. To help fight against that imbalance, Bel has been enriching The Laughing Cow® portions it sells in the African market since 2008. Instead of 150 mg of calcium per 100 grams of cheese, the calcium content has been increased fourfold to 600 mg per 100 grams. Bel has also added vitamin D. In Asia, the Group rolled out an experimental product in Vietnam in 2011. Called Goodi®, it was based on dairy proteins and rice, and adapted to the nutritional needs of Vietnamese children. Based on initial feedback, the project was suspended in 2012, to optimize the product and better adapt it to local taste buds. The renewed formula will be launched in the market in 2013.







**Arnaud Laillou**  
TECHNICAL MANAGER,  
GLOBAL ALLIANCE  
FOR IMPROVED  
NUTRITION (GAIN)

INTERVIEW

## About GAIN

Founded in 2002 under the aegis of the United Nations, GAIN (Global Alliance for Improved Nutrition) was granted special international status by the Swiss government in 2010 for its efforts in fighting malnutrition. Headquartered in Geneva, Switzerland, GAIN has representation and country offices notably in Amsterdam, Singapore, London, Washington D.C., Afghanistan, Bangladesh, China, Ethiopia, Ghana, India, Indonesia, Kenya, and Nigeria.

## Three questions for ...

### **Arnaud Laillou develops public and private sector alliances to enrich the micronutrient content of food.**

#### **What are the primary nutrition challenges you take on? Which countries are most affected by these challenges?**

Our main challenge is fighting against hidden malnutrition arising from a lack of micronutrients vital to health and growth, such as iron, zinc, iodine, and vitamins A, D, B9 and B12. Iron deficiencies, for example, have no immediately visible impact on health but can lead to fatigue, attention-span problems and developmental issues among young girls. At GAIN, we work to improve the nutritional quality of food eaten primarily by Africans and Asians by enriching its vitamin and mineral content.

#### **How can the food industry help fight malnutrition?**

We work mainly with local food companies. We offer them micronutrient premixes for use in the food making process to vitamin- and mineral-enrich their products. We can also offer enriched foods to local populations at prices they can afford. This approach allows us, above all, to target everyday, heavily consumed foods. In Asia, for example, we have begun setting up very useful partnerships with vegetable oil manufacturers. We offer to enrich their oils with vitamins A and D, because despite the amount of sunlight in Asia, we have observed a growing vitamin D deficiency among Asian populations. Such a deficiency limits the calcium absorption needed for

healthy bones and can create more serious problems down the road. We work with global food companies in the same way and according to the same principle of adding micronutrients suited to the deficiencies of local populations.

#### **On what project are you working with Bel? What kind of partnership have you set up?**

We worked with Bel on the Goodi® project, a specialty cheese developed by Bel Access for the Vietnamese market. Bel consulted us about what kind of micronutrients should be added to the recipe. We recommended focusing on calcium, iodine, zinc and vitamin D content. We are awaiting the initial results of consumer tests now being processed.



# 30 SECONDS TO GRASP

## THE MEANING OF INNOVATION AT BEL



Innovation is the flagship component of Bel's culture. It is reflected in all phases of the design, production and marketing cycles of Bel cheeses. Bel teams invent and reinvent products by developing new tastes and textures, rethinking packaging design, improving portion formats and formulations, and crea-

ting new areas of branding and advertising. Further, they have demonstrated a remarkable capacity for developing very effective manufacturing processes and facilities, giving the Group a significant technological advance in terms of innovation.



**30%**  
**BUDGET**  
INCREASE

---

**EARMARKED FOR INNOVATION FROM 2009 TO 2012**

**180**



GROUP EMPLOYEES

---

**SERVE ON TECHNICAL TEAMS DEDICATED TO INNOVATION**



**8%**  
OF THE GROUP'S SALES

---

**WERE GENERATED BY INNOVATIONS LAUNCHED IN THE PAST THREE YEARS**

# FROM A TO Z INNOVATION SPELLED OUT

*Whether it's creating a taste sensation, generating surprise or developing a breakthrough, innovation at Bel always comes in multiple varieties and always creates value. This ABC primer offers a few of the main components of “Bel made” innovation.*



AS IN

## AMBITION

The aim of Bel's innovation department is to create the dairy blockbusters of tomorrow.



AS IN

## BEL INNOVATION FACTORY

That's the name given to the team responsible for development at Bel.

The Bel Innovation Factory can be found at three locations in France, including manufacturing sites where the Group has set up pilot workshops, and at Bel's headquarters, which notably hosts the teams in charge of packaging.



AS IN

## BREAKTHROUGH

Innovation at Bel is characterized by a drive to break through.

Historically, the Group has built its business by differentiating itself through innovation. From The Laughing Cow® wedge to Apéricube®, Kir®, Mini Babybel®, Leerdammer® slices, or more recently, Boursin® cheese rolls, all of Bel's core brands are based on a value proposition like no other - one that offers consumers tastes, formats, uses, and packaging that is totally new and fully suited to their lifestyles.



AS IN

## CHALLENGE

Challenges are an incredible source of motivation for Bel's innovation teams.

Want to make extra, extra small portions?  
Want to make cheese rolls from fresh cheese?

No challenge is too great, be it conceptual, technical or industrial.

## INNOVATION FROM A TO Z



AS IN

### GROWTH

**To achieve its goal of generating €3 billion in sales by 2015**, Bel leans on innovation, a key ingredient to winning new consumers and new markets. Bel's research and development is focused on four areas, including developing new premium products, improving product accessibility and affordability, developing new formats, and extending the ranges of its existing cheeses.



AS IN

### INDUSTRIAL

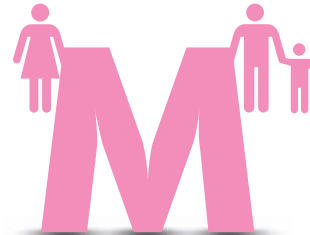
**At Bel, industrial and innovation go together hand in glove.** A true element of Bel's corporate culture and a key driver of its value added is the Group's ability to move from test development to the manufacturing phase. Technical prowess gained from industrial innovation creates strong technological barriers that keep the competition at bay. A specific Bel characteristic is that all of its innovation teams are integrated into the manufacturing division.



AS IN

### MINIATURIZATION

**Some Bel cheeses, and most of its core brands, share a common characteristic** – namely, the small individual portions format. The ability to design and manufacture miniature portions is an axis of innovation and a strong signature of the Group. To achieve of a very high level of miniaturization – say Apéricube®, for example – Bel has designed its own manufacturing equipment and/or adapted its existing machines to meet its needs.



AS IN

### MISSION

**The aim of innovation at Bel is to imagine and develop products that correspond to consumer needs in a sustainable way.**



AS IN

### RENEWAL

**Renewal means visibly improving an existing product and creating value for the consumer**, whereas innovation applies to new products and product extensions of existing ranges.



AS IN

### WOW !

**Wowing the consumer** is the key goal of innovation at Bel. To achieve the wow effect, consumer expectations have to be understood and anticipated. That's why Bel's innovation teams work far upstream in the innovation process with consumer panels to clearly identify preference drivers.

## 2012 INNOVATIONS

*In 2012, innovation at Bel led to the development of new products released in different markets.*

### BREAKFAST TIME!

The new Smooth Sensations™ range put The Laughing Cow® on American breakfast tables. Creamy and delicious, this new variety of The Laughing Cow® offers an ideal breakfast alternative. It comes in five flavors, including classic cream, classic cream light, garden vegetable, strawberry cream, and cinnamon cream, all in wedged portions containing just 45 to 55 calories.



### BOURSIN® : ALWAYS FRESHER



Store shelves in France and other European countries welcomed an extension to the Boursin® range. A fig and walnut addition was made to the fresh cheese's existing range of tomato, onion and chive flavors.

### KIBI®, A HIT IN IRAN

Kibi® (Kiri®) won widespread acclaim from Iranian consumers when its portions format was launched in 2010. In 2012, a spreadable version of Kibi® was introduced, offering families new ways to use the cheese.



### MINI BABYBEL® : A TASTE OF ITALY

Perfect for families, Mini Babybel® added a taste of Italy to its range with the introduction of a "mozzarella style" version of the cheese. It has won plaudits from moms as a healthy anytime, anywhere snack. Developed for the American market, the cheese comes in a light version and has adopted milder flavors.





*Here are few examples  
with no shortage of flavor...*



## LEERDAMMER®, A SMOKY FLAVOR THAT CHANGES EVERYTHING

Czech and Slovak consumers got a new taste of smoky flavored Leerdammer® slices. The new product has enabled Bel to take its first steps in the flavored hard cheese segment of these two markets.



## VESELÁ KRÁVA® CHANGES ITS FORMAT

In the Czech Republic, The Laughing Cow® adopted a rectangular format favored by local consumers. Three flavors were rolled out, including classic, olive and onion roasted.



## NEW FLAVORS IN MEXICO

Mexican consumers discovered new Bel innovations in taste, such as chili and mozzarella-flavored The Laughing Cow® and Gouda-flavored Mini Babybel®.



# INNOVATION ON AN INDUSTRIAL SCALE

*Bel has developed a strong culture of innovation throughout its production process. Its capacity for making technological breakthroughs is a key reason why the Group stands out and stays ahead.*



**“INNOVATION IS  
HISTORICAL AND  
CULTURAL AT BEL,  
IT’S PART OF OUR  
DNA”**

**Hubert Mayet**  
Vice President, Group Manufacturing Operations

## INTERVIEW WITH HUBERT MAYET

Vice President,  
Group Manufacturing Operations

### How would you describe industrial innovation at Bel?

First of all, we have a long history of industrial innovation. If you look at the Group’s major innovations, you can see the technical and manufacturing aspects from the outset. A technician came up with the idea for Mini Babybel®. He thought that we could reduce the 200-gram format, and he developed the technique needed to make that happen.

Innovation is also and, above all, cultural. We don’t set any limits for ourselves. It’s in our DNA. And our CEO continues to believe very strongly in the power of innovation.

### So is there an innovation process specific to production?

There are past examples of that, a good one being the creation of Apéricube®. That flagship Bel product stemmed from an idea in the 1960’s, to offer product samples to our consumers. When you talk about samples, you are talking about miniaturization. The teams back then

took machines from another industrial sector entirely and completely adapted them to make what is today Apéricube®. Although the days when we made our own machines are gone, adaptation remains key to innovating today. We still have a strong manufacturing culture, and we work very closely with the R&D and marketing teams to realize concepts such as the recently introduced Boursin® cheese rolls and The Laughing Cow Pik & Croq®.

### What factors have changed industrial innovation over the past few years?

## INDUSTRIAL INNOVATION



major international brands. We have to ensure the same quality standards everywhere in the world. That's a very stimulating challenge for innovation. Accordingly, we have developed three cross-sector programs, including Boost, Tempo and Formules (see sidebar), which are deployed at all our production sites.

### Can industrial innovation be exported?

Yes, of course. That said, for each core brand we have production sites with state-of-the-art innovation capabilities that we use as benchmarks and centers of excellence. These are used as pilot models whenever we build a new site in another territory. In June 2012, we began the construction of a Mini Babybel® plant in Brookings, U.S.A. We are applying the best from our Evron pilot site in France, to build the plant in South Dakota.

International growth has been a key factor for industrial innovation. There are now 27 Bel production sites in the world, six of which are in France. Rolling out manufacturing in new territories has taught us to adapt our models to local limitations and opportunities. Innovating also means adapting.

### What are the hurdles of such international expansion?

Our demand for quality is exacting and underpinned by the fact that we produce

## A PANOPLY OF PROGRAMS FOR INDUSTRIAL INNOVATION



### THE BOOST PROGRAM

**Aims** to reduce all types of production losses and improve productivity.

**Deployed** at 17 plants at present, Boost will be gradually rolled out over time at all Group plants.

### THE TEMPO PROGRAM

**Aims** to streamline the maintenance costs of Bel's manufacturing activity.

**Deployment** began following the 2008 Tempo program launch to redefine maintenance policies across the Group. In 2012, all Bel manufacturing sites had implemented the Group policy for processes and best practices.

### THE FORMULE PROGRAM

**Aims** to optimize the nutritional quality of our recipes while lowering raw material usage.

**Deployment** continued in 2012, with the Group's efforts to optimize its formulas and recipes.



# THE ENVIRONMENT

## AN INNOVATION DRIVER

*Bel is committed to reducing the environmental impact of its activities. This commitment is itself a strong driver of innovation and the spark for constant improvement. Explanations and examples follow.*



In just two years, Bel's plant in Cairo, Egypt reduced its water consumption by a third per metric ton of cheese produced.



A biomass boiler cut greenhouse gas emissions by 9,400 metric tons of CO<sub>2</sub> at Bel's Cléry-le-Petit site in France.



### WATER CONSUMPTION

First introduced in 2010 in regions with scarce water resources, the Wasabel (Water Saving At Bel) method for reducing water usage enables all Group sites to take stock of their water consumption and to prepare action plans according to a model shared across the Group.

Bel's plant in Cairo, Egypt cut its water usage by a third per metric ton of cheese produced in just two years. The savings amounts to 35,000 cubic meters of water per year. The improvement stemmed notably from the installation of a closed-circuit cooling system capable of reusing the water.



### ENERGY CONSUMPTION

From 2008 to 2012, the Group reduced its consumption of natural gas and petroleum products by 18.4%, and cut its electricity usage by 2.8%. In 2011, Bel adapted its Wasabel methodology to energy consumption, to accelerate the initiatives already undertaken. The resulting Esabel (Energy Saving At Bel) program enabled the Group to set new targets for cutting natural gas and petroleum product usage by 20% between 2012 and 2015. Further, Bel has begun using renewable energy sources. In February 2012, a first biomass boiler was installed at the Cléry-le-Petit production site. The new biomass boiler, which burns wood from brush-cleared forests, has cut the plant's greenhouse gas emissions by 9,400 metric tons and provides 70% of its energy needs.



## INNOVATION AND ENVIRONMENT

### 2008 – 2012 KEY FIGURES

# -19.8%

The decline in water consumption in cubic meters per metric ton of cheese produced.

2012-2015 goal: **-20%**

# -18.4%

The decline in electricity usage in MW hours per metric ton of cheese produced.

2012-2015 goal: **-20%**



### WASTE PRODUCTION

Optimizing the use of raw materials, whether food or packaging, is a priority for Bel, which favors reducing all its consumption at the source. The Group has established programs to minimize food waste production during the cheese making process. Whenever some waste production is unavoidable, Bel seeks to recycle the waste as much as possible.

Bel has always designed its packaging to ensure that only a bare minimum of materials are used to meet technical demands and regulatory requirements, while maintaining the vital functions of its packaging, including health, food safety, food conservation, consumer information, and other functions.

Beyond source reduction, Bel also follows its ecodesign approach to packaging when selecting the materials to be used, with environmentally friendly materials favored. In 2008, the Group signed a commitment with French public authorities to reduce its packaging volume over a five-year period, as part of France's Grenelle environmental initiative. The commitment specified a reduction of 1,500 metric tons of packaging, all types included. Nearly 1,660 metric tons have been cut, representing an 8% decline in the packaging produced and introduced in the French market.



**FOR MORE INFORMATION**

SEE THE CSR DASHBOARDS ON PAGE 80.

## News



Bel plant in Vietnam

### WASABEL AND ESABEL IN PLACE AT 90% OF SITES IN 2012

In 2012, 25 of the Group 27 production units had implemented Esabel and Wasabel programs. The two plants not yet involved will kick off programs in 2013.

### BEL SEES GREEN IN THE NETHERLANDS

In 2012, for the second year in a row, Bel won the "Lean and Green Award" in the Netherlands. The award recognized the Dutch subsidiary's efforts to lower the environmental impact of its logistics activities, and in particular the advances



made via its participation in the government's sustainable logistics program.

## INNOVATION AND INDUSTRIAL PARTNERSHIP

# INNOVATING TO SERVE THE FOOD INDUSTRY

*Bel Foodservice makes Bel's brands and cheese knowhow available to Europe's catering and food industry.*

*To meet the highly specific expectations of these professionals, Bel Foodservice innovates to offer suitably adapted formulations, recipes and packaging, as well as innovative concepts.*



- 1 Puff pastry with Boursin®
- 2 Leerdammer®'s hot bread concept in Germany
- 3 The real Leerdammer® potato lunchbox
- 4 The Boursin® Tartine portion

**B**el Foodservice has two activities. First, its catering business serves the institutional catering segment (e.g., hospitals and company canteens) and the commercial catering segment (e.g., fast-food restaurants, cafeterias, etc.).

**Its second business**, PAI (Intermediary Food Products), serves the European food industry and fast food chains. Professional catering product needs differ from those found in the consumer market. The role of Bel Foodservice teams is to identify the catering sector's specific needs and constraints and to transform them into a product platform. For example, the recipe for Boursin Tartine® portions served to children

in school canteens is similar to the traditional recipe, except that its garlic and fresh herbs taste is less intense to better match young palates. These portions are also vitamin-D and calcium enriched to meet the regulatory requirements of school canteens.

Another example is the launch in Germany of the Leerdammer® "hot bread concept", a hot sandwich package sold to bakeries that includes Leerdammer® cheese, grilled bread, recipes and posters.

**Bel Foodservice PAI (Intermediary Food Products)** offers Bel cheeses to the food industry and European fast food chains as a high value-added ingredient for new product development.

Bel teams at the Lons-le-Saunier plant, for example, developed an industrial version of processed Leerdammer® cheese available in 10 kg packages. This recipe improves Leerdammer®'s unique taste when used for cooking and enabled ready-meals company Fleury Michon® to launch a new "Potato, Leerdammer® and Bacon" lunchbox offering at large and midsized supermarkets. It also enabled the Farmor food company to offer Leerdammer® as part of its "Cheesy" offering at Quick fast-food restaurants in France and Belgium from October to December 2012.

INVOLVED

ENTHUSIASTIC

PARTNERSHIP

TEAMWORK

# PEOPLE

REVIEW

THE BEL MINDSET

SMILES  
**THAT BRING  
US TOGETHER**

LAURA  
CSR PROJECT LEADER



# SMILES THAT BRING US TOGETHER

IN 2009, BEL CHANGED ITS CORPORATE IDENTITY AND ADOPTED A SIGNATURE UNLIKE ANY OTHER — “SHARING SMILES”. THIS CREDO REFLECTS THE ENTHUSIASM AND OPTIMISM FOUND IN THE GROUP’S DNA, BUT IT ALSO REPRESENTS A CORPORATE COMMITMENT IN A CLASS OF ITS OWN. HERE’S A LOOK BACK AT AN ICONOCLASTIC CHOICE AND THE BONDS IT HAS HELPED TO BUILD INTERNALLY WITH EMPLOYEES AND, INDEED, ALL STAKEHOLDERS.

One year after the beginning of the financial crisis, which is still affecting most economies, the Bel Group took a stand against the prevailing environment. In the face of economic adversity, a climate of mistrust and caution, Bel, a French company active around the world, answered with smiles. It was an audacious and singular choice – a fulfillment-oriented one aimed at enriching the professional values declared by companies in France and abroad, starting with innovation, quality and customer satisfaction<sup>1</sup>.

## SMILES, HISTORY AND VISION

Smiles, of course, are a reference to the company’s history. Bel owes its modern-day success to over a century’s worth of ingenuity, winning spirit and enthusiasm for meeting its challenges. But sharing smiles is also a way to project oneself into the future, as Group CEO Antoine Fiévet says, “This signature encapsulates the building blocks of how we want to work and the way we already work. Sharing smiles is a simple and universal need. For our company, it’s also a demanding position to adopt, one that implies commitment and the means to develop the men and women

in our ecosphere. And, of course, for our employees, first and foremost.” Making the company a place for professional and personal fulfillment is, in fact, one of the commitments that Bel has made. “We believe that the enterprise should be a place where everything is possible, where thinking out of the box is permitted,” adds Guillaume Jouët, Vice President of Human Resources, Communications and Corporate Social Responsibility. “Our commitment to creating the conditions for well-being and fulfillment also requires that our employees get involved and project themselves into the Bel of tomorrow.”

## SMILES, A FACTOR IN MAKING PROGRESS

Smiles are needed more than ever at a time when the planet is questioning its growth model and its future, a time of much anxiety and difficulty in projecting oneself into the future. This period of doubt, however, also provides an opportunity to invent new ways of doing things and sharing the value created. “Corporate responsibility just keeps growing and growing, which makes this a fascinating and enthusiastic time,” says Antoine Fiévet. “Bel intends to play a role in this new environment.



**“We have a social project that consists of sharing smiles with everybody around us”.**

**Guillaume Jouët**

Vice President Human Resources, Communications and Corporate Social Responsibility

We have a social project that consists of sharing smiles with everybody around us, from our employees and partners to civil society. It’s part of our DNA, and it can be found in our commitment to build sustainable bonds, as well as in our corporate foundation and our CSR policy.”

1. Source: International Index of Corporate Values®, 2013, Wellcom





# WHEN BEL SELECTED BROOKINGS FOR ITS NEW MINI BABYBEL® PLANT



INTERVIEW

## Four questions for...

**Francine Moudry**, project leader of the Mini Babybel® plant construction in Brookings, SD, U.S.A.

### Why did the Group choose Brookings for its site location?

Brookings has an accumulation of strengths:

- The town is located in a growing dairy producing region;
- It has university dairy program, of which we plan to take advantage for training our future employees;
- Lots of students graduate each year, and the local population is a resource pool of qualified, potential employees;
- Lastly, the state of South Dakota and the town of Brookings have made a strong commitment to accommodating new industrial projects.

### What ties has Bel made to the various communities in Brookings?

Bel's arrival has stirred a lot of interest and enthusiasm in the area. Naturally, we sought to establish ties to dairy farmers,

the town and the university, with which, for example, we are organizing site visits for dairy engineering students. We are also involved in two initiatives on behalf of children and their well-being. With the college of Education and Human Sciences, we support the Brookings Boys and Girls Club, which encourages eating a healthy diet. With the support of the Bel Foundation, we are participating in the Brookings Backpack project, which offers balanced meals to disadvantaged children.

### How is Bel perceived in various communities?

Bel's arrival in the area was viewed as a major event. We are particularly appreciated for our values and our commitment to openness and integration into the community.



### BEL'S THIRD PLANT IN THE U.S.

*In 2012, Bel began the construction of its site to produce Mini Babybel® in Brookings, South Dakota. The plant, built in accordance with the LEED (Leadership Energy and Environmental Design) standard, will be operational in 2014.*

### What are some of the main opportunities for talking and interacting with the communities?

We are involved in various projects. We introduced the Group and our industrial project as soon as we got here. We have participated in numerous local events. We are currently working on long-term partnerships with the College of Education and Human Sciences at South Dakota State University. Bel Brands USA is offering scholarships to students in the dairy engineering program at the university's College of Agriculture. We are also members of the Chamber of Commerce and the Brookings Economic Development Corporation. Bel has integrated fully into the local social and economic fabric.

# 30 SECONDS TO GRASP

## THE BEL MINDSET



As a family company, Bel holds human values that have distinguished the company and its performance for nearly 150 years. Backed by a strong culture, and confident of its business model and resources, Bel delivers on its enthusiastic promise of sharing smiles. Bel shares its promise first with its employees by developing a motivating workplace, full of

opportunities to advance and grow. With its suppliers and partners, Bel shares the same desire to grow and develop together by sharing challenges and rewarding success. With civil society, Bel seeks to create and share fun by supporting initiatives that help bring smiles to the greatest number of people, and children in particular.

**5**  
**HUMAN  
VALUES  
UNDERPIN  
THE BEL MINDSET**



**10,600  
EMPLOYEES**



**49  
NATIONALITIES**

EMPOWERMENT, DEVELOPMENT, RECOGNITION AND WELL-BEING

# THE FOUNDATION OF BEL'S EMPLOYMENT POLICY

*As family enterprise, Bel focuses on well managed and sustainable growth momentum, backed by the commitment of its employees. The "Sharing smiles" signature reflects Bel's conviction that team enthusiasm, entrepreneurial spirit and skills development are key factors for successful performance.*

**T**he Group's human resources policy highlights everyone's commitment and accountability, notably through a social charter, internal promotion measures and a culture of constructive labor-relations dialogue. Explanations and examples follow.

## A SOCIAL CHARTER FOR SHARED COMMITMENTS

To keep its convictions at the heart of its management model, Bel shares fundamental commitments with all its employees around the world in the People First social charter. Four commitments unify the company, its managers and its employees, thereby ensuring the development of Bel and its teams.

## KEY FIGURES

# 70%

of key positions (managerial functions) are held by internally promoted candidates. That's a measure of strategic continuity and a way to strengthen the Group's values and culture.

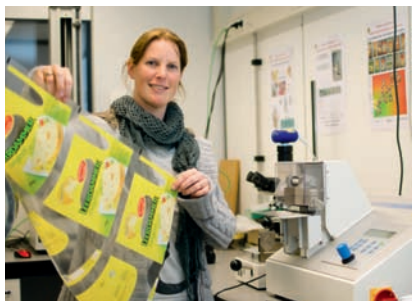


## DEVELOPING TALENT IN AN INTERNATIONAL GROWTH ENVIRONMENT

To accommodate the growth strategy, especially in international markets, Bel's human resource teams follow a strategy of recruiting and developing local talent, particularly in emerging markets, where qualified profiles in the food industry can be rare. Beyond the appeal of its brands, Bel is seen as an attractive and responsible employer by virtue of its internships, talent farms and integration programs.

Further, Bel seeks to motivate its employees to grow along with the company. In this area, training and mobility are key to a successful career. With 25 programs offered by the Campus, the Group's university, Bel is increasingly accommodating the development of its employees. In the area of mobility, the HR teams take into account the company's needs, the mobility ambitions of its employees and their potential. To help the process along, the Group maps out career paths, giving everyone markers along the various possible paths to growing within Bel.





## KEY FIGURES

91%

of Bel's employees worldwide benefited from healthcare coverage in 2012



### BEING A VEHICLE FOR SOCIAL PROGRESS FOR OUR EMPLOYEES

With 34 locations on five continents, Bel must face a variety of labor-related legislation and regulations. For example, just 20% of the world's population has appropriate social coverage, and 50% has none at all\*. As a responsible and equitable company beyond its home frontiers, Bel offers all its employees a minimal base package of benefits, regardless of the country's legally mandated framework. Accordingly, over the past two years, the Group has developed a benefits policy (health, disability and death coverage) for all its subsidiaries. In another area, Bel seeks to strike a good work-private life balance for its employees and encourages its subsidiaries to offer paid vacation time of at least three weeks a year for all employees, particularly in countries where there are no legal obligations to do so.

### A CULTURE OF PERMANENT LABOR-RELATED DIALOGUE

Traditionally committed to labor-related dialogue, the Group has built constructive relationships with its labor partners in Europe. It's only natural that Bel should continue this culture whenever it builds a presence close to its markets in other locations. Since 2010, the Group has considered ways to conduct good labor relations in countries where such dialogue is not required, leading it to draft a charter establishing a minimum basis for dialogue.

Today, at a minimum, all Group plants have workplace health and safety committees. Many of the sites also have elected personnel representatives to ensure regular dialogue between management and employees, to align economic and social development more closely.

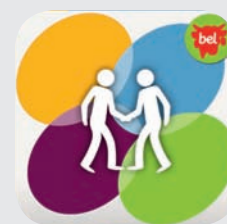


## KEY FIGURES

27%

The mobility rate for managers in 2012

## COMMITMENTS IN THE PEOPLE FIRST SOCIAL CHARTER



### "ENJOY OUR WORKPLACE"

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

### "EMPOWER EVERYONE"

Creating an appropriate work environment where all employees contribute to the Group's success in an autonomous, involved and responsible way.

### "GROW TOGETHER"

Developing talent through experience, training and exposure to new opportunities.

### "SHARE SUCCESS"

Sharing value-created in a transparent and equitable way.

# PEOPLE FIRST MUTUAL COMMITMENT IN ACTION

*People First, the Group's social charter, is common to all Bel employees. A year after its release, the charter has become the cornerstone of the Bel's HR culture. A look at initiatives undertaken at Group sites and subsidiaries around the world in 2012.*



AS IN

## "BEST AND BRIGHTEST"

**In 2012, Bel's U.S. subsidiary, based in Chicago, was ranked as one of the best places to work for the third year in a row.**

The subsidiary was applauded for its "work and private life balance", "competitive salaries" and "employee recognition and loyalty".

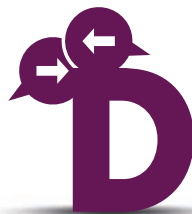


AS IN

## CHAMPIONS

**These are the Bel employees around the globe who helped the human resource teams roll out the employee opinion survey, set up workshops and prepare improvement plans for each function.**

In the Greater Africa region, Egyptian and Moroccan champions were the first to conduct the opinion survey and assess its results. Taking advantage of the experience they gained, they then helped their Algerian colleagues deploy the same process.



AS IN

## DIVERSITY

**Bel Brands USA sought to promote diversity within its teams** by holding diversity-themed meetings (seniors, disabled, etc.) each month throughout 2012.



AS IN

## EQUALITY

**Workplace equality among men and women in France gained new momentum with the unanimous approval of an equality agreement signed in May 2012. The three-year agreement is based on four principles:**

Equality in the recruiting process; Equality in the treatment of men and women in terms of career development and wages; the development of actions to promote a better work-private life balance; Improved working conditions for pregnant women.

## PEOPLE FIRST IN ACTION



AS IN

## FEEDBACK

**Fifty-three percent of employees who responded to the internal opinion survey said they wanted more feedback from their managers.** As a result, a training program called “How to give and receive effective feedback” was put together for 2,000 managers. The first session got under way in October 2012.



AS IN

## RESULTS

**The participation rate of the first International Opinion Survey was a strong 73%, underscoring the interest and trust employees have in sharing their opinions. Among the results, three points strengths were identified:**

- the autonomy and empowerment offered to employees;
- the Group’s seriousness and efforts in terms of safety;
- the role of management.

**Conversely, two points of attention emerged:**

- workers and technicians felt there was a lack of information about reward systems; a lack of communication was expressed among all employees about career development.

**Programs to resolve both issues were rolled out in various Group countries in 2012.**



AS IN

## TRIPARTITE

**The People First charter spells out Bel’s commitments to its employees to ensure their development,** as well as what Bel expects in return from its managers and employees.



AS IN

## PLAY

**In 2012, 2,000 Bel managers were given the opportunity to play games to enhance their managerial skills.**

A game called “The People First Experience” was rolled out in 16 languages to encourage teams of managers to ask each other questions about managerial practices. It was a fun way to share experiences and to identify other managerial practices.



AS IN

## TRANSPARENCY

**To respond to the perceived lack of information about the rewards system, Bel France issued the “Guide to overall compensation” in 2012.** The guide explains how salaries are calculated and wage trends over time, as well as the terms and conditions of healthcare, retirement and other benefits.



AS IN

## SAFETY AND HEALTH

**Seventy-two percent of employees believe that safety is taken very seriously at Bel. To make further improvement in this area, a number of initiatives were launched in at various sites in 2012:** Safety days were held in France, Portugal, Spain, and the Netherlands as part of European safety week; In France, 2,000 safety habit visits were carried out as part of the Bel Behavior-Based Safety program; Bel Egypt’s Health and Safety program was beefed up, notably in terms of sub-contractor selection, welcome and safety procedures.

# COMMITMENTS THAT BRING US CLOSER TOGETHER

*Bel's corporate social responsibility is based on five pillars that guide the commitments it makes with stakeholders. In its relations with dairy farmers, suppliers, employees, and civil society, Bel seeks to generate shared momentum to build sustainable growth.*

## 3,300 DAIRY PRODUCING PARTNERS

Milk and dairy processed products are the raw materials used by Bel to make all its cheeses. In 2012, most of the 3,300 dairy farmers from which the Group directly collected 1.6 billion liters of milk, are located in the Netherlands, France, Portugal, Slovakia, and Ukraine. As with most of the world's dairy farmers and producers, these producers are questioned about the environmental impact of their activities, from greenhouse gas emissions to effluents and biodiversity, as well as about the humane treatment of dairy cows. Bel has the will to help continuously improve their practices and limit their environmental impact through a variety of methods suited to local realities.



### Netherlands

The Cow Compass management process helps dairy farmers guide and improve their farming practices, notably in regards to cow health and well-being. In 2012, 23% of Bel's producers were using the process. The goal for 2013 is to reach 35%.

### France

All Bel dairy suppliers in France have signed the "Dairy Farmer Best Practices Charter". This initiative by France's inter-professional dairy industry keeps track of and helps dairy producers improve their

practices in herd identification and health, cow feeding and care, milk quality, environmental concerns, and personnel safety.

### Portugal

Bel developed a best practices management process based on France's dairy farmer charter. Cow tracking, feeding, identification, care practices and milk quality are all part of the self-assessment items available to producers, who are audited by Bel's dairy production advisers. Launched in 2012, this initiative will be extended in 2013.



## BEL AND ITS PARTNERS

### KEY FIGURES

Nearly

# 350

suppliers were assessed with EcoVadis® from 2009 to 2012.



**Bel is seeking to get involved in more sustainable dairy production through an ongoing process to improve the impact of its feed and livestock-related activity. In November 2012, the Group**

**established a three-year agreement with WWF France to help it identify the main areas to target and to get involved in the process.**

### Ukraine

Bel is working mainly with large dairy farms in the Ukraine, where it offers advice notably in the area of cow feeding. In 2013, a partnership with a local university will be set up to work at pilot farms to lower production costs and improve dairy production and feed ration efficiency.

### Slovakia

In 2012, Bel held its first information meeting about animal feed. The Group is seeking to strengthen its ties to dairy producers through awareness programs.

The Group is also supplied by dairy cooperatives and processors, as is the case, for example, in the U.S. In such cases, business relations are based on Bel's responsible purchasing process.

### RESPONSIBLE PURCHASING POLICY

Because the Bel Group has grown internationally, its suppliers operate in very dissimilar cultural and socio-economic environments. Bel's responsible purchasing policy is designed to take into account environmental, social and societal criteria when selecting suppliers.

### The policy is based on three fundamental

- 1 Training and empowering buyers and some ordering parties in how to apply an ethical purchasing charter, use the Sustainable Purchasing Charter published in 2010, follow specific responsible purchasing training, and roll out an improvement plan to a supplier following an assessment;
- 2 Change internal purchasing and procurement practices;
- 3 Assess suppliers' CSR performance using the supplier evaluation process introduced in 2009 and by following management rules for re-evaluating low scoring suppliers.

## RESPONSIBLE PURCHASING



### ECOVADIS® EVALUATIONS

In accordance with Group targets set in 2009, nearly 350 suppliers from identified priority procurement families and/or countries were assessed using the EcoVadis® method from 2009 to 2012. The method is used to evaluate supplier CSR performance and to request improvements, if needed.

In 2012, suppliers representing 43% of total purchases, excluding milk collection, were evaluated. Suppliers managed by local buyers were the main focus of the 2012 evaluation campaign, which touched one quarter of all supplies assessed and managed by local buyers.

### 2013

In 2013, the Group will continue its evaluation and supplier outreach process with the rollout of improvement plans.



### FOR MORE INFORMATION

TO LEARN MORE ABOUT BEL'S CSR POLICY,  
SEE THE CSR REPORT AT [WWW.BEL-GROUP.COM](http://WWW.BEL-GROUP.COM)

# FEEDBACK

*A long-time Bel partner, Rexor notably provides metalizing and coating/lamination work for the packaging industry. The company has been using EcoVadis® since 2009.*



## INTERVIEW WITH DELPHINE BLANCHIN

### What's your view of this evaluation process?

The process is fully in line with the values that Bel is trying to promote. It's an investment arising from a long-term partnership, and with three years of experience under our belt, we can clearly see the utility of this assessment for Bel. The goal really is to improve, and we feel like we get help and support from all our



**"BEING ABLE TO MEASURE OUR EFFORTS WITH THIS EVALUATION PROCESS IS VERY USEFUL"**

**Delphine Blanchin**  
QHSE manager for Rexor, in France's Isère Department



contacts at Bel, whether it's the purchasing, quality, technical or R&D department.

### You have been conducting the self-evaluation process for three years now. What have you learned from it?

We are very satisfied with the evaluation. From 2009 to 2012, we have made headway in four of the assessment's major areas, including the environment, labor-relations, ethics and the supplier process. We score highest against the benchmarks in the environmental and labor-relations areas. We still have room to improve, notably in formalizing our business ethics and supplier relations processes.

### In concrete terms, what has the process done for your business?

The process has been an opportunity for us. Up to now, no other client had undertaken a similar process. It provided us with a way to measure our positioning by suggesting areas where we could improve. Since 2012, we have capitalized on the process by using it as a communication support with our other partners. Rexor is an SME with 110 employees, and we try to follow a CSR policy proportional to the size of our business and headcount. Being able to measure our efforts with this evaluation process is very useful.



### Have you put any particular action plans into place as a result of the evaluation process?

A number of initiatives were already started, but we have accelerated them since the CSR process. For example, in 2012, we obtained ISO 14001 certification. We followed a precursor labor-relations policy prior to the legal agreements. We shared a charter on harassment and a charter on responsible purchasing.

# SHARING THE BEL MINDSET WITH ALL OF SOCIETY

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*When Bel commits to sharing smiles, its commitment goes beyond the company's doors. But to promote and spread this mindset further afield, the means have to match the ambition.*

*The commitment to share with more people is reflected in Bel's Corporate Foundation, La Maison de La vache qui rit® (The Laughing Cow® House) and Lab'Bel. Each of these initiatives, which have their own positioning and means, enable Bel to extend its mission beyond its circle of consumers, employees, suppliers and partners.*

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# THE BEL FOUNDATION

## A SUSTAINABLE LINK TO SOCIETY

*Established in 2008, the Bel Foundation supports initiatives on behalf of children and their well-being.*



To extend its mission of sharing smiles with all families through the pleasure of dairy goodness, Bel actively supports children and their well-being, a cause close to its heart. The Bel Foundation gets involved with nonprofit organizations to support a number of initiatives each year in four main areas:

- the fight against infant malnutrition;
- support for subsistence farming and market gardens;
- educational efforts to raise awareness about the drivers of a healthy and balanced diet;
- the creation of infrastructures directly related to feeding children and teens.

In addition to the initiatives proposed by nonprofit organizations, the Bel Foundation also operates an employee grant program. The grants are used to support the efforts by the Group's men and women around the world to get involved in the local communities where the company operates. Since 2010, the Foundation has supported 32 projects initiated by Bel employees. That is momentum with meaning, progress and enthusiasm.



### EXPERIENCES FROM THREE INITIATIVES IN 2012

#### Employee grants — Improving meal quality at a home for disadvantaged girls in Mexico

Helping 75 underprivileged girls in the care of the Clara Moreno y Miramon I.A.P. foundation in Mexico was the idea behind the project sponsored by Maricarmen Ubeda, a Bel Logistics Assistant in Canada, and Alexandra Berreby, General Manager of Bel Mexico. The initiative seeks to improve the home's canteen facilities as part of an effort to obtain

### MARICARMEN EXPLAINS

**"This nonprofit organization is a private institution that provides underprivileged girls with a roof, an education and decent health conditions.** We've known about it for a number of years and had the opportunity to help its beneficiaries through another nonprofit based in Montreal. Since 2009, we've held events in Canada to raise money for the Fundacion Clara Moreno. We are very pleased that the Bel Foundation is supporting this project, which is very close to our hearts."

"Distintivo H" certification from the Mexican Ministry of Tourism and Health. In addition to work on the facilities, the project will offer advice on preparing menus and will hold nutrition workshops, to introduce new eating habits that favor a more balanced diet.



## KEY FIGURES – SINCE 2008

Nearly

100

projects supported

64

nonprofits and  
NGOs supported

32

employee grants  
awarded

Through its initiatives, the Bel Foundation has shared smiles with nearly

20,000

children



### "ENFANTS & DÉVELOPPEMENT"

Founded in 1984, "Enfants & Développement" is an international NGO that seeks to improve the living conditions, health and education of the poorest children in developing countries.



### "1001 FONTAINES POUR DEMAIN"

Founded in 2005, the nonprofit "1001 fontaines pour demain" seeks to improve the health of rural and isolated populations by setting up water treatment units to produce safe drinking water at an affordable price. For each unit set up, an accompanying program established with the village school ensures that safe drinking water is delivered free of charge to the students (sponsorship program).

#### Improving the living conditions of Burkinabé children

The Bel Foundation helped finance a project by the NGO "Enfants & Développement" in Burkina Faso, to improve the nutritional status of children in the non-parceled areas of Ouagadougou. The inhabitants of these densely populated areas live in precarious and unhealthy habitats. The initiatives put into place helped improve the nutrition of infants and children up to five years of age, notably through the creation of a "leader mom" network. These mothers were given basic nutrition training. Thanks to its strong local roots, the project will continue to improve the long-term dietary practices in the areas concerned.

#### Bringing safe drinking water to a community in Madagascar

Since 2008, the nonprofit "1001 fontaines pour demain" has been developing a micro-enterprise model based on the production of purified water. Small water treatment units are set up in rural areas and entrusted to small-scale entrepreneurs in the villages. The water is purified using simplified, solar powered

ultra-violet technology, packaged in bottles and sold to consumers at a very low price. The inhabitants of Fénérive Est already drink water from a first treatment plant. But a second treatment plant is now planned to meet the needs and market potential of this growing town of 50,000. The Foundation agreed to help support "1001 fontaines" set up the second treatment facility.

**Beyond the projects supported by the Bel Foundation, local philanthropic actions are also initiated by Group entities, including the Group's production sites and subsidiaries around the world. These projects underscore Bel's commitment to getting involved locally in its territories, notably by meeting the societal, environmental and social challenges faced by local communities.**



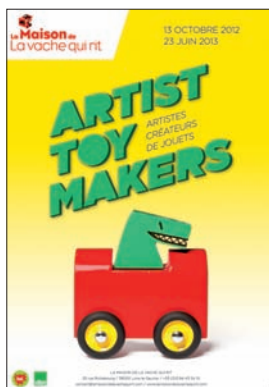
#### FOR MORE INFORMATION

FOR MORE INFORMATION ABOUT THE BEL FOUNDATION OR TO SUBMIT YOUR PROPOSALS  
WWW.FONDATION-BEL.ORG

# LA MAISON DE LA VACHE QUI RIT® (THE LAUGHING COW® HOUSE) A CONVIVIAL AND CREATIVE PLACE



*Opened in May 2009 in Lons-le-Saunier, the birthplace of The Laughing Cow® brand, La Maison de La vache qui rit® is much more than a company museum. This site is a unique place, where visitors rediscover The Laughing Cow®'s history and the values of conviviality, humor and innovation that characterize the brand.*



## KEY FIGURES

**90%**

of visitors satisfied.

**55%**

of visitors said La Maison de La vache qui rit® improved their image of the brand.

Since its inauguration, The Laughing Cow® House has welcomed 150,000 visitors from all over, including neighboring and regional inhabitants to be sure, but other French people and international tourists as well during the summer season. On offer are guided visits of the brand's family history and culture, exhibits, conferences, and original events with a link to food, childhood and creativity in all its forms.

### ART IN THE PLATE

In 2012, La Maison de La vache qui rit® took inspiration from the food side of the brand, offering two complementary yet very different exhibits. In the spring, visitors were treated to the work of Marc Bretilot, the famous culinary designer who transforms food into works of art. Accompanied by works from other designers who have worked for the big restaurateurs,

and works by students from the ESAD school in Reims, this collaborative effort gave rise to "Food Design, sensitive adventures". During the summer, La Maison de La vache qui rit® teamed up with Lab'Bel to offer "When art overflows with milk", a show of works from emerging artists, such as Ismail Bahri and the duo, Py & Verde, as well as renowned artists like Andres Serrano.

### CREATING IS A GAME

Lastly, the year was brought to a conclusion with an exhibit in an entirely different vein, called Artist Toy Makers, which happily mixed toys designed by artists and works of art inspired by the world of toys. The exhibit will be prolonged until June 2013, so that specific presentations can be held for school children throughout spring.

### AUTOMATS AND DANCING ON THE PROGRAM

In the summer of 2013, advertising automats will take over the house with the presentation of some 40 machines from private collections. It's an opportunity to discover how brands were advertised in the past, before the existence of radio, TV and the internet. The year will also feature contemporary dance, with La Maison de La vache qui rit® enlisting all the schools in the Jura region of France to participate in the events.



### FOR MORE INFORMATION

FOR MORE INFORMATION ABOUT LA MAISON DE LA VACHE QUI RIT® GO TO

LAMAISONDELAVACHEQUIRIT.COM AND

WWW.FACEBOOK.COM/MAISONDELAVACHEQUIRIT

# LAB'BEL

## THE GROUP'S ARTISTIC LABORATORY



*Led by Laurent Fiévet and Silvia Guerra, Lab'Bel is on a mission to promote contemporary art by building up a collection of works created since 2000, and by holding exhibits like no other in France and abroad.*

To ensure its missions and reach a very broad public, Lab'Bel has made the Group's values of humor, irreverence and eccentricity its own. They set a tone for the lab all its own and define its initiatives.

### YEAR OF GRAND PREMIERS

In 2012, Lab'Bel prepared an ambitious exhibit program both in France and abroad. In January and February 2012, the lab for the first time presented artwork from its own collection as part of the "Touch the Moon" exhibit at the « Galerie 5 », an art gallery in Angers – France. Dedicated to showing milk representations in contemporary art, the collective "When art overflows with milk" exhibit was held during the summer as part of a new collaboration between Lab'Bel and La Maison de La vache qui rit® (The Laughing Cow® House). In the fall of 2012, Lab'Bel also provided the curators for the Metaphoria exhibit in collaboration with the city of Guimaraes, Portugal, the 2012

European culture capital. This mixed art exhibit of poetry, music and visual arts drew large crowds. Lastly, the lab participated in the fourth annual Metz All Nighter, exhibiting two video works by artist Nicolas Provost.

### 2013, A YEAR OF ENCOUNTERS

In the spring of 2013, Lab'Bel and La Maison de La vache qui rit® will offer something from visual artist Miguel de Palma through the production of unpublished play. The lab is also planning for a trip for the Metaphoria exhibit, which may be held in Greece in the fall. Throughout the year, the contemporary art visits and conferences will be offered to employees at Bel's Paris headquarters under the "Lab'Bel encounter" program. Several visits to Paris exhibits and to see the lab's art collection have already been held. Artist encounters are also on the program.



Martin Argyroglo<sup>©</sup>

The lab's art collection was also presented in the summer of 2012 at the Dole fine arts museum, where the collection is now stored, as part of the "Strangers in the house" exhibit.

### FOUNDED IN 2010,

Lab'Bel attests to the Group's strong commitment in getting involved in a general interest defense of contemporary art and artists.



Carlos Lobão<sup>©</sup>

In 2012, a collective exhibit was held in Guimaraes, Portugal, in association with the city of Guimaraes, the 2012 European Culture Capital and the archeological museum Sociedade Martins Sarmiento.



### FOR MORE INFORMATION

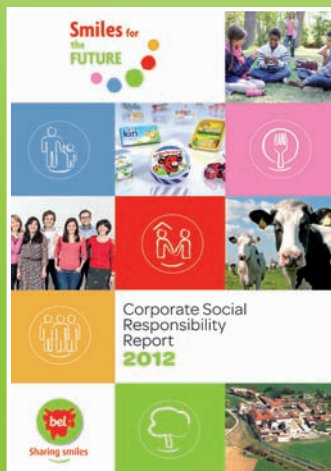
FOR MORE INFORMATION ABOUT LAB'BEL AND ITS PROGRAM GO TO THE WEBSITE [LAB-BEL.COM](http://LAB-BEL.COM)

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# FINANCIAL & CSR PERFORMANCE INDICATORS

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- 75** - 2012 ANNUAL RESULTS
- 76** - CONSOLIDATED BALANCE SHEET
- 78** - CONSOLIDATED INCOME STATEMENT
- 79** - CONSOLIDATED CASH FLOW STATEMENT
- 80-88** - CSR : PROGRESS AND OVERVIEWS



To learn more about Bel's commitments, progress and goals  
- please refer to the 2012 CSR report -  
[www.bel-group.com](http://www.bel-group.com)



# FINANCIAL POSITION REMAINS STRONG

## INTERNATIONAL MARKETS FUEL SALES GROWTH

*Meeting March 21, 2013, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2012.*

In 2012, the Group reported new growth in sales and volume, despite a slowing economy in Europe and unrest in some markets of the Near and Middle East region.

Changes in the scope of consolidation had no impact on the year. Excluding the impact of foreign exchange fluctuations, sales were up 3.4% organically, driven by momentum in international markets, particularly in the Greater Africa region. This steady growth reflects the relevance of the Group's sales and marketing strategy, the strength of its distribution network and the talent of its teams for improving the brand mix and offering innovative products around its iconic brands.

Operating income totaled €211 million, up 24% versus the previous year, with margin rebuilt. It included nonrecurring expense of €26.6 million, vs. €14.3 million in 2011.

The recovery in profitability stemmed notably from the robust sales growth achieved in Greater Africa and the first fruit borne by restructuring efforts in Eastern Europe. The steady margins in Western Europe and the Americas, Asia-Pacific region were due to an improved product mix,

tighter management of advertising and promotion expense and industrial productivity gains.

In the Near and Middle East, weak visibility in certain markets led to the recognition of some asset impairment in the region. As previously reported, the Group suspended its manufacturing activities in Syria in July 2012.

Net financing costs improved to €18 million, down from €26 million in 2011, as a result of reducing medium-term debt and, to a lesser degree, a smaller negative impact from foreign exchange fluctuations.

After income tax expense of €63 million, up from €47 million in 2011, consolidated net profit, Group share, for the 2012 financial year totaled €128 million, compared with €96 million in 2011.

Bel's balance sheet was once again strengthened during the year. At December 31, 2012, the Group's total equity stood at €1,150 million, compared with €1,044 million a year earlier, while net financial debt came to €64 million, down €130 million versus the prior year.

Backed by its strong balance sheet, the Group widened its funding sources in 2012 by issuing commercial paper and a Euronext-listed bond (AMF visa 12-613 of 18 December 2012).

### **DIVIDEND**

On March 21, 2013, the Board of Directors voted to propose a dividend of €6.25 per share, payable as of May 22, 2013. The dividend is subject to the approval of the Annual General Meeting of Shareholders, scheduled for May 16, 2013.

### **OUTLOOK FOR 2013**

Given the difficult economic environment in Europe, which does not bode well for consumer spending, and faced with uncertainties in some markets outside Europe, the Group enters the new year with little visibility for 2013.

However, backed by its very healthy balance sheet, the commitment of its employees, its innovation efforts, and the balanced geographical reach of its business, the Group remains confident in its ability to continue defending and sustainably grow its positions in the world cheese market.

# CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2012, VS. PRIOR YEAR

ASSETS (IN THOUSANDS OF EUROS)	DECEMBER 31, 2012	DECEMBER 31, 2011
<b>NON CURRENT ASSETS</b>		
Goodwill	385,496	387,897
Other intangible assets	295,952	303,096
Property, plant and equipment	523,756	529,868
Assets available for sale	73,433	53,150
Other financial assets	1,564	1,279
Loans and advances	9,661	9,224
Trade and other receivables	135	74
Deferred tax assets	11,071	11,215
Non-current assets held for sale		
<b>TOTAL</b>	<b>1,301,068</b>	<b>1,295,803</b>
<b>CURRENT ASSETS</b>		
Inventories and work-in-progress	236,800	243,525
Trade and other receivables	447,796	436,402
Other financial assets	8,208	1,094
Loans and advances	511	351
Current tax assets	9,944	18,079
Cash and cash equivalents	442,295	141,408
<b>TOTAL</b>	<b>1,145,554</b>	<b>840,859</b>
<b>TOTAL ASSETS</b>	<b>2,446,622</b>	<b>2,136,662</b>

The consolidated financial statements are available at [www.bel-group.com](http://www.bel-group.com).

<b>EQUITY AND LIABILITIES (IN THOUSANDS OF EUROS)</b>	<b>DECEMBER 31, 2012</b>	<b>DECEMBER 31, 2011</b>
Share capital	10,308	10,308
Additional paid-in capital	21,967	21,967
Reserves	1,118,078	1,002,392
Treasury shares	(11,447)	(6,182)
<b>EQUITY - Group share</b>	<b>1,138,906</b>	<b>1,028,485</b>
<b>MINORITY INTEREST</b>	<b>10,671</b>	<b>15,681</b>
<b>EQUITY</b>	<b>1,149,577</b>	<b>1,044,166</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	7,667	9,463
Employee benefits	44,603	41,269
Deferred tax liabilities	173,874	156,645
Liabilities related to assets held under finance lease - over one year	736	1,068
Long-term borrowings and financial liabilities	362,395	256,580
Other liabilities	39,156	32,404
<b>TOTAL</b>	<b>628,431</b>	<b>497,429</b>
<b>CURRENT LIABILITIES</b>		
Provisions	20,993	14,913
Employee benefits	1,913	2,350
Liabilities related to assets held under finance lease - less than one year	460	365
Short-term borrowings and financial liabilities	137,216	68,904
Other financial liabilities	953	30,618
Trade payables and other liabilities	471,732	455,199
Due tax liabilities	28,929	13,881
Current bank facilities and other borrowings	6,418	8,837
<b>TOTAL</b>	<b>668,614</b>	<b>595,067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,446,622</b>	<b>2,136,662</b>

# CONSOLIDATED INCOME STATEMENT

(IN THOUSANDS OF EUROS)	DECEMBER 31, 2012	DECEMBER 31, 2011	CHANGE	% CHANGE
Sales	2,648,706	2,527,100	121,606	4.8%
Cost of goods and services sold	(1,829,892)	(1,808,488)	(21,404)	1.2%
<b>Gross margin</b>	<b>818,814</b>	<b>718,612</b>	<b>100,202</b>	<b>13.9%</b>
Sales and marketing expense	(388,831)	(359,050)	(29,781)	8.3%
Research and development expense	(16,818)	(14,461)	(2,357)	16.3%
Administrative and general overhead expense	(175,663)	(160,888)	(14,775)	9.2%
Other operating income and expense	464	482	(18)	-3.8%
<b>Income from ordinary activities</b>	<b>237,966</b>	<b>184,695</b>	<b>53,274</b>	<b>28.8%</b>
Other non-recurring income and expense	(26,579)	(14,275)	(12,304)	86.2%
<b>Operating income</b>	<b>211,387</b>	<b>170,420</b>	<b>40,968</b>	<b>24.0%</b>
Income from cash and cash equivalents	2266	2796	(530)	-19.0%
Cost of gross financial indebtedness	(17,413)	(21,528)	4,115	-19.1%
<b>Cost of net financial indebtedness</b>	<b>(15,147)</b>	<b>(18,732)</b>	<b>3,585</b>	<b>-19.1%</b>
Other financial income and expense	(3,279)	(7,655)	4,376	-57.2%
<b>Pre-tax profit</b>	<b>192,961</b>	<b>144,033</b>	<b>48,930</b>	<b>34.0%</b>
Income tax expense	(62,882)	(47,115)	(15,767)	33.5%
Net profit of the consolidated Group	130,079	96,918	33,163	34.2%
Minority interest	(1,654)	(815)	(839)	102.9%
<b>Consolidated net profit - Group share</b>	<b>128,425</b>	<b>96,103</b>	<b>32,325</b>	<b>33.6%</b>

The consolidated financial statements are available at [www.bel-group.com](http://www.bel-group.com).



# CONSOLIDATED CASH FLOW STATEMENT

(IN THOUSANDS OF EUROS)	NOTES	DECEMBER 31, 2012	DECEMBER 31, 2011
<b>Cash flow from (used in) operating activities</b>			
Pre-tax profit		192,962	144,033
Adjustments for:			
Depreciation and write-downs		92,838	78,874
Capital gains (losses) on disposals		1,274	1,712
Reclassification of dividends and borrowing costs		15,793	19,862
Other non-cash items on the income statement		(3,087)	4,376
<b>Cash flow</b>		<b>299,780</b>	<b>248,858</b>
<b>Increase (decrease) in inventories, current receivables and payables</b>		<b>2,379</b>	<b>(19,121)</b>
<b>Increase (decrease) in non-current receivables and payables</b>		<b>9,183</b>	<b>(677)</b>
<b>Income taxes paid</b>		<b>(39,133)</b>	<b>(47087)</b>
<b>Net cash flow generated by operating activities</b>	(1)	<b>272,209</b>	<b>181,973</b>
<b>Cash flow from (used in) investing activities</b>			
Acquisition of activities		(285)	580
Disposal of activities		(20)	0
Acquisitions of tangible and intangible assets		(81,494)	(74,682)
Disposals of tangible and intangible assets		505	693
Investment grants received		1,125	111
Acquisitions of financial assets		(3,974)	(3,927)
Disposals of financial assets		3,721	3,135
Interest received		54	(61)
Dividends received		1,274	1,228
<b>Net cash flow from (used in) investing activities</b>	(2)	<b>(79,094)</b>	<b>(72,923)</b>
<b>Cash flow from (used in) financing activities</b>			
Dividends paid		(41,136)	(48,418)
Interest paid		(170,67)	(21,090)
Increase (decrease) in capital			
Repayment of debt resulting from finance lease contracts		(586)	35
Increase (decrease) in current accounts with entities outside the scope of consolidation		(2,311)	(358)
Purchases (sales) of own shares		(7063)	9,603
Borrowings and financial liabilities issued		273,971	67,723
Repayments of borrowings and financial liabilities		(95,640)	(119,619)
<b>Net cash flow from (used in) financing activities</b>	(3)	<b>110,168</b>	<b>(112,124)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1)+(2)+(3)	<b>303,283</b>	<b>(3,075)</b>
Net cash and cash equivalents at the beginning of the period		132,422	133,668
Effect of foreign exchange rate variations		136	1,829
<b>Net cash and cash equivalents at the end of the period</b>		<b>435,841</b>	<b>132,422</b>
At the closing date, net cash and cash equivalents comprised the following:			
Marketable securities and money market instruments		387,683	86,773
Cash on hand and balances with banks		54,576	54,486
Current used bank facilities including overdrafts and accrued interest		(6,418)	(8,837)
<b>Total</b>		<b>435,841</b>	<b>132,422</b>

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# CORPORATE GOVERNANCE PRINCIPLES

*Our approach: Bel's Corporate Social Responsibility initiative takes into account the Group's specific business model, brands and locations, to facilitate ownership of the CSR process by employees and to develop fruitful relationships with all stakeholders.*

AREAS OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND	
Ethics	<p>Familiarizing all employees with the values and principles to be followed in the course of their professional activities</p>	<p>Bel adopted a Code of Best Business Practices that applies to all Group employees.</p> <p>The Group began developing targeted initiatives in support of the Code. For example, building on studies by Transparency International, Bel mapped out the territories in which the Group operates where corruption risks are highest. Specific initiatives were undertaken to raise awareness about such risks, primarily among management teams.</p>	<p>The deployment of the Code of Best Business Practices will be accompanied by the establishment of an Ethics Committee.</p>
Dedicated organization	<p>Taking into account the factors specific to the Bel Group, to prepare and deploy the initiative.</p>	<p>Key function CSR advisers, which serve within their respective fields of expertise as guardians of the CSR initiative, continued to integrate CSR challenges into local practices and led internal committees on nutrition, packaging and other subjects. In 2012, the network met twice for two-day working seminars.</p> <p>At end 2012, all Group regions and certain countries had CSR correspondents, which began deploying the initiative in their geographical areas of responsibility.</p>	<p>Key function CSR advisers will continue to improve their CSR skills in their respective fields of expertise. Their role as internal and external ambassadors of the initiative will be reinforced.</p> <p>The CSR correspondents will coordinate and keep track of the action plans to be implemented and will provide visibility of the improvement made in their areas of responsibility.</p> <p>The complementary nature of the two networks will be strengthened with shared work seminars, IT resources, etc.</p>
Tools and management processes	<p>Ensuring that environmental, social and societal challenges are taken into account in managerial decisions by following guidelines and processes.</p>	<p>At end 2012, key external and internal guides, such as standards, internal policies, charters, manuals, and procedural rules, were disseminated to employees, enabling Bel to roll out the initiative at Group entities.</p> <p>Management system certification was continued at Group plants, with three new certifications obtained by Bel sites in 2012.</p> <p>At end 2012:</p> <ul style="list-style-type: none"> <li>- 15 Bel sites were certified according to a standard recognized by the GFSI food safety authority, as well as 15 of 17 subcontractor sites;</li> <li>- Five Bel sites were certified OHSAS 18001 for human health and safety;</li> <li>- Nine Bel sites were certified ISO 14001 for the environment.</li> </ul> <p>Since 2011, all investment projects exceeding €100,000 were assessed for their associated environmental, social and societal impacts.</p> <p>A monthly internal press review, and summary information sheets provided by key-function CSR advisers were made available to give employees a basic understanding of CSR-related themes.</p>	<p>The guides will be updated on a continual basis.</p> <p>The site certification effort will be continued so that by 2015, all sites are certified according to the GFSI, ISO 14001 and OHSAS 18001 standards.</p> <p>A new assessment tool, called "Growing Brands with Purpose", will be progressively rolled out to help marketing teams ensure that the core brands contribute to achieving the Group's CSR targets.</p>



## MORE INFORMATION

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AREAS OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
<p><b>Mobilizing employees</b></p>	<p><b>Making all employees players and ambassadors in the Group's improvement initiative.</b></p> <p>At end 2012, 24% of managers from grades one to three (top management) had taken a "Campus" CSR course. Further, training was provided for challenges specific to nutrition, health and safety, etc.</p> <p>Since 2012, the Group has factored a 10% CSR component into the bonus compensation system for managers. In 2012, the component was based on individual contributions to deploying the "People First" social charter.</p> <p>Entity-led efforts were notably relayed to employees through internal communication means such as newsletters and dedicated websites.</p> <p>In addition, a monthly press review was launched to present and inspire best practices</p>	<p>The Group's shared targets for 2015 (see "Evaluating, guidance and reporting" below) will play a key role in motivating managers and their teams.</p> <p>By 2015, all managers from grades one to three will have taken a "Campus" CSR course. The deployment plan for other employees will be prepared and progressively implemented.</p> <p>The CSR performance component in the bonus compensation system for managers will be refined to better correspond to managers' means of action.</p> <p>The sharing of best practices will be further encouraged.</p>
<p><b>Evaluating, guidance and reporting</b></p>	<p><b>Providing internal guidance and external reporting of the initiative's progress through non-financial performance indicators specific to the functions.</b></p> <p>Bel's CSR reporting, prepared for Group needs with 2011 data, was audited by an outside party. The areas of progress used in the CSR initiative were deemed to be clear and relevant in terms of the main challenges facing the Group.</p> <p>Following the conclusions of the review, some performance indicators were further specified and updated in the Group's CSR reporting protocol.</p> <p>2015 targets were set for main areas of progress. A CSR dashboard was set up to enable the Group Management Committee to provide guidance and internal monitoring of progress in reaching the Group's goals.</p> <p>Bel renewed its status as a member company of the United Nations Global Compact.</p>	<p>The Group will progressively improve the reliability of its CSR reporting on a global scale, with the deployment of shared IT tools, notably in HR as of 2013.</p> <p>The use of shared performance indicators that can be consolidated will strengthen the visibility of the Group's progress.</p> <p>Other indicators increasingly specific to operating reality may be added to the existing reporting framework.</p> <p>The Group will report its targets and progress through various means. Beginning in 2013, the Group will publish an annual CSR report.</p> <p>The current CSR-dedicated site will be integrated into the Group's website.</p> <p>Progress concerning some of our products will be reported notably via the brands' websites.</p> <p>Bel will renew its status as a member company of the United Nations Global Compact.</p>

# NUTRITION AND RESPONSIBLE PRODUCTS



*Our responsibility: Creating products that meet the safety, health, taste, and accessibility expectations of the greatest number of consumers.*

AREA OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
<p>Ensuring product quality and safety</p>	<p>The Group continued its ongoing improvement initiative for product quality and safety by :</p> <ul style="list-style-type: none"> <li>· Providing tracking processes at all Group plants;</li> <li>· Conducting on-site reviews;</li> <li>· Developing certified management systems for food quality and safety at Bel plants and subcontractors. In 2012, one Bel plant and five subcontractor plants were certified according to the standards of the Global Food Safety Initiative.</li> </ul>	<p>Bel will continue its ongoing improvement initiative. The Group's goal is to ensure that all the products it sells by 2015 are made at GFSI-certified sites.</p>
<p>Improving the nutritional quality of our products</p>	<p>The Group's policy for optimizing nutritional composition gives priority to products consumed by children and products for which the nutritional benefit is underscored. The operating regions prioritized their product renewal plans to 2015 in accordance with that policy.</p> <p>R&amp;D projects to optimize certain recipes were continued and preliminary consumer studies were conducted.</p> <p>In 2012, several renewed formulas were launched. For example, the fat content in The Laughing Cow® wedges sold in Vietnam was reduced from 27g to 23.5g for 100g of cheese.</p> <p>A new Kiri® Crème recipe was validated by consumer tests in the first half of 2012 and was launched in September. The product is sold throughout Western Europe. Its 29.5g of fat content and 570mg of salt content per 100 grams of product meet the suggested targets in the Voluntary Commitment Charter of France's National Health and Nutrition Program.</p>	<p>In accordance with regional product renewal plans, the R&amp;D teams, backed by Group dieticians and nutritionists, will continue to optimize the nutritional profile of their products.</p> <p>In France, the nutritional commitments for Kiri® and The Laughing Cow®, made under the voluntary charter of the National Health and Nutrition Program, will be met.</p>
<p>Strengthening the natural qualities of the Group's products</p>	<p>Bel continued its scientific and regulatory monitoring to ensure that ingredients used in its product compositions posed no proven risks to consumer health.</p> <p>The operating regions prioritized their renewal plans to 2015, to reduce additives based on consumer expectations.</p> <p>R&amp;D projects were beefed up to reduce additives in the recipes and consumer studies were carried out in various countries. Renewed formulas with fewer additives were launched in 2012.</p> <p>A new Kiri® recipe with one less additive, for example, was introduced in Slovakia and the Czech Republic. The Kiri® Goûter recipe was optimized with one less additive in Europe. Lastly, The Laughing Cow® recipe made and sold in Turkey was renewed with two fewer additives.</p>	<p>In line with regional renewal plans, the Group's R&amp;D teams will continue projects to lower additive usage in recipes, while maintaining expected organoleptic, texture, conservation and other qualities. In 2013, several recipes will be renewed in Europe, and consumer testing will be used to validate the planned renewals, with product launches in the following years.</p>
<p>Developing nutritionally beneficial products accessible to the greatest number of people</p>	<p>The Group continued its ongoing initiative to streamline production performance to tightly manage the selling prices of its core and local brands.</p> <p>A plan to renew Goodi®, a dairy and rice based product launched in Vietnam in 2011, was initiated in 2012, to better adapt the recipe to local consumer tastes. The renewal project was carried out with the support of the Global Alliance for Improved Nutrition (GAIN), an NGO, to ensure that the product remained suited to the nutritional needs of Vietnamese children.</p> <p>Exploratory projects were undertaken to identify the most relevant countries for developing business models aimed at making new products accessible to low purchasing power populations that are suited to their nutritional needs.</p>	<p>Plant performance enhancement plans will be continued.</p> <p>Projects for populations with low purchasing power will be continued:</p> <ul style="list-style-type: none"> <li>· The new Goodi® product formula will be re-introduced in the Vietnamese market in 2013.</li> <li>· By 2015, new specially formulated products aimed at populations with weak purchasing power may be introduced in several countries.</li> </ul>



# RESPONSIBLE COMMUNICATION AND CONSUMPTION



*Our responsibility: Giving consumers who put their trust in our brands key information to make responsible consumer decisions.*

AREA OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
Facilitating consumer access to information	<p><b>Providing clear and relevant product information through various means, such as packaging labels, websites, smartphone apps, consumer services, etc.</b></p> <p>The Group systematically provides information about the composition and nutritional profiles of its products on packaging, meeting at a minimum regulations in force.</p> <p><b>Nutritional information</b> Beyond the information on packaging and available at some brand websites, Bel has taken initiatives aimed at raising awareness about the Group's products among doctors, pediatricians, nutritionists, educators and other professionals in France and African countries who are in a position to offer clear advice to consumers.</p> <p><b>Environmental information</b> Bel participated in drafting a reference guide for the French dairy profession that specifies calculation and measurement methods for analyzing dairy-product life cycles.</p>	<p>A Group policy on consumer information will be prepared and disseminated to all communication teams, to ensure communication consistency, relevance and standardization across all media. To respond to unanswered consumer questions, the marketing teams will study possibilities for creating dedicated consumer services for countries that do not already have them.</p> <p><b>Nutritional information</b> The Marketing teams, backed by the Group's nutrition experts, will pursue awareness actions among players in a position to offer advice to consumers.</p> <p><b>Environmental information</b> The Group's Environment Department will test a tool developed by the dairy profession on core brands produced in France.</p>
Developing responsible advertising and promotional campaigns	<p><b>Following all the principles listed in the Group's Responsible Communications Charter in all communications and advertising.</b></p> <p>Bel France strengthened its internal procedures for validating its communications and continued to raise awareness about the principles in its Responsible Communication Charter among all marketing teams.</p> <p><b>Promoting responsible behavior through communications and advertising</b> In the Near and Middle East region, for example, the Group's Albakara.com website used an original and pedagogical method to talk to children about nutrition.</p>	<p>The Group will beef up its efforts to raise awareness about following principles in the Responsible Communications Charter among its marketing teams, notably through dedicated training sessions. If needed, internal validation procedures will be redefined and strengthened.</p> <p>The Responsible Communications Charter will be updated to resonate better with the teams.</p> <p>The marketing teams will be encouraged to strengthen their efforts to promote responsible behavior among consumers. For example, packaging will present sorting guidelines in countries where recycling networks are in place, such as in France.</p>
Ensuring consumer data protection and privacy	<p><b>Following the rules for collecting, protecting and using personal consumer data gathered through marketing operations.</b></p> <p>The drafting of procedure aimed at ensuring that Group employees and service providers follow the rules when handling personal data was begun in various countries, including France, Germany and Ukraine.</p>	<p>The drafting of the procedure will be continued. Its application will be initiated.</p>
Getting our brands involved in actions of good citizenship and solidarity	<p><b>Lending the support of certain Group brands to nonprofit organizations active in good citizenship and solidarity efforts through partnerships, in accordance with brands' missions and positions.</b></p> <p>In 2012, Group brands began or continued actions in partnership with local nonprofit organizations and charities. Examples include:</p> <ul style="list-style-type: none"> <li>· Picon®, the well-known brand in Lebanon, partnered for the second year in row with the Arc-en-ciel charity to launch the "The Happiness Heroes" contest for children.</li> <li>· In France, Mini Babybel® supported "Le Rire Médecin", a charity that helps hospitalized children cope with their illnesses.</li> </ul>	<p>As part of the "Growing Brands with Purpose" project, the marketing teams will identify the most relevant brands at each of the Group's main entities for setting up long-term solidarity programs.</p>



## MORE INFORMATION

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# ENVIRONMENTAL FOOTPRINT



*Our responsibility: Reducing the environmental footprint of all our activities, whether directly or indirectly related to the manufacture of our products.*

AREA OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
<p>Reducing the environmental footprint related to the manufacture of our products</p>	<p><b>Reducing the four main impacts identified at the plants, including water consumption, fossil fuel consumption, greenhouse gas emissions, and waste.</b></p> <p>At end 2012, nine sites were ISO 14001-certified. Of Bel's 27 plants, 25 had implemented the Wasabel water reduction and Esabel energy reduction programs and have set 2015 reduction targets.</p> <p><b>Water:</b> water consumption per metric ton produced declined 19.8% from 2008 to 2012.</p> <p>In 2012, to refine its water assessment and to prioritize its action plans, the Group mapped out the water risk level for all its plants using the WWF's Water Risk Filter.</p> <p><b>Energy:</b> fossil fuel consumption per metric ton produced declined 18.4% from 2008 to 2012.</p> <p>In 2012, the Group was able to use renewable energy sources for the first time. Renewable energy accounted for 5.7% of the Group's energy consumption and was used to produce heat</p> <p><b>Greenhouse gas emissions:</b> the Group for the first time calculated its greenhouse gas emissions on a global scale, including greenhouse gas emissions from the fuel consumption of its boilers and burners, the electricity it purchases and the heating and cooling it buys. The specific data for France were published, along with a three-year improvement plan to lower those emissions.</p> <p>In February 2012, the Cléry-le-Petit plant in France put a biomass boiler into service, enabling it to cut greenhouse gas emissions by 9,400 metric tons of CO<sub>2</sub> annually.</p> <p>The Group's plants continued to progressively replace "R22" refrigerants with more environmentally friendly ones.</p>	<p>All Group production sites will be ISO 14001-certified by 2015.</p> <p>The two remaining plants yet to have Wasabel and Esabel programs will initiate the water and energy saving programs. Accordingly, in 2013, all sites will be involved in Wasabel water reduction and Esabel energy reduction programs.</p> <p><b>Water:</b> The goal for 2012 to 2015 is to cut water consumption per metric ton produced by 20%.</p> <p><b>Energy:</b> The goal for 2012 to 2015 is to cut fossil fuel consumption per metric ton produced by 20% and to lower electricity usage per metric ton produced by 5%.</p> <p><b>Greenhouse gas emissions:</b> The Group will broaden the scope for measuring indirect greenhouse gas emissions (e.g. packaging, waste, etc.) as soon as international standards become available.</p> <p><b>Renewable energy:</b> The Group will strengthen its efforts to boost renewable energy usage. In 2013, studies of new biomass boiler projects will be initiated.</p> <p><b>Waste:</b> The goal is to deploy a shared methodology for reducing non-recycled waste at the plants.</p>
<p>Reducing the environmental footprint related to the transport and storage of our products</p>	<p><b>Optimizing all steps used in transporting and storing our products through action plans led directly by the Group or partners who implement plans.</b></p> <p><b>Transport:</b> A methodology for calculating CO<sub>2</sub> emissions related to the transport of our finished products from our plants to distribution centers was standardized for the entire Group. In 2012, the Group estimated the annual carbon footprint of transporting its products for the first time. The estimate came to 30kg of CO<sub>2</sub> equivalent per metric ton transported.</p> <p>Several initiatives were undertaken to lower transport's environmental impact. In the Netherlands, for example, Bel Leerdammer developed a bi-level refrigerated truck capable of transporting more freight in a single trip. As a result, fewer delivery trips are now required and CO<sub>2</sub> emissions have been cut by 32%.</p> <p><b>Warehousing:</b> At present, this area of progress is not considered a priority by the Group and, as a consequence, is not subject to a systematic approach.</p>	<p>The Group will continue to pursue identified areas of improvement, where the environmental footprint related to the transport of its products can be reduced, including:</p> <ul style="list-style-type: none"> <li>· Optimizing container and truck loads by working with packaging teams to optimize pallet loads and/or using other types of trucks.</li> <li>· Streamlining transport flows and delivery times by working with our partners and retailers.</li> <li>· Looking at alternatives to road transport that produce fewer CO<sub>2</sub> emissions with our supply chain partners.</li> <li>· Renewing vehicle fleets (milk collection trucks, sales fleet, company function vehicles) with cleaner-running vehicles.</li> </ul>



## MORE INFORMATION

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AREA OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
<p>Reducing the environmental footprint of our packaging</p>	<p><b>Reducing the environmental footprint of our packaging, first by cutting the amount of materials needed at the source, and then by selecting more environmentally friendly materials.</b></p> <p>Cardboard and paper account for over four-fifths of the total weight of the packaging used by the Group. Accordingly, such materials are priority targets of the Group's eco-design efforts.</p> <p>In Europe, database-building efforts were continued to keep track of packaging quantities introduced into the market over the longer term for each marketed SKU.</p> <p><b>Source reduction:</b> The Group has been taking source reduction actions for several years now. In France, for example, the Group exceeded its commitment to cut packaging volume by 1,500 metric tons, as part of the country's Grenelle environmental initiative. From 2008 to 2012, it actually reduced packaging volume by 1,660 metric tons. Renewed combination boxes for Mini Babybel® and Kirri®, among others, contributed to those results.</p> <p><b>Materials selection:</b> As of the second quarter of 2012, all the cardboard cases used to combine Leerdammer® products and used to transport and present the products in stores were FSC (Forest Stewardship Council) certified.</p>	<p>To provide better guidance for the eco-design initiative, the packaging teams in all regions will incrementally add all SKUs to the database no later than 2014.</p> <p><b>Source reduction:</b> The R&amp;D, purchasing and marketing teams will continue projects to further reduce the packaging quantities used, while maintaining the functionality expected by consumers, retailers and supply chain service providers. The Group is seeking to cut packaging volumes used by 2,000 metric tons from 2012 to 2015.</p> <p><b>Materials selection:</b> Sourcing, certified sourcing, etc. will be the focus of materials selection, i.e. using recycled materials when they meet functionality expectations, as well as packaging compatibility with recycling channels, when they exist.</p> <p>The Group is seeking to report the environmental impact of the materials it uses as reliably as possible (primarily water and energy usage and greenhouse gas emissions) as soon as national standards become available.</p>
<p>Reducing the environmental footprint of our employees</p>	<p><b>Encouraging and helping employees adopt environmentally friendly behaviors, as a first step in getting them involved in a broader initiative.</b></p> <p>Bel developed a Guide to Environmentally Friendly Practices to inspire best practices. The guide can be tailored to individual sites, such as Paris and Vincennes, for example, in 2012.</p> <p>Several Group sites developed their own programs for raising awareness among employees. The plant in Tangiers, Morocco, for example, held awareness seminars and put up dedicated posters.</p> <p>At Group headquarters, paper consumption and recycling was factored into the calculation of employee profit sharing in 2012.</p>	<p>Efforts to raise employee awareness about environmentally friendly practices will be pursued. The Guide to Environmentally Friendly Practices will be deployed at other Group subsidiaries and an event will be held at headquarters during sustainable development week.</p>

# EMPLOYER COMMITMENT



*Our responsibility: Providing employees with the conditions for personal and collective growth.*

AREA OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
<p>The Group's "People First" social charter defines the reciprocal commitment between Bel, its managers and employees, based on the four areas listed below</p>	<p>Following the results of a first global employee opinion survey taken in 2011, several action plans (see below) were prepared in 2012 to tackle priorities, such as simplifying operating methods and improving feedback and recognition programs.</p> <p>Using questions selected from the global employee opinion survey, the Group established four performance indicators to keep track of employee perceptions of the areas listed in the People First social charter.</p> <p>Labor-related reporting indicators were specified and harmonized to enable reliable consolidation of the data on a global scale. Most of the indicators listed below became available for the first time at the end of 2012.</p>	<p>A second global employee opinion survey will be conducted in 2013.</p> <p>The Group is seeking to achieve a score of at least 50% for each of the four indicators, which correspond to the commitments in the People First social charter.</p> <p>Based on the first detailed labor-related report on global scale, the Group will measure its progress annually and implement improvement plans where necessary.</p>
<p><b>Well-being at work</b></p>	<p><b>Creating working conditions that make Bel a safe and pleasant place to work.</b></p> <p>In 2011, the score of the "Well-being at work" indicator was 44%.</p> <p><b>Health and safety</b> The Group continued to deploy its initiative to prevent work-related accidents and illnesses, building it around 18 fundamentals. Internal audits were used to monitor their application. The Group extended the tracking of accidents without work stoppage to all persons present at the sites. This indicator, called the "TF Bel" accident frequency rate, totaled 12.4 accidents per one million hours worked in 2012. Additionally, a complementary training program to identify and correct work-inherent risks was rolled out at all French plants and initiated in Spain (behavior-based safety visits). Safety days were held at sites in Portugal, Spain, France, and the Netherlands.</p> <p><b>Well-being at work</b> Projects to improve employee working conditions were continued, including:</p> <ul style="list-style-type: none"> <li>• Work-life, private-life balance: In 2012, 93% of employees benefitted from at least three weeks of paid vacation.</li> <li>• Employee benefits: In 2012, 91% of employees benefitted from healthcare coverage and 83% had death and disability coverage.</li> <li>• Unhappiness and psychosocial risks at work: Actions to raise awareness among managers were initiated in France.</li> <li>• Work stress: In France, Bel signed an agreement on preventing stress factors at work.</li> </ul>	<p><b>Health and safety</b> The initiative to prevent work-related accidents and illnesses will be progressively strengthened and extended to all service sector sites. Internal audits, training and Safety Days will be continued.</p> <p>Bel's target for 2015 is to cut the 2012 accident rate by 40% at its sites, i.e. a TF Bel accident frequency rate of 7.5.</p> <p>The program to identify and correct work-inherent risks will be rolled out to all plants by 2015.</p> <p>An effort to improve workstation ergonomics will be beefed up. Designers in particular will be trained so that workstation ergonomics are taken into account during the design phase.</p> <p><b>Well-being at work</b> By end 2015, 95% of employees will have at least three weeks of paid vacation, healthcare insurance and death and disability coverage. In France, the agreement on work stress factors will be accompanied by new actions, notably to prevent exposure to noise, manual handling tasks, repetitive movements, and stressful postures, and to improve workstation ergonomics.</p>
<p><b>Empowering everyone</b></p>	<p><b>Creating an appropriate work environment that enables all employees to contribute to the Group's success in an autonomous, committed and responsible way.</b></p> <p>In 2011, the score of the "Empowering everyone" indicator was 44%.</p> <p>Providing clear and constructive feedback to improve employee efficiency is a key way to empower employees. In 2012, 94% of managers were given performance reviews, while 59% of non-managers were given performance reviews within the past two years. To help managers carry out performance evaluations of their teams, a feedback training session was initiated in 2012.</p> <p>Encouraging communication within the Group, notably sharing information and dialoguing, is also an important area of focus. In 2012, the Internal Communication department set up an online community allowing teams to create, maintain and publish their own internal information supports.</p>	<p>By end 2014, all managers will have taken a feedback training course.</p> <p>By 2015, all managers will take annual performance reviews, and 80% of non-managers will take a performance review once every two years.</p>



## MORE INFORMATION

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AREA OF PROGRESS	PROGRESS REPORT AT END 2012	OUTLOOK FOR 2013 AND BEYOND
<p><b>Growing together</b></p>	<p><b>Developing talent without discriminating, through experience and training, and encouraging a fulfilling professional career</b></p> <p>In 2011, the score of the "Growing together" indicator was 37%.</p> <p><b>Developing employee skills</b> In 2012, 42% of Group employees took part in at least one training day. On average, each employee received 9.1 hours of training.</p> <p><b>Offering attractive career development:</b> Mobility Committee meetings were held monthly. The internal rate of mobility for managers from grades one to four was 27% in 2012. Bel France set up a pilot interactive website for the Group that provides sales and marketing employees with better visibility on possible career paths and information about the skills necessary for each post as well as the skills development offered by the post itself.</p> <p><b>Promoting equal opportunity among men and women</b> In 2012, the pay gap between male and female managers of an equivalent grade was 2%. However, women in management positions became scarcer the higher the grade. In 2012, women accounted for 40% of all managers but just 24% for grades one and two. In France, a collective agreement concerning equal opportunity among men and women was unanimously agreed to. Disabled: The Group encourages measures that favor employing disabled personnel and, to that end, signed an agreement with Agefiph, a nonprofit organization for disabled employees, in 2011. In 2012, the percentage of disabled employees totaled 5.42%, up from 4.98% in 2011.</p> <p><b>Non-discrimination</b> In the U.S., a program to raise awareness was set up with monthly thematic meetings focused on seniors, the disabled and other populations.</p>	<p><b>Developing employee skills</b> The training target for 2015 is having 65% of Group employees taking part in at least one training course per year.</p> <p><b>Offering attractive career development</b> Bel is seeking to maintain its internal mobility rate above 15% for its managers grades one to four, representing one mobility every six years on average. In 2013, the website offering better visibility of possible career paths will be extended to the manufacturing, supply chain and finance teams.</p> <p><b>Promoting equal opportunity</b> Bel is seeking to keep the pay gap between men and women under 2%. The Group has set a goal of ensuring that at least 30% of grade one and two management positions are held by women by 2015. In France, the 2015 target for disabled employees is 6% of headcount.</p>
<p><b>Sharing our success</b></p>	<p><b>Implementing a competitive, fair and transparent compensation policy that enables employees, as the company's main stakeholders, to receive a fair return on the value they help create.</b></p> <p>In 2011, the score of the "Sharing our success" indicator was 35%. In 2012, all Group subsidiaries with more than 15 managers had their wage policies backed by a market survey less than two years old. In 2012, 60% of employees benefited from a collective wage system based on the overall performance of the subsidiary or company.</p>	<p>Informational actions will be taken to make the Group's compensation policy more transparent. To ensure equal and fair compensation, the Bel Group will ensure that the wage policies of its subsidiaries with more than 15 managers are based on a survey taken at least once every two years. By 2015, 65% of employees will benefit from a collective wage system based on the overall performance of the subsidiary or company.</p>

# PARTNERSHIPS AND SOCIETY



*Our responsibility: Establishing sustainable development partnerships with suppliers and civil society to grow sustainably together.*

AREA OF PROGRESS	PROGRESS REPORT AT END 2012		OUTLOOK FOR 2013 AND BEYOND
<p>Promoting the development of sustainable dairy production</p>	<p>Accompanying the actions of dairy producers for social, environmental and economic improvement by taking into account the local conditions specific to each dairy supply basin.</p>	<p>Priority was given to the Netherlands and France, the Group's two main dairy supply basins. Nevertheless, actions were initiated with producers in all the dairy basins that supply Bel with liquid milk, including:</p> <ul style="list-style-type: none"> <li>· <b>Netherlands:</b> At end 2012, 23% of Bel suppliers had deployed the Cow Compass management tool, and 100% of suppliers had internet access to EnergyScan®. Further, four areas of progress were identified, including the climatic impact and energy usage of dairy farms, animal health and well-being, landscapes and the environment, and grazing;</li> <li>· <b>France:</b> Bel began developing a IT tool to help producers conduct an environmental impact study of their dairy operations. Four areas of progress were identified, including the link between Bel and its producers, the environmental impact of dairy farms, sustainable dairy cow feed, and animal well-being;</li> <li>· <b>Portugal:</b> Bel developed a best practices management process;</li> <li>· <b>Slovakia:</b> An animal feed information meeting was held with all producers;</li> <li>· <b>Ukraine:</b> Bel undertook advisory efforts aimed at producers.</li> </ul> <p>Bel is seeking to get involved in more sustainable dairy production through an ongoing process to improve the impact of its feed and livestock-related activity. In November 2012, the Group established a three-year agreement with WWF France to help it identify the main areas to target and to get involved in the process.</p>	<p>Action plans will be prepared for priority areas of progress in each supply basin and will be tracked according to specifically tailored performance indicators. The partnership with WWF France will be renewed to 2015.</p> <p>The actions currently under way will be continued, including:</p> <ul style="list-style-type: none"> <li>· <b>Netherlands:</b> Local teams will ensure that commitments made within the dairy profession are met (e.g., RTRS-certified imported soy in 2015). Further, target calls for a 35% adoption rate of the Cow Compass by producers by end 2013;</li> <li>· <b>France:</b> Producers will be progressively assisted in studying their operations. Further, improvement plans will be put into place for livestock breeding operations;</li> <li>· <b>Portugal:</b> A best practices guide for managing livestock will be progressively rolled out to producers by our teams;</li> <li>· <b>Ukraine:</b> A partnership with a local university will be set up to work at pilot farms to develop technical consulting tools.</li> </ul>
<p>Sharing our CSR commitments with suppliers and clearly stating our expectations</p>	<p>Ensuring that purchasing practices reflect the Group's improvement initiative and more particularly:</p> <ul style="list-style-type: none"> <li>· Motivating and training buyers and certain order givers to change internal purchasing and procurement practices;</li> <li>· Assessing and improving our suppliers' CSR performance;</li> <li>· Integrating purchasing family specific criteria into our calls for tender.</li> </ul>	<p><b>Purchasing practices:</b> The Group took actions to raise awareness among employees involved in purchasing. IS department leadership, for example, received responsible purchasing training for IT equipment and services purchases.</p> <p><b>Suppliers' CSR performance:</b> At end 2012, the CSR performance of 346 suppliers from priority purchasing families had been assessed with EcoVadis®, representing 43% of purchases excluding milk collection. In line with Group targets, the evaluation portfolio was broadened to local suppliers. Nearly all of the 49 new suppliers assessed in 2012 were identified by local buyers. The average EcoVadis® score of the portfolio was 4.2 out of 10. Of the 63 suppliers reassessed following their first score, 23 advanced by at least one point on the EcoVadis® grading scale.</p> <p><b>Criteria specific to certain purchasing families:</b> The Group began making specific demands for certain purchasing families. In 2012, for example, suppliers of the breadsticks used in the Plk et Croq® and Kiri Goûter® products ceased using palm oil in their recipes.</p>	<p><b>Purchasing practices:</b> Efforts to train purchasing and order-placing teams will be continued notably with a session dedicated to Bel's CSR and purchasing.</p> <p><b>Suppliers' CSR performance:</b> The assessment portfolio will be continually broadened thanks to the contribution of both central and local purchasing teams. Assistance will be continued to help suppliers progressively achieve an average portfolio score of 5 out of 10. In 2013, an outside organization will conduct CSR audits of sites where the promotional items acquired by the Group and included in the Consumer Sales Units are manufactured.</p> <p><b>Criteria specific to certain purchasing families:</b> Evaluation criteria for dairy raw materials suppliers will be refined with EcoVadis®. Buyers have been asked to systematically include a CSR clause defined according to purchasing family in all calls for tender and contracts.</p>
<p>Involving Bel in actions of good citizenship and solidarity</p>	<p>Getting involved concrete actions of good citizenship and solidarity in the various territories where the Group is present via the Corporate Foundation or directly through Group entities around the world.</p>	<p><b>Involvement via the Corporate Foundation:</b> Bel's Corporate Foundation continued its efforts on behalf of children and their well-being. In 2012, the Foundation backed 21 new nonprofit projects and 11 initiatives sponsored by Group employees around the world. In its first five years of existence, the Corporate Foundation has awarded more than €20,000 in support and grants.</p> <p><b>Involvement by Group entities:</b> To cite but a few examples, Bel's U.S. subsidiary got involved with the Rooftop Crops education program sponsored by the Gary Comer Youth Center, while Bel Morocco continued its partnership with the nonprofit Un regard, Un enfant organization.</p>	<p><b>Involvement via the Corporate Foundation:</b> Bel's Corporate Foundation was renewed for five years and will continue its efforts on behalf of children and their well-being by supporting new projects sponsored by nonprofit organizations and Bel employees.</p> <p><b>Involvement by Group entities:</b> The CSR department will implement a more accurate tracking process for philanthropic actions undertaken by Group entities.</p>



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**For further information**

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

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**Conception & realisation**

Aristophane

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Sharing smiles