Moody's | ESG Solutions

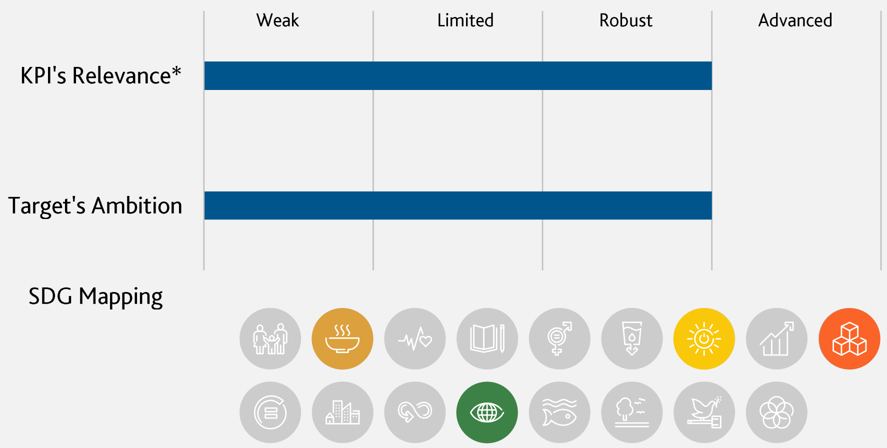
27 July 2022

SECOND PARTY OPINION

on Groupe Bel's Sustainability-Linked Financing Framework

Moody's ESG Solutions considers that Groupe Bel's Sustainability-Linked Financing Framework is aligned with the five core components of ICMA's Sustainability-Linked Bond Principles (SLBP) 2020 and LMA/APLMA/LSTA's Sustainability-Linked Loan Principles (SLLP) 2022

Framework



Characteristics of the Framework

Audit of the Data	Yes
Three-year Historical Data	Yes
Nature of the Impacts on the Instruments' Characteristics	Financial
Disclosure of measures to achieve the SPT(s)	Yes

**Moody's ESG Solutions' opinion on the KPIs' relevance is a consolidation of the materiality assessment of all 4 KPIs. To note, KPI 1 does not address Scope 3 emissions. Therefore, KPI 1, on its own, is considered partially relevant, core and material to the company's business strategy. However, the Issuer has always committed to using KPI 1 on conjunction with other KPIs (see p.2).*

Sustainability Performance Targets (SPTs)

KPI 1: GHG Emissions (Scope 1 and 2, Mt CO_2e)
- Reduce absolute Scope 1 and 2 emissions by 26.5% by 2026, 35.7% by 2028, and 75.6% by 2035 compared to 2017

KPI 2A: GHG Emissions (Scope 3, Mt CO_2e)
- Reduce absolute Scope 3 emissions by 25% by 2035, compared to 2017

KPI 2B: Share of supplying dairy farms with carbon diagnosis (%)
- Increase share of farms diagnosed once to 90%, and diagnosed twice to 80% by 2028

KPI 3: Share of Nutri+ aligned products in Children & Family portfolio (%)
- Increase share to 83% by 2028

	2017 (Baseline)	2018	2019	2020	2021	2026*	2027*	2028*	2029*	2035*
KPI 1	0.198	-	0.203	0.200	0.183	0.146	-	0.127	-	0.048
KPI 2A	5.099	4.951	4.538	4.814	-	-	4.693	-	4.440	3.824
KPI 2B (once)	-	-	18%	56%	64%	85%	-	90%	-	-
KPI 2B (twice)	-	-	-	-	0%	60%	-	80%	-	-
KPI 3	60%	-	69%	72%	72%	81%	-	83%	-	-

*Trigger event

Issuer

Involvement in Controversial Activities

☐ Animal welfare
☐ Cannabis
☐ Chemicals of concern
☐ Civilian firearms
☐ Alcohol
☐ Fossil Fuels industry
☐ Coal
☐ Gambling
☐ Genetic engineering
☐ High interest rate lending
☐ Human Embryonic Stem Cells
☐ Military
☐ Nuclear power
☐ Pornography
☐ Reproductive medicine
☐ Tobacco
☐ Unconventional oil and gas

ESG Controversies

Number of controversies	1
Frequency	Isolated
Severity	Significant
Responsiveness	Reactive

Key Findings

Note on the score of the relevance of KPIs:

The Issuer has communicated to Moody's ESG Solutions that the relevant final terms of a given bond/loan issue will specify the KPI(s), SPT(s), and trigger date(s) applicable to that specific issue, and that not all issuances will use all KPIs. The Issuer has communicated that KPI 1 will always be used in combination with either KPI 2A or KPI 2B, and that KPI 2B will always be used in combination with at least one other KPI. For Groupe Bel, this is of particular importance as KPI 1 (Scope 1 and 2 emissions) represents only 4% of the Issuer's overall GHG emissions, with KPI 2A (Scope 3 emissions) covering an additional 96% of overall GHG emissions; KPI 2B, meanwhile, is considered an enabling KPI as it covers carbon diagnoses of supplying dairy farms. Within Bel's GHG emissions over the entire value chain, raw materials account for 67% of all scopes (of which the supply of milk represents 52% of Bel's raw material emissions). Moody's ESG Solutions considers that the relevance of the 4 selected KPIs together is robust.

As per the Framework, Bel has committed to always use KPI 1 in conjunction with KPI 2B for any financing instrument whose maturity and/or characteristics are not eligible for a target observation date as of 31 December 2028, which is considered relevant. KPI 2B represents a credible mid-term means for achievement for KPI 2A (Scope 3 GHG emissions). However, the combination of KPI 1 and KPI 2A represents the most relevant, core and material combination of KPIs to address the key environmental challenges of the Issuer as they would cover 100% of the GHG emissions (Scope 1, 2 and 3). The relevance is considered advanced for KPIs 2A, 2B and 3.

Moody's ESG Solutions considers that Group Bel's Sustainability-Linked Financing Framework is aligned with the five core components of the SLBP.

Selection of the Key Performance Indicators (KPIs) – aligned with the SLBP

- The KPIs are clearly defined, including the unit of measurement, the rationale and process to select the KPI, the calculation methodology and the scope, and they are publicly disclosed in the Framework.
- The KPIs are measurable and are externally verifiable.
- The calculation methodology is consistent, and the Issuer commits to inform the investors of changes in the methodology.
- The KPIs were previously disclosed and there are historical externally verified KPI values covering at least the previous 3 years.
- The definitions of KPIs 1 and 2A and 2B rely on external references allowing their benchmark. The definition of KPI 3 does not rely on external references.
- The selected KPIs reflect several of the Issuer's most material sustainability issues for its current and future operations, as well as some of the most relevant sustainability challenges for its sector. In addition, the KPIs reflect some of the most material issues in the Issuer's materiality matrix and they cover between 50-100% of the activities.
- Should KPI 1 be used alone, its relevance would be considered as weak. However, the Issuer has communicated that KPI 1 will always be used in combination with either KPI 2A or KPI 2B. The relevance is advanced for KPIs 2A, 2B and 3.

Calibration of the Sustainability Performance Targets (SPTs) – aligned with the SLBP

- The SPTs are consistent with the Issuer's existing targets set in its sustainability strategy.
- The SPTs demonstrate a robust level of ambition.
- The timeline, baseline and trigger events are clearly disclosed and the Issuer has set relevant intermediary targets allowing sufficient visibility on the KPIs' performance.
- The means for achieving the SPTs are disclosed and are considered credible.

Bond Characteristics – aligned with the SLBP

- The potential variation of the bond financial and/or structural characteristics depending on whether the selected KPI(s) would reach (or not) the predefined SPT(s) is clearly defined in the Framework and will be disclosed to investors in the bond documentation.
- The meaningfulness of the variation of the SLB's structural and/or financial characteristics cannot be assessed due to the lack of comparison data.

Reporting– aligned with the SLBP and best practices identified by Moody's ESG Solutions

- The Issuer has committed to disclose all relevant information in public documentation on its website and in its annual reporting (including information on the performance of KPIs, information enabling investors to monitor the level of ambition of the SPTs and baselines).
- The reporting on the KPI(s) will be published annually until maturity of the Bond.

- The intended scope and granularity of the reporting is clear and covers all the required elements.
- The selected KPIs' related data are covered by an internal and external verification.

Verification– aligned with the SLBP and best practices identified by Moody's ESG Solutions

- The performance of each KPI against each SPT will be covered by an external verification, on an annual basis and in case of material changes impacting the SLB's financial and/or structural characteristics (such as a trigger event), until the maturity of the Bond.
- The verification assurance report will be publicly available on the Issuer's website.

Type of External Reviews supporting this Framework

☒	Pre-issuance Second Party Opinion	☒	Independent verification of KPIs' reported data
☒	Independent verification of SPTs' achievement		

Contact

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SCOPE

Moody's ESG Solutions was commissioned to provide an independent Second Party Opinion ("SPO") on the integration of three environmental factors and one social factor to the Sustainability-Linked Financial Instruments, including Bonds, Loans, Schuldscheine, and Facilities (collectively, the "Instruments") issued by Groupe Bel ("Issuer") in compliance with the Sustainability-Linked Financing Framework (the "Framework") created to govern their issuances.

Of note, Sustainability-linked debt instruments are intended to finance general corporate purposes. As opposed to other sustainable financial instruments such as green/social bonds or loans, these instruments are agnostic on how funds are used. The main feature of this type of financing is the variation of the bond's financial and/or structural characteristics, depending on whether the Issuer achieves predefined sustainability/ ESG objectives.

Our opinion is established using our Environmental, Social and Governance ("ESG") assessment methodology and the International Capital Market Association's (ICMA) Sustainability-Linked Bond Principles ("SLBP"), voluntary guidelines, published in June 2020 and the Loan Market Association, Asia Pacific Loan Market Association, Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Sustainability-Linked Loan Principles ("SLLP"), voluntary guidelines, published in March 2022. This opinion is strictly limited to the integration of three environmental and one social factor(s) to the Instruments. This opinion does not cover the integration of broader sustainability factors (i.e. social and governance), or the labelling of the Bonds, Loans, or other Instruments where the final decision is left to Groupe Bel. This opinion does not constitute a verification or certification.

Our opinion is built on the review of the following components:

1. Framework: we assessed the Framework, including the coherence between the Framework and the Issuer's environmental and social commitments, and the Framework's alignment with the five core components of the SLBP 2020 and SLLP 2022.

2. Issuer[1]: we assessed the Issuer's management of potential stakeholder-related ESG controversies and its involvement in controversial activities[2].

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Moody's ESG Solutions' exclusive ESG rating database, and (iii) information provided from the Issuer, through documents.

Our opinion and work has been carried out in good faith. Moody's ESG solutions has not performed any audit, site visit, inspection, nor other tests to establish the accuracy of the information provided by the Issuer. The Issuer is solely responsible for the correctness of the information it has provided and its compliance with, and implementation of, its commitments.

We carried out our due diligence assessment from May 19, 2022 to July 26, 2022. We consider that we were provided access to all documents and interviewees we solicited. To this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

[1] The Issuer is not part of our ESG performance rating universe.
[2] The 17 controversial activities screened by Moody's ESG Solutions are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

Moody's ESG Solutions considers that the selected KPIs are coherent with Groupe Bel's strategic sustainability priorities and sector issues and that they contribute to achieving the Issuer's sustainability commitments.

According to the Food and Agriculture Organization of the UN (FAO), global livestock production is estimated to make up 14.5% of anthropogenic greenhouse gas emissions[3]; the global dairy sector accounts for 4% of total emissions if emissions from the meat production of dairy-related animals is included, or 2.7% if only considering the emissions of milk production, processing, and transportation.[4] Most estimates show that the vast majority of dairy-related GHG emissions occur before the milk ever leaves the farm: estimates range from the FAO's 93% (on a global basis), with 78-83% in developed economies and 90-99% in emerging ones[5], to a U.S. study on the national supply chain of fluid milk which placed the figure at 72%.[6] A large portion of dairy-related emissions result from enteric methane from the bovine digestive system, making up around 51% of dairy-related emissions, with manure accounting for another 25%, according to Scottish government estimates.[7]

There is also significant farm-level variability. For example, one study focused only on relatively similar, randomly selected small-scale dairy farms in Lembang, West Java, in Indonesia found variation in milk yield per cow per year of over 50% between the lowest quartile and top quartile of farms, and this difference in milk yield in turn explained 57% of the difference in farm-level lifecycle GHG emissions.[8] Thus, reducing dairy sector GHG emissions and increasing understanding of emission sources through systematic, farm-level analysis of dairy farms within the supply chain is one of the key issues for the dairy and agri-food sectors.

According to a research report published by the World Health Organization (WHO)[9], childhood obesity is one of the most serious global public health challenges in this century. In the last 40 years, total number of school-age children with obesity has raise more than 10-folds to 124 million. Additionally, those classified as overweight but not obese account for another 216 million. Effects of childhood overweight and obesity is significant. It is considered a leading cause for cardiovascular disease, common cancers, diabetes and others. Increasing the share of healthy products is thus one of the most pressing issues for the agri-food sector.

Moody's ESG Solutions considers the selected KPIs align with Bel Group's overall sustainability and business strategies and are relevant and material in addressing issues impacting the agri-food sector as a whole.

Bel's sustainability strategy is structured into five priorities:

- Contribute to healthier food
- Promote sustainable agriculture
- Design responsible packaging
- Fight climate change and reduce environment footprint
- Improve the accessibility of its product

Specific to the "Climate Change" priority, the Issuer aims to address GHG emissions in the following ways:

- Commit to SBTi approved goals of reducing absolute Scope 1 & 2 emissions by 75.6% by 2035 from a 2017 base year, and absolute Scope 3 emissions by 25% in the same timeframe
- Commit to contributing to carbon neutrality, first, for scope 1 & 2 by 2025, and then for the full value chain by 2050.
- Commit to zero deforestation linked to the soy and palm meal used in dairy cow feeds
- Invest in carbon sink projects like planting forest or rehydrating peatlands
- Reducing energy consumption while developing the use of renewable energy sources
- Reducing the impact of packaging at all stages

[3] FAO (2013), "Tackling climate change through livestock," https://www.fao.org/3/i3437e/i3437e.pdf
[4] FAO (2010), "Greenhouse Gas Emissions from the Dairy Sector: A Life Cycle Assessment", https://www.fao.org/3/k7930e/k7930e00.pdf
[5] Ibid.
[6] Rotz, C. A., "Symposium review: Modeling greenhouse gas emissions from dairy farms", J. Dairy Sci. 101:6675–6690 (2018), https://doi.org/10.3168/jds.2017-13272
[7] Greenhouse Gas Inventory, Government of Scotland, https://www.gov.scot/publications/estimated-dairy-emissions-mitigation-smart-inventory/
[8] de Vries M, Zahra WA, Wouters AP, van Middelaar CE, Oosting SJ, Tiesnamurti B and Vellinga TV (2019), "Entry Points for Reduction of Greenhouse Gas Emissions in Small-Scale Dairy Farms: Looking Beyond Milk Yield Increase." *Front. Sustain. Food Syst.* 3:49. https://doi.org/10.3389/fsufs.2019.00049
[9] https://apps.who.int/iris/bitstream/handle/10665/274792/WHO-NMH-PND-ECHO-18.1-eng.pdf?ua=1

- Fight food waste from farm to fork
- Increase the fruit and plant-based options, and have a 50/50 balanced portfolio between dairy and fruit/plant-based products over the medium-term.

Specific to the "healthier food" priority, the issuer aims to address nutrition and ingredient quality in the following ways:

- Improving the nutritional composition of Bel's product portfolio
- Delivering products with simpler and shorter ingredient lists
- Implementing recipes renovations either for nutrition and/or naturalness
- Eliminating all artificial flavours and colours from Group's core brands

Moody's ESG Solutions consider the selected KPIs coherent with Bel Group's overall sustainability strategy and broader sector issues.

FRAMEWORK

The Issuer has described the main characteristics of the Instruments within a formalised Framework which covers the five core components of the SLBP 2020 and SLLP 2022 (the last updated version was provided to us on July 26, 2022). The Issuer has committed to make this document publicly accessible on its website at the first issuance date, in line with good market practices.

Alignment with Sustainability-Linked Bond Principles

Selection of the Key Performance Indicators (KPIs)

Not Aligned	Partially Aligned	**Aligned**	Best Practices

Table 1. Analysis of the KPIs selected by the Issuer

KPI 1: GHG EMISSIONS (SCOPE 1 AND 2)
KPI 2A: GHG EMISSIONS (SCOPE 3)
KPI 2B: SHARE OF DAIRY FARMS WITH CARBON DIAGNOSIS
KPI 3: SHARE OF PRODUCTS WITH NUTRI+ ALIGNMENT

Definition: Clarity And Disclosure

The KPIs are clearly defined, including the unit of measurement, the rationale and process to select the KPI, the calculation methodology and the scope. The KPIs were previously disclosed and all KPIs have historical externally verified KPI values covering at least the previous 3 years.

KPI 1:

The rationale for the selection of KPI 1, Scope 1 and 2 GHG emissions (in absolute terms), is reflected in the Issuer's commitment to combat climate change through contributing to carbon neutrality for Scope 1 and 2 by 2025, and across its value chain by 2050. The Issuer reports that fossil fuel-generated emissions from its factories (from gasoline, natural gas, coal) and refrigerant leakage are Groupe Bel's main direct sources of GHG emissions.

The KPI's calculation methodology and coverage are the following:

Scope 1 & 2 GHG emissions (tCO_2e) linked to energy consumption (electricity, natural gas, gasoline, coal) and to refrigerant use. Scope 1 also includes emissions from vehicles owned or controlled by the Group. The Issuer reports that the KPI covers all of the Issuer's corporate facilities and factories, including the main headquarters building in Suresnes, France, but excluding local headquarters, as these represent an insignificant (less than 0.5%) part of their Scope 1&2 emissions.

Scope 1 and 2 together account for around 4% of Groupe Bel's total GHG emissions.

KPI 2A:

The rationale for the selection of KPI 2A, Scope 3 GHG emissions (in absolute terms), is reflected in the Issuer's commitment to combat climate change through contributing to carbon neutrality across its value chain by 2050. The Issuer reports that Scope 3 emissions result mainly from raw materials (70% of Scope 3, or 67% of all GHG emissions); transport (14% of all emissions), and packaging (5% of all emissions).

The KPI's calculation methodology and coverage are the following:

Scope 3 emissions resulting from any indirect emissions, in particular raw material purchases, finished product packaging and upstream and downstream transport. Scope 3 covers 100% of the Group's indirect emissions and makes up 96% of the Issuer's total GHG emissions.

KPI 2B:

The rationale for the selection of KPI 2B, share of dairy farms with carbon diagnosis, is reflected in the Issuer's commitment to combat climate change through contributing to carbon neutrality across its value chain by 2050. Bel Group currently collects more than one billion litres of milk per year from 1,400 producers in multiple countries. Raw materials account for 70% of Scope 3 emissions, or 67% of total emissions. At the end of 2020, 52% of Bel's raw material emissions are related to the supply of milk.

The KPI's calculation methodology and coverage are the following:

The KPI measures the proportion of supplier farms to have undergone carbon analysis conducted through one of the following three tools:

- CAP'2ER – Tool developed through public/private partnership in France, used to assess sustainability of farms in six regions of France[10]
- FARM Environmental Stewardship – Tool developed in the U.S. and primarily serving U.S. dairy farmers. The tool is developed based on IPCC Tier 2 methods and life cycle analysis research with the goal of accurately measuring farm-level GHG emissions and energy use intensity.
- Cool Farm tool – Tool developed by Cool Farm Alliance. It is the primary tool used outside of France and the U.S. to quantify on-farm GHG emissions and soil carbon sequestration.

The KPI's scope includes two separate diagnoses of all of the Issuer's 1400+ upstream dairy providers. Diagnoses are conducted sequentially: The first diagnosis aims to collect data to create an emissions reductions plan, and the second diagnosis, conducted typically 3 – 5 years after the first, aims to measure impacts of the plan and to validate results.

KPI 3:

The rationale for the selection of KPI 3, the share of the Issuer's Children and Family products having achieved alignment with the Nutri+ nutrition score, is reflected in one of the Issuer's key sustainability priorities – Contributing to healthier food. The nutritional quality of food is a growing public health concern given the negative health impacts of obesity. The Issuer is a major agri-food company with annual sales in excess of EUR 3.3 billion, and a presence in 120 markets. The KPI is a measurement of percentage of products within children and Family portfolio that meets specific Nutri+ thresholds designed to illustrate Issuer's commitment to healthier food choices for children and families.

The KPI's calculation methodology and coverage are the following:

The KPI measures the proportion of products aligning with the proprietary Nutri+ methodology within the "Children and Family" product category, which made up 72% of Groupe Bel's products in 2020 and 2021 and is expected to continue making up ~75% of Groupe Bel's total product portfolio in 2026.

Bel Nutri+ is a nutritional profile system targeting thresholds for key nutrients for both children and adults. The thresholds are built on nutritional intake daily values (DV) recommended by the World Health Organisation (WHO) and validated by international experts, covering maximum or minimum thresholds for key nutrients and taking into account the different dietary needs of children compared to adults.

Measurability, Benchmark And Verifiability

The KPIs are measurable and externally verifiable. All four KPIs are measurable and included in the Issuer's annual reports, verified by external auditors.

KPI 1 has been disclosed and externally verified since 2008.

KPI 2A has been disclosed and externally verified since 2017.

KPI 2B has been disclosed and externally verified since 2020.

KPI 3 has been disclosed and externally verified since 2017.

For KPIs 1, 2A and 2B: The KPIs' definition rely on external references and can be benchmarked. Specifically, KPI 1 relies on the GHG protocol[11], and KPI 2A uses the GHG Protocol Scope 3 standard. KPI 2B uses tools (CAP2ER, Cool Farm Tool) which are external and allows peer benchmark.

For KPI 3: The KPI definition does not rely on external references which is preventing benchmark against sector peers' performance.

[10] Bel was part of the development of the tool in 2012
[11] https://ghgprotocol.org/

Relevance And Materiality

The selected KPIs reflect one of the most material sustainability issues for the Issuer's current and future operations, as well as one of the most relevant sustainability challenges for its sector and they cover 50-100% of the activities.

KPI 1 and 2B (for any financing instrument whose maturity and/or characteristics are not eligible for a target observation date as of 31 December 2028):

Moody's ESG Solutions considers that KPI 1 relevance on its own is considered weak. Bel has committed to always use KPI 1 in conjunction with KPI 2B for financing instrument whose maturity and/or characteristics are not eligible for a target observation date as of 31 December 2028, which is considered relevant. KPI 2B represents a credible mid-term means for achievement for KPI 2A (Scope 3 GHG emissions). However, because it is covering a less significant part of the total scope 3 emissions (Scope 3 emissions account for 96% of the Issuer's total emissions. Of that, raw materials account for 70% of scope 3 emissions. Within raw material emissions, supply of milk accounts for 52% of overall Scope 3 emissions, or 36% of the Issuer's total GHG footprint), Moody's ESG Solutions considers the combination of KPI 1 and KPI 2A to be more relevant to address the key environmental challenges of the Issuer.

KPIs 1 and 2A (for any financing instrument whose maturity and/or characteristics are eligible for a target observation date as of 31 December 2028 or later):

KPIs 1 and 2A, taken together, reflect one of the most material sustainability issues for the Issuer's current and future operations, as well as one of the most relevant sustainability challenges of the sector, and together cover 100% of the Issuer's GHG footprint.

If used together, the relevance of KPI 1 and KPI 2A is considered advanced regarding the Issuer's activity and sector issues.

Moody's ESG Solutions considers KPI 2A to reflect one of the most material sustainability issues for the Issuer's current and future operations, as well as one of the most relevant sustainability challenges of the sector, and it covers 96% of total GHG emissions.

The 2021 UN Framework Convention on Climate Change (UNFCCC) report issued by the Intergovernmental Panel on Climate Change acknowledges the possibility of harmful climate change due to increasing and irreversible GHG levels[12]. Furthermore, the 2015 Paris Agreement signed in 2016 by the United Nations member states established a global framework to avoid severe climate change by keeping global warming well below 2°C and pursuing efforts to keep it below 1.5°C. It also aims to strengthen businesses' ability to deal with the effects of climate change and to support them in their efforts[13].

Both the UNFCC report and the Paris Agreement stress that it is crucial and indispensable for companies to set science-based targets for Scope 1, 2, and 3 emissions to help meet the Paris Agreement's goals and to be externally assessed, such as by the SBTi – which mandates that companies with value chain emissions that account for more than 40% of total GHG emissions set a Scope 3 target – to demonstrate the target's alignment with the most recent climate science.

Groupe Bel is part of the "*Business Ambition for 1.5°C*" campaign from SBTi. Within this campaign, companies have two options and Bel has selected the second option, which requires the following:

- Setting scope 1 and 2 emissions reduction targets aligned at a minimum with the SBTi minimum level of ambition of well-below 2°C, following the criteria and recommendations developed by the SBTi.[14]
- Setting a goal to reach net-zero value-chain emissions by maximum 2050 and interim scope 3 targets in line with the SBTi criteria and recommendations.[15]

Besides focusing on reducing emissions under companies direct operational control or ownership, it is crucial for companies to set targets covering emissions from their value chains, which often represent the largest portion of companies GHG inventories. For companies involved in the food production and the food and beverages supply chain, Scope 3 emissions are generally estimated to represent more than 75% of total GHG emissions[16]. In the case of Groupe Bel, Scope 1 and 2 emissions account for 4% for its total emissions, and Scope 3 emissions for 96%[17].

[12] IPCC Report – Climate Change 2021- The Physical Science Basis - https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf
[13] United Nations Climate Change website – Process and meetings – the Paris Agreement - https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
[14] From 15 July 2022 onwards, the SBTi has declared that they will no longer validate targets in line with well-below 2°C.
[15] Through this option, companies are not expected to set scope 3 targets aligned with the ambition required to limit warming to 1.5°C (i.e. linear annual reduction rate of 4.2% per year).
[16] Tidy, M. et al. 2016. The Role of Supplier Relationship Management in Reducing Greenhouse Gas Emissions from Food Supply Chains: Supplier Engagement in the UK Supermarket Sector. Journal of Cleaner Production
[17] Groupe BEL Universal Registration Document 2021 p. 115, available at: https://www.groupe-bel.com/wp-content/uploads/2022/04/220408-bel-rapport2021-fr-mel-1.pdf

In its Framework, Groupe Bel has disclosed targets to reduce its Scope 1 and 2 GHG emissions by 26.5% by 2026, 35.7% by 2028 and 75.6% by 2035 (KPI 1 and accompanying SPTs), as well as targets to reduce its Scope 3 emissions by 25% by 2035 (KPI 2A and accompanying SPTs).

Moreover, 'Greenhouse gas emissions' are identified as highly material, although not among the top three priority issues, in Groupe Bel's materiality analysis, conducted in 2018 and disclosed in its Universal Registration Document 2021[18].

KPI 2B:

Moody's ESG Solutions considers KPI 2B as relevant, core and material to the company's business strategy for its current and future operations. The relevance of KPI 2B is considered advanced regarding the Issuer's activity and sector issues.

If used together with KPI 1, the relevance of KPI 1 and KPI 2B is considered relevant regarding the Issuer's activity and sector issues.

Scope 3 emissions account for 96% of the Issuer's total emissions. Of that, raw materials account for 70% of Scope 3 emissions. Within raw material emissions, supply of milk accounts for 52% of overall Scope 3 emissions. Therefore, dairy farms are one of the biggest emission sources within the Issuer's supply chain. Bel's multi-year commitment to measure the GHG emission of its dairy suppliers twice in order to first diagnose and manage on-farm GHG emissions and then to measure the impact of its efforts are relevant in addressing a key and material issue for the sector and for the Issuer in achieving its long-term net zero commitment.

KPI 3:

Moody's ESG Solutions considers KPI 3 as relevant, core and material to the company's business strategy for its current and future operations. The relevance of KPI 3 is considered advanced regarding the Issuer's activity and sector issues.

Within the Issuer's own materiality analysis, "Nutritional benefits of the products" is considered one of the top priorities both from stakeholder and from business perspectives. Bel's Nutri+ Score, based on nutritional recommendations of the WHO, is the Issuer's way to promote healthier and more balanced food decisions for children and families. The system aims to help consumers making better nutritional choices by setting thresholds for specific nutrients as percentage of daily consumption. It is aligned with World Health Organization's previously identified actions that the food industry can take to improve population nutrition and creating healthier food environments. In addition, Bel has worked with international experts to validate the thresholds for nutritional recommendations. These include doctors, professors of nutrition in university, experts in epidemiology and nutrient profiling systems, and consultancy agencies.

BEST PRACTICES

⇒ The KPIs' calculation methodology is consistent, and the Issuer commits to conduct a post-issuance review (which will be made available to bondholders/lenders) in case of material changes to the KPIs' coverage, calculation methodology, and in particular the SPT calibration.

[18] Groupe BEL Universal Registration Document 2021 p.47, available at: https://www.groupe-bel.com/wp-content/uploads/2022/04/220408-bel-rapport2021-fr-mel-1.pdf

SDG Contribution

The selected KPIs are likely to contribute to 4 of the United Nations' Sustainable Development Goals ("SDGs"), namely:

KPI	SDG	SDG TARGETS
KPI 3: Share of products with Nutri+ alignment	2 Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.
KPI 2B: Share of farms with carbon diagnosis		2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
KPI 1: GHG Emissions (Scope 1 and 2) KPI 2A: GHG emissions (Scope 3)	7 Affordable and Clean Energy	7.2 By 2030, substantially increase the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
KPI 1: GHG Emissions (Scope 1 and 2)	9 Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
KPI 1: GHG Emissions (Scope 1 and 2) KPI 2A: GHG emissions (Scope 3) KPI 2B: Share of farms with carbon diagnosis	13 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Calibration of the Sustainability Performance Target (SPT)

Not Aligned	Partially Aligned	Aligned	Best Practices

Ambition

KPI 1: GHG EMISSIONS (SCOPE 1 AND 2)

By using the reduction of the absolute value of Scope 1 and 2 GHG emissions per year, the data set should show positive or negative KPI trends, reflecting the Issuer's commitment to fighting climate change, thus enabling investors to make an appropriate assessment of the overall environmental performance.

Table 2 – GHG emissions, Scope 1 and 2 (measured in tons CO_2e)

	REPORTED DATA				OBJECTIVES		
KPI 1	2017 (Baseline)	2019	2020	2021	2026*	2028*	2035*
	197,993	202,540	200,487	182,500	145,558	127,363	48,310
Total variation (2017-2021)	-7.8%						
Total variation compared with the baseline (to 2026, 2028, 2035)	-26.5%						
	-35.7%						
	-75.6%						
Average annual variation (2017-2021)	-2.0%						
Average annual variation compared with 2021 (to 2026, 2028, 2035)				-4.4%			
				-5.0%			
				-9.1%			

*Trigger events

The SPTs are consistent with the Issuer's existing targets set out in its sustainability strategy and its annual reporting.

Based on several points of comparison, Moody's ESG Solutions considers that Bel's target demonstrates an advanced[19] level of ambition.

The timeline, baseline, and trigger events are clearly disclosed.

Business-as-usual Trajectory Benchmark Analysis

The SPTs represent a material improvement compared to the Issuer's Business as Usual (BaU).

The Issuer has provided historical data on the KPI since 2017, which indicates that there has been first a slight rise, and then a decrease of absolute GHG emissions (Scope 1 and 2) over the years. Between 2017 and 2021 (the most recent data), absolute

[19] Moody's ESG Solutions scale of assessment: Weak / Limited / Robust / Advanced

Scope 1 and 2 GHG emissions decreased by 7.8% in comparison to the 2017 value, which represents an average annual decrease of 2.0%.

The target set for 2026 represents a 26.5% decrease compared with the 2017 baseline. Measured from the most recent reported data of 2021, reaching the 2026 target implies an average annual decrease in emissions of 4.4%. For the subsequent trigger event targets (2028 and 2035), the average annual reduction rate compared to the 2021 is even more ambitious. To reach the 2028 target requires a 5.0% average annual decrease between 2021 and 2028; reaching the 2035 target requires a 9.1% average annual decrease between 2021 and 2035. Therefore, Moody's ESG Solutions considers that the SPTs represent a material improvement to the BaU trajectory of the Issuer.

Sector Peers Benchmark

The SPTs demonstrate an advanced level of ambition compared to sector peers' performances.

The 2026, 2028 and 2035 SPTs (reduction of 26.5% by 2026, 35.7% by 2028, and 75.6% by 2035, compared to the 2017 baseline) are considered more ambitious than most peers' targets at European and world levels, especially when compared with the most closely comparable companies—that is, other food producers. For example, Groupe Bel's targets appear to be more ambitious than those of Kerry Group[20], an Irish dairy firm, which has set targets to reduce Scope 1 and 2 emissions by 55% by 2030, compared to a 2017 baseline, or of Nestlé, the Switzerland-based food production firm, which has set a target to reduce Scope 1 and 2 by 50% by 2030 compared to 2018. Danone, the French dairy firm, has likewise set a 50% reduction target of Scope 1 and 2 emissions by 2030, compared to 2018. The Issuer's targets seem to be roughly in line with those of Arla Group, a Denmark-based dairy firm, which has committed to reduce Scope 1 & 2 emissions by 63% by 2030.[21]

Overall, the ambition of the SPT appears to be amongst the top performers when considering food producers and dairy firms.

Official International Targets and Scenarios Benchmark Analysis

The SPTs demonstrate an advanced level of ambition compared to sector standards.

According to the SBTi[22], a number of companies in the 'Food and Staples Retailing' sector have disclosed Scope 1 and 2 GHG emissions reduction targets and had these approved and validated by the SBTi, while some other companies have not. Most of these targets are short term (2025/2030/2035), and of these, some are aligned with a well-below 2°C scenario while the most ambitious ones are aligned with a 1.5°C scenario. As for the long-term (2050), a limited number of companies in this sector (14 out of 41) have committed to net-zero by 2050, with only one of these, CVS Health of the USA, having set a long-term target that has been approved and validated.

By virtue of having both a 1.5°C-aligned near-term (in this case, 2035) target for scopes 1 and 2 and a long-term commitment to net zero by 2050, Groupe Bel falls within the most ambitious, advanced companies in this sector, making up one of just 8 out of the 41 evaluated by the SBTi to satisfy both of these criteria.

MEASURES TO ACHIEVE THE SPT

The means to achieve the SPT are disclosed in the Framework and are considered credible.

The SPT will be achieved through two main strategies:

- Reducing the energy footprint of industrial sites: The ESABEL ("Energy Saving at Bel") program enables production sites to monitor their energy consumption levels, and then to define and implement roadmaps to reduce them (e.g. achieving energy recovery using heat pumps)
- Increasing the use of renewable energy: The Issuer plans to install more biomass boilers, with three installation projects underway in France, Morocco and Portugal; install solar photovoltaic panels on its facilities; and purchase renewable electricity through purchasing power agreements (PPAs)

[20] Kerry Group 2021 GRI Sustainability Report – see: https://www.kerrygroup.com/annual-report/assets/pdfs/KGAR21_GRI_Sustainability.pdf
[21] Arla website, Sustainability, Arla's climate ambition, see: https://www.arla.com/sustainability/arlas-climate-ambition/
[22] https://sciencebasedtargets.org/companies-taking-action?sector=Food%20and%20Staples%20Retailing#table

KPI 2A: GHG EMISSIONS (SCOPE 3)

By reducing the absolute amount of Scope 3 GHG emissions, the data set should show positive or negative KPI trends, reflecting the Issuer's commitment to combat climate change, thus enabling investors to make an appropriate assessment of the overall environmental performance.

Table 3 – GHG Emissions, Scope 3 (tons CO_2e)

<table>
<tr><th colspan="2"></th><th colspan="4">REPORTED DATA</th><th colspan="3">OBJECTIVES</th></tr>
<tr><td colspan="2" rowspan="2">KPI 2A
(tons CO_2e)</td><td>2017
(Baseline)</td><td>2018</td><td>2019</td><td>2020</td><td>2027*</td><td>2029*</td><td>2035*</td></tr>
<tr><td>5,098,634</td><td>4,951,327</td><td>4,537,554</td><td>4,813,509</td><td>4,693,260</td><td>4,439,755</td><td>3,823,976</td></tr>
<tr><td rowspan="7">Average annual variation (%)</td><td>Period</td><td colspan="7"></td></tr>
<tr><td>2017-2020</td><td colspan="4">-1.9%</td><td colspan="3"></td></tr>
<tr><td>2020-2035</td><td colspan="3"></td><td colspan="4">-1.5%</td></tr>
<tr><td>2020-2027</td><td colspan="3"></td><td colspan="2">-0.4%</td><td colspan="2"></td></tr>
<tr><td>2027-2029</td><td colspan="4"></td><td colspan="2">-2.7%</td><td></td></tr>
<tr><td>2029-2035</td><td colspan="5"></td><td colspan="2">-2.5%</td></tr>
<tr><td>2027-2035</td><td colspan="4"></td><td colspan="3">-2.5%</td></tr>
<tr><td rowspan="6">Total reduction (%)</td><td>2017-2027</td><td colspan="5">-8.0%</td><td colspan="2"></td></tr>
<tr><td>2017-2029</td><td colspan="6">-12.9%</td><td></td></tr>
<tr><td>2017-2035</td><td colspan="7">-25.0%</td></tr>
<tr><td>2017-2020</td><td colspan="4">-5.6%</td><td colspan="3"></td></tr>
<tr><td>2020-2027</td><td colspan="3"></td><td colspan="2">-2.5%</td><td colspan="2"></td></tr>
<tr><td>2027-2035</td><td colspan="4"></td><td colspan="3">-18.5%</td></tr>
</table>

*Trigger event

The SPTs are consistent with the Issuer's existing targets set out in its sustainability strategy and its annual reporting.

Based on several points of comparison, Moody's ESG Solutions considers that Bel's target demonstrates a robust[23] level of ambition.

The timeline, baseline, and trigger events are clearly disclosed.

Business-as-usual Trajectory Benchmark Analysis

The SPTs demonstrate a trend aligned with the Issuer's Business as Usual (BaU).

The Issuer has provided historical data on the KPI, which indicates that there was a decrease of absolute GHG emissions (Scope 3) from 2017 to 2019, followed by an increase in 2020. Data show that between 2017 and 2020, absolute Scope 3 GHG emissions decreased by 5.6% in comparison to the 2017 value, which represents an average annual decrease of 1.9%.

The target set for 2027 represents an 8% decrease compared with the 2017 baseline, which translates to an average annual decrease between 2020 and 2027 of just 0.4%. In order to reach the target set for 2029 (-12.9% compared to the baseline), or for 2035 (-25% compared to the baseline), the average annual reduction rate does then need to climb to 2.8%.

Considering the entire period from 2020 to 2035, the annual average reduction required to reach the target is 1.5%, slightly below the 1.9% achieved from 2017 to 2020. Moody's ESG Solutions understands and agrees with Bel's justification that the last efforts are usually the most challenging to implement for a company, and therefore considers the trend to be aligned.

[23] Moody's ESG Solutions scale of assessment: Weak / Limited / Robust / Advanced

Sector Peers Benchmark

This SPT demonstrates a robust level of ambition compared to sector peers' performances.

The ambition of Groupe Bel's target is considered in line with many peers' targets at European level, including among other dairy and food production firms and those in SBTi's 'Food and Staples Retailing' sector classification[24].

Many of the Issuer's direct competitors have set Scope 3 targets in a different way, making direct comparison more difficult. FrieslandCampina, a Dutch dairy producer, is the most directly comparable, having set Scope 3 reductions targets for two sub-segments of its Scope 3 emissions, of 33% by 2030 compared to 2015 for "member milk," and 43% for "other in scope."[25] Due to a portion of Scope 3 falling out of scope of both of these targets, they translate to an overall 27% reduction in Scope 3 by 2030, which is in line with Groupe Bel's 25% reduction target by 2035. Arla Group of Denmark and Kerry Group of Ireland, as well as Danone of France, have all set intensity-based, rather than absolute, Scope 3 reduction targets. In all three cases, the target is of a 30% reduction in Scope 3 emissions by 2030 per tonne of product, which is less ambitious than Bel's absolute target.

Official International Targets and Scenarios Benchmark Analysis

The SPT demonstrates a robust level of ambition compared to sector standards.

The fact that Groupe Bel has set a Scope 3 target is in line with SBTi recommendations (Scope 3 targets are recommended when Scope 3 exceeds 40% of total GHG emissions, and in this case they are 96%). The Issuer's commitment to do so stands out in a sector where relatively few other firms have set Scope 3 targets. Moreover, Groupe Bel's target on Scope 3 for 2035 has been approved and validated by the SBTi, as part of its "*Business Ambition for 1.5°C*" campaign.[26]

The Moody's ESG Solutions Temperature Alignment methodology considers Scopes 1, 2, and 3 together, but can be considered relevant and applicable for examining Scope 3 in this case, since Scope 1 and 2 emissions together only make up 4% of the Issuer's GHG footprint. Using the MESG methodology based on all targets provided by the Issuer, including intermediate and final targets, finds that the Issuer's reduction commitments for 2035 is in line with 2°C trajectory, whereas the intermediate targets (2027 and 2029) are in line with a 2.2°C trajectory, slightly above a 2°C scenario.

We understand that the emissions reductions are less significative at first and more rapid towards the end of the timeline due to the impacts of the action plans implemented, which is why we consider that the ambition is still robust.

To note that for dairy firms, there is currently no applicable sector-specific standard on emissions[27], so the above analysis is based on emissions standards applicable across sectors.

MEASURES TO ACHIEVE THE SPT

The means to achieve the SPT are disclosed in the Framework and are considered credible.

The SPT will be achieved through two main strategies:

- **Avoiding GHG emissions through stopping deforestation:** deforestation is linked to the soy and palm meal used in dairy cow feed, the plant-based oils in some of the Issuer's recipes, and the paper and cardboard in its packaging
- **Reducing indirect emissions throughout the value chain 'from farm to fork,' including:**
    - Raw materials especially dairy upstream (c. 67% of global emissions) through low carbon practices such as developing free grazing, regenerative farming practices, reducing enteric emissions via feed supplements
    - Accelerating the development of plant-based raw materials
    - Optimising transport by increasing the fill rate of the trucks, optimizing product density, or using biodiesel or other non-fossil origin fuels
    - Switching to more responsible packaging, e.g. by switching aluminium and plastic with plant-based material, or minimising headspace

[24] SBTI website, Companies taking action, see: https://sciencebasedtargets.org/companies-taking-action
[25] FrieslandCampina website, Sustainability, Better climate, see: https://www.frieslandcampina.com/sustainability/better-climate/
[26] See page 9 of the SPO
[27] As of November 2021, Dairy UK, representing the UK dairy industry, promised to set out specific GHG reduction targets as a follow-up to its industry-wide commitment to net-zero emissions by 2050, but these have not yet been published. See: https://www.dairyuk.org/wp-content/uploads/2021/11/Dairy-Roadmap-Climate-Ambition-Final-Version.pdf

KPI 2B: SHARE OF DAIRY FARMS WITH CARBON DIAGNOSIS

By presenting percentage of upstream dairy farms that have completed the initial and follow-up carbon diagnosis, the data set should show positive KPI trends, reflecting the Issuer's commitment to fighting on-farm emissions, thus enabling investors to make an appropriate assessment of the overall environmental performance.

Table 3 – Carbon diagnosis: Share of supplying dairy farms with carbon diagnosis (%)

<table>
<tr><th></th><th colspan="3">REPORTED DATA</th><th colspan="2">OBJECTIVES</th></tr>
<tr><td>KPI 2B</td><td>2019</td><td>2020</td><td>2021</td><td>2026*</td><td>2028*</td></tr>
<tr><td>KPI 2B – First Carbon Diagnosis**</td><td>18%</td><td>56%</td><td>64%</td><td>85%</td><td>90%</td></tr>
<tr><td>KPI 2B – Second Carbon Diagnosis**</td><td>Not Started</td><td>Not Started</td><td>0%[28]</td><td>60%</td><td>80%</td></tr>
<tr><td rowspan="3">Annual average variation: <u>First diagnosis</u></td><td colspan="3">23pp</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="2">4.2pp</td><td></td></tr>
<tr><td colspan="3"></td><td colspan="2">2.5pp</td></tr>
<tr><td rowspan="3">Annual average variation: <u>Second diagnosis</u></td><td colspan="3">0pp</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="2">12pp</td><td></td></tr>
<tr><td colspan="3"></td><td colspan="2">10pp</td></tr>
<tr><td rowspan="3">Average annual share of farms diagnosed—<u>first OR second</u></td><td colspan="3">23pp</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="2">16.2pp</td><td></td></tr>
<tr><td colspan="3"></td><td colspan="2">12.5pp</td></tr>
</table>

*Trigger events
**KPI 2B consists of two separate on-farm carbon diagnoses that must be performed sequentially and about 3 – 5 years apart at each of Bel's 1436 upstream dairy supplier sites. The purpose of the first diagnosis is to collect data and formulate a plan, and the purpose of the second diagnosis is to analyse results and to measure impact.

The SPTs are consistent with the Issuer's existing targets set out in its sustainability strategy and its annual reporting.

Based on several points of comparison, Moody's ESG Solutions considers that Bel's target demonstrates a robust[29] level of ambition.

The timeline and trigger events are clearly disclosed. The Issuer has reported that it does not consider 2019 to represent any kind of baseline, since the goal is to reach a certain level of coverage for carbon diagnosis, rather than to compare the evolution of the KPI to the first year of reporting. Moody's ESG Solutions has used 2019 as the baseline year (i.e. starting year) for internal purposes, to enable the comparison on the Business as Usual analysis.

Business-as-usual Trajectory Benchmark Analysis

The SPTs represent a negative trend compared to the Issuer's Business as Usual (BaU).

The Issuer has provided historical data on the KPI since 2019, which show a consistent increasing trend in the Issuer's execution of its carbon diagnosis program to manage on-farm emissions. The carbon diagnosis program consists of two separate diagnoses. The first diagnosis serves to collect data and to implement action plans, and the second diagnosis serves to measure the impact resulting from the actions plans of the first diagnosis.

From 2019 to 2021, the first diagnosis completion rate went from 18% to 64% while the second diagnosis has yet to start. That meant that during this time, 23% of farms were diagnosed per year. From 2021 to 2026, the proportion of farms having had a first diagnosis is targeted to reach 85%, which means that during this time, 4.2% of farms per year will be receiving a first diagnosis. During this same period, the proportion of farms receiving a second diagnosis is targeted to go from 0% to 60%, which means that 12% of farms per year will be receiving a second diagnosis. In total, then, 16.2% of farms per year will receive *either* a first or second diagnosis during this time. From 2026 to 2028, 2.5% of farms per year will receive a first

[28] Second audit will start in 2022 in the United States and France and in 2023/2024 in other countries
[29] Moody's ESG Solutions scale of assessment: Weak / Limited / Robust / Advanced

diagnosis, and 10% of farms per year will receive a second one, meaning that 10% of farms per year will be receiving some kind of diagnosis.

Both of these periods—2021-2026 and 2026-2028— thus represent a material slowdown from the Business as Usual trajectory. The Issuer has managed to diagnose 23% of farms per year (first diagnosis) in 2019-2021, but will only be diagnosing 16.2% of farms per year (first or second) in 2021-2026 and 10% of farms per year (second) in 2026-2028.

Moody's ESG Solutions acknowledges that targeting the last movers or more complicated cases can be more difficult than earlier cases, and that the law of diminishing returns is likely to apply in a case such as this.

In addition, the Issuer has set further targets (that are not, however, trigger events): a target to tend to 100% of farms covered by the first diagnosis by 2030, and 100% for the second diagnosis by 2032. While the annual proportion of farms receiving a first or second diagnosis will continue to slow down—to 10% of farms in the 2028-2030 period and 5% of farms in the 2030-2032 period, 100% supplier coverage is considered an ambitious end goal for this KPI.

Sector Peers Benchmark

This SPT demonstrates a robust level of ambition compared to sector peers' performances.

To be noted that given the calculation methodology used for this KPI is not currently widely used, there is no direct relevant sector peers' benchmark for the defined KPI and SPT. We have identified several global food companies as well as specialty dairy companies that have somewhat similar programmes in place to managed on-farm environmental impact. In France, the "Ferme Laitière Bas Carbone" is a programme to reduce greenhouse gas emissions on dairy farms, based on a diagnostic allowing each farmer to calculate his greenhouse gas emissions and identify levers for improvement.[30] Considering the importance of the raw materials for agri food companies and the significant share that scope 3 emissions represent for these companies, as well as the fact that the carbon diagnoses are recognised as a good initiative and practice in the dairy sector, Moody's ESG Solutions considers that Bel demonstrates an ambitious goal on this topic.

Lactalis, a France-based global dairy product company, has joined the Cool Farm Alliance (CFA) and intends to implement CFA's Cool Farm Tool for on-farm carbon diagnostics. The company has announced its intention to begin a pilot program covering 11 countries that represent 76% of its milk purchases, but have not stated whether the tool will be used for all farms in those countries[31].

Danone, another multinational food and dairy company, also leverages the Cool Farm Tool and CAP2ER tools for their on-farm carbon diagnosis efforts at 15 of the company's entities in 2021, covering more than 50% of Danone fresh milk volumes. Additionally, the company had deployed CAP2ER as a diagnostic tool to all entities within France.[32]

While historical data and targets at neither Lactalis nor Danone are comparable enough to allow for meaningful peer benchmarking, the actions of the two of the biggest players in the global diary industry nevertheless provide context on the direction of the industry in terms of upstream emissions management.

Fonterra's annual on-farm evaluation program in New Zealand[33] covers food safety and quality, animal health and welfare, and environmental topics including effluent management systems, stock exclusion from waterways, and riparian, nitrogen and water management processes. Carbon diagnosis of the farms does not seem to be part of the programme.

A2 Milk has announced in August 2020 that it would move from purchasing carbon credits to offset its indirect greenhouse gas (GHG) emissions to establishing a GHG emissions reduction programme within its supply chain[34]. The company's programme includes on-farm GHG reduction actions (methane inhibitor research projects, potential expanded farmer grants). However, there is no details on the percentage of on-farm carbon diagnoses, which prevents us from comparing the data with Bel.

Synlait has developed a modelling tool called Overseer®, giving farmer suppliers access to the detailed profile of their GHG footprint, including a breakdown of emissions by source and type of greenhouse gas. A portion of their farmers are certified, Lead With Pride™ (62% in 2021) and these are required to develop a detailed GHG Management Plan as well as provide evidence on the GHG reduction measures being implemented on the farms. The impact of these measures determines the amount of incentive payments Synlait will award them. Whilst the percentage of total farmers having access to their GHG footprint is unclear, the Lead With Pride™ certified farmer suppliers represented 62% in 2021, from 28% in 2018. The company has however not set quantified targets on the percentage of Lead With Pride™ certified farmers in the coming years.

[30] https://presse.filiere-laitiere.fr/actualites/5-ans-apres-les-accords-de-paris-la-ferme-laitiere-bas-carbone-poursuit-son-envol-pour-faire-de-la-france-une-terre-de-lait-durable-2ce3-ef05e.html
[31] Lactalis 2020 CSR Report – see: https://www.lactalis.fr/wp-content/uploads/2021/07/LACTALIS-CSR-Report_EN_150dpi_single-page.pdf
[32] Danone 2021 Sustainability Report – see: https://www.danone.com/content/dam/danone-corp/danone-com/investors/en-sustainability/reports-and-data/cross-topic/urd-chapters/URDchapter52021.pdf
[33] Fonterra – our Co-operative - Evaluating and supporting farmers – see: https://www.fonterra.com/nz/en/our-co-operative/the-way-we-farm/sustainability-on-farm/evaluating-and-supporting-farmers.html
[34] A2 Milk Annual Report 2021 - https://assets-au-01.kc-usercontent.com/bca3e5d5-83bd-02bf-1c27-acb036630e5b/74bea8bf-6134-4f14-83c8-2504029566bf/a2-Milk-AR2021_WEB-spreads.pdf

While there is overlap in the emphasis of the programs, the varying focus of the programs and the lack of comparable data and quantitative objectives on the scope of the carbon diagnoses makes comparisons on the same basis difficult. As a result, Moody's ESG Solutions' capacity to appropriately compare the performance with relevant sector peers is constrained.

Official International Targets and Scenarios Benchmark Analysis

There is no applicable sector standard or scenario benchmark for the defined KPI and SPT. As a result, this benchmark analysis has been deactivated.

To note, in 2016 the OECD, jointly with the FAO published the "OECD-FAO Guidance for Responsible Agricultural Supply Chains"[35]. This Guidance has been developed to help enterprises[36] observe existing standards for responsible business conduct along agricultural supply chains. Observing these standards enables enterprises to mitigate adverse environmental and/or social impacts associated to their activities and contribute to sustainable development. Several areas of risk arising along agricultural supply chains are addressed: human rights, labour rights, health and safety, food security and nutrition, tenure rights over and access to natural resources, animal welfare, environmental protection and sustainable use of natural resources, governance, and technology and innovation. This Guidance set a Five-Step Framework for Due Diligence, namely: step 1: Establish strong enterprise management systems for responsible supply chains, step 2: Identify, assess and prioritise risks in the supply chain, step 3: Design and implement a strategy to respond to identified risks in the supply chain, step 4: Verify supply chain due diligence and step 5: Report on supply chain due diligence.

Thus, by having its suppliers go through carbon diagnosis, Bel is making use of good practices to implement a responsible supply chain.

MEASURES TO ACHIEVE THE SPT

The means to achieve the SPT are disclosed in the Framework and are considered credible.

The SPT will be achieved through the following measures:

- Invest in internal technicians and 3rd party personnel to perform diagnostic and develop action plans
- New tools to facilitate low carbon practice transition at the farm level
- Financial incentives for completion of carbon diagnostics for the local milk teams
- On-farm information sessions

[35] OECD-FAO Guidance for Responsible Agricultural Supply Chains Report, 2016 – See: https://www.oecd.org/daf/inv/investment-policy/rbc-agriculture-supply-chains.htm

[36] The Guidance targets all enterprises operating along agricultural supply chains, including domestic and foreign, private and public, small, medium and large-scale enterprises. It covers agricultural upstream and downstream sectors from input supply to production, post-harvest handling, processing, transportation, marketing, distribution and retailing

KPI 3: SHARE OF PRODUCTS WITH NUTRI+ ALIGNMENT

By presenting the percentage of products withing the Children and Family portfolio that are aligned with the Bel Nutri+ tool, the data set should show positive KPI trends, reflecting the Issuer's commitment to public health and to ensuring the nutritional quality of food, thus enabling investors to make an appropriate assessment of the overall social performance.

Table 4 –Share of the Children & Family portfolio products aligned with Nutri+ nutritional scoring (%)

<table>
<tr><td colspan="2" rowspan="3">KPI 3</td><td colspan="4">REPORTED DATA</td><td colspan="2">OBJECTIVES</td></tr>
<tr><td>2017</td><td>2019</td><td>2020</td><td>2021</td><td>2026*</td><td>2028*</td></tr>
<tr><td>60%</td><td>69%</td><td>72%</td><td>72%</td><td>81%</td><td>83%</td></tr>
<tr><td rowspan="7">Total Variation
(in percentage points)</td><td>Period</td><td colspan="6"></td></tr>
<tr><td>2017 – 2021</td><td colspan="4">12 pp</td><td colspan="2"></td></tr>
<tr><td>Annual variation</td><td colspan="4">3pp</td><td colspan="2"></td></tr>
<tr><td>2021 – 2026</td><td colspan="3"></td><td colspan="2">9pp</td><td></td></tr>
<tr><td>Annual variation</td><td colspan="3"></td><td colspan="2">1.8pp</td><td></td></tr>
<tr><td>2021 – 2028</td><td colspan="3"></td><td colspan="3">11pp</td></tr>
<tr><td>Annual variation</td><td colspan="3"></td><td colspan="3">1.6pp</td></tr>
</table>

*Trigger events

The SPTs are consistent with the Issuer's existing targets set out in its sustainability strategy and its annual reporting.

Based on several points of comparison, Moody's ESG Solutions considers that Bel's target demonstrates a limited[37] level of ambition.

The timeline and trigger events are clearly disclosed. The Issuer has reported that it does not consider 2017 to represent any kind of baseline, since the goal is to reach a certain level of coverage for the share of products aligned with Nutri+, rather than to compare the evolution of the KPI to the first year of reporting. Moody's ESG Solutions has used 2017 as the baseline year (i.e. starting year) for internal purposes, to enable the comparison on the Business as Usual analysis.

Business-as-usual Trajectory Benchmark Analysis

The 2026 and 2028 SPT trends represent a relative slowdown in the growth of Nutri+ scored product mix compared to the Issuer's Business as Usual (BaU).

The Issuer has provided historical data on the KPI since 2017. The data suggests a consistent effort by the Issuer to execute on its commitment to increase the proportion of the Children and Family portfolio products that are aligned with Nutri+ thresholds.

The intermediate target set for 2026 represents a 9pp increase in total percentage of scored products in the designated portfolio. The target set for 2028 represents an 11pp increase in total percentage of scored products in the designated portfolio. On an annual basis, the SPTs imply a slowdown from the current 3pp per year (2017 – 2021 data) to 1.6pp per year (2021 – 2028 data).

Bel has reported that some products are still considered as "pleasure" and for these, a responsible communication has been adopted, insisting on the fact that their consumption should remain occasional. In addition, Canada's law forbids calcium enrichment on the products, thus all 'Laughing Cow' products sold in Canada are not considered Nutri +.

[37] Moody's ESG Solutions scale of assessment: Weak / Limited / Robust / Advanced

Sector Peers Benchmark

To be noted that given the calculation methodology used for this KPI is not currently widely used, there is no direct relevant sector peers' benchmark for the defined KPI and SPT. As a result, this benchmark analysis has been deactivated.

According to our research, only a few companies included in the "agri-food" sector have a similar tool to systemically score their own portfolio of products.

Nestlé, the Switzerland-based food production firm, has a similar proprietary tool to rate the nutritional value of its products called the "Nutritional Profiling System"[38]. Nestlé reports that every food or beverage product which achieves the specific criteria of its Profiling System is considered to attain the Nestlé Nutritional Foundation status. A product will only attain this status when all of its nutritional factors meet the criteria for its category. In 2019, Nestlé reported that 80.5% of sales were from products that met or exceeded the Nestlé Nutritional Foundation profiling criteria[39]. In contrast, in the same year, Bel had 69% of its products aligned with Nutri+, which represents around 52% of Bel's global portfolio[40]. Nestlé reports to have an objective to reduce sodium in frequently consumed products by 2025 and 2030, however no quantitative target is set.

Danone, a global food company headquartered in Paris, also has a proprietary system, "Danone Nutritional Targets", to rate its products via specific thresholds by product categories and intended consumer age groups. Similar to Bel's Nutri+ scores, the targets are set based on daily consumption thresholds for key nutrients such as sugar, fat, calcium, calories and others. Unlike the Nutri+ score, Danone Nutritional target also relies on the Nutrition Superiority Score (Rayner scoring system) as a key input for some of the product categories[41]. From Danone's own reporting, while the company has met or exceeded its own KPIs on nutritional targets, it did not meet its KPI for "Volume sold in line with our sugar targets."[42] Danone has not defined objectives for longer term on the coverage of its portfolio[43].

Lactalis has not developed a similar tool on its portfolio. The Company declares having an objective to limit the amount of added sugar and salt and simplifying its recipes[44].

Moody's ESG Solutions recognises that these food manufacturers have worked to enhance the quality of their portfolio in line with the WHO recommendations. However, due to the existence of proprietary tools for each company as well as a lack of quantitative objectives for the long term for Bel's competitors, Moody's ESG Solutions' capacity to appropriately compare the performance with relevant sector peers is constrained.

Official International Targets and Scenarios Benchmark Analysis

There is no applicable sector standard or scenario benchmark for the defined KPI and SPT. As a result, this benchmark analysis has been deactivated.

The World Health Organisation has defined what they consider a healthy diet[45] and supports several programmes regarding obesity[46] and malnutrition[47]. However there are no international standard on what type of product should be adapted or the actual thresholds per product. Therefore, Moody's ESG Solutions' capacity to appropriately compare the performance with international targets is constrained.

MEASURES TO ACHIEVE THE SPT

The means to achieve the SPT are disclosed in the Framework and are considered credible.

The SPT will be achieved through the following measures:

- Changing existing recipes by favouring calcium and proteins, limiting fat, saturated fatty acids, added sugars, salt.
- Make plant-based products compliant with Nutri+

BEST PRACTICES
⇒ The timeline, baseline and trigger events are clearly disclosed, and the Issuer has set relevant intermediary targets allowing sufficient visibility on the KPI performance

[38] Nestlé Nutritional Profiling System, Its Product Categories and Sets of Criteria Report – see: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/nutrition_health_wellness/nestle-nutritional-profiling-system.pdf
[39] Access to Nutrition Initiative website, Global Index 2021, Nestlé – see: https://accesstonutrition.org/index/global-index-2021/scorecards/nestle-5/
[40] Considering that the Children and Family Portfolio represents 75% of the global portfolio
[41] Danone Nutritional Targets 2021 – see: https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/policies-and-commitments/en/2021/Danone-Nutritional-Targets-2021.pdf
[42] Danone Company Dashboard 2021
[43] Danone Integrated Annual Report 2021 (p43)
[44] Lactalis CSR report 2020 - https://www.lactalis.fr/wp-content/uploads/2021/07/LACTALIS-CSR-Report_EN_150dpi_double-page.pdf
[45] WHO website, Newsroom, Factsheets, Detail, Healthy Diet – see: https://www.who.int/news-room/fact-sheets/detail/healthy-diet
[46] WHO website, Newsroom, Factsheets, Detail, Obesity and overweight – see : https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight
[47] WHO website, Newsroom, Factsheets, Detail, Malnutrition – see: https://www.who.int/news-room/fact-sheets/detail/malnutrition

Bond Characteristics

Not Aligned	Partially Aligned	Aligned	Best Practices*

The potential variation of the instruments' financial and/or structural characteristics depending on whether the selected KPIs would reach (or not) the predefined SPTs is clearly defined in the Framework, and will be disclosed to investors in the debt documentation.

Bel Group confirms that the Instruments issued under this Framework will be subject to variations in their financial characteristics depending on the achievement of the defined trigger events. The exact mechanism and impacts will be detailed for each instrument in the corresponding debt documentation (i.e. final terms).

If the SPT is not met at the target observation date (i.e. the date on which the relevant target should be achieved), it will trigger a coupon step up, premium payment, or margin adjustment depending on the nature of the instrument. Certain Sustainability-Linked instruments (such as Sustainability-Linked loans) might also include a step-down margin applicable in case the relevant SPTs are reached on time by the issuer.

For the avoidance of doubt, the Issuer reports that the relevant final terms of a given bond issue will specify the KPI(s), SPT(s), and trigger date(s) applicable to that specific issue: the documentation may specify one, or more than one, KPI or SPT and more than one target observation date. The Issuer reports that KPI 1 will always be used in conjunction with either KPI 2A or 2B, and that KPI 2B will always be used in conjunction with at least one other KPI.

The meaningfulness of the variation of the SLB's structural and/or financial characteristics of the bond cannot be assessed due to 1) lack of details of financial implications at the framework level and 2) lack of comparison data.

*Moody's ESG Solutions considers that, as of today, there is insufficient information and market precedent to appropriately assess the potential best practices regarding the instrument characteristics' variation. In this sense, the "Aligned" level is currently considered to be the highest level to be achieved by Issuer on this pillar.

Reporting

Not Aligned	Partially Aligned	Aligned	**Best Practices**

KPI 1: GHG EMISSIONS (SCOPE 1 AND 2)
KPI 2A: GHG EMISSIONS (SCOPE 3)
KPI 2B: SHARE OF DAIRY FARMS WITH CARBON DIAGNOSIS
KPI 3: SHARE OF PRODUCTS WITH NUTRI+ ALIGNMENT

Reporting Accessibility And Frequency

The reporting on the KPI(s) will be published annually until maturity of the instrument.

The Issuer has committed to make publicly available KPIs' performance, at least annually, within its annual financial report or within any other document on the Sustainability Performance of the Issuer. The Issuer has also committed to publish the performance data within 120 calendar days after the end of each calendar year to enable close performance monitoring against relevant KPIs and SPTs.

The Issuer's annual financial report, which includes KPI performance information, will be available to the public on the Issuer's website.

Reporting Scope and Granularity

The intended scope and granularity of the report is clear and covers all the required elements.

The Issuer's reporting will include:

- The up-to-date SPT performance on the KPI for the reporting period, including baseline and calculation methodologies.
- Coupon adjustment amount, premium payment or discount, as well as the calculation methodologies used.
- Significant impact on the Issuer's sustainability strategy or any recent announcements, strategic decisions and fund mobilized that could affect the achievement of any of the SPTs targeted.
- Any re-assessment of SPTs due to any changes to the calculation methodology for a SPT or any adjustments of scope, if relevant.

Reporting Process, Monitoring And Control

The selected KPIs' related data are covered by internal and external verification.

An annual verification assurance report by an independent external auditor will be made available to public. The report will outline performance against the SPT on the relevant target observation date.

In terms of monitoring and control of data, emissions data is collected using a reporting tool developed by Tennaxia. In 2021, the Issuer also developed tools to more accurately assess individual projects' carbon intensity to support decision-making in favour of low-carbon alternatives.

Farm diagnosis is carried out using the CAP'2ER tool in France, the FARM Environmental Stewardship tool in the United States, and the Cool Farm Tool elsewhere. CAP'2ER is a carbon measuring tool developed by the French Livestock Institute in collaboration with its partners for the purpose of reducing carbon footprint of dairy and beef production. The FARM Environmental Stewardship tool, developed by the National Dairy Farmers Assuring Responsible Management (FARM) using a methodology from the University of Arkansas, is based on a life-cycle assessment of fluid milk. Cool Farm Tool is a tool, free for farmers, developed by the Cool Farm Alliance that quantifies on-farm GHG emissions and soil carbon sequestration.

Nutrition scores are assigned based on the Issuer's proprietary Nutri+ score system and monitored using the CAPNUT tool. The CAPNUT tool is an internal tool developed by BEL, but it is subject to external verification.

BEST PRACTICES

⇒ The reporting on the KPIs will be published annually until maturity of the Instruments

⇒ KPI data undergoes both internal and external verification

Verification

Not Aligned	Partially Aligned	Aligned	**Best Practices**

The performance of each KPI against each SPT will be covered by an external verification on an annual basis and in case of material changes impacting the SLB's financial characteristics (such as a trigger event), and until maturity of the instrument.

The verification assurance report will be publicly available on the Issuer's website.

BEST PRACTICES
⇒ Verification will be conducted until maturity of the Instruments.

ISSUER

Management of ESG Controversies

As of May 2022, Groupe Bel faces one stakeholder-related ESG controversy, linked to one of the six domains we analyse:

- Human Resources, in the criteria of "Social Dialogue".

Frequency: The controversy faced is considered "isolated"[48]; in line with the sector average.

Severity: The severity of the case, based on the analysis of the impact on both the Issuer and its stakeholders, is considered "significant"[49]; better than the sector average.

Responsiveness: Groupe Bel is considered overall "reactive"[50]; in line with the sector average.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of Concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High-interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Moody's ESG Solutions.

[48] MESG scale of assessment: Isolated / Occasional / Frequent / Persistent.
[49] MESG scale of assessment: Minor / Significant / High / Critical.
[50] MESG scale of assessment: Non-communicative / Reactive / Remediative / Proactive.

METHODOLOGY

In Moody's ESG Solutions' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Moody's ESG Solutions provides an opinion on the Issuer's ESG performance as an organization, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review.

Framework

Alignment with the Sustainability-Linked Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework/Bond has been evaluated by Moody's ESG Solutions according to the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles – March 2022 ("SLLP") and / or the ICMA's Sustainability-Linked Bond Principles - June 2020 ("SLBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Selection of Key Performance Indicators (KPIs)

KPI's materiality and coherence with the Issuer's overall sustainability strategy and with the Issuer sector's main sustainability challenges. KPI's measurability and clarity, internal and external control over the KPI's data, exhaustiveness of the KPI's coverage.

Calibration of Sustainability Performance Targets (SPTs)

Coherence of the SPTs with the overall sustainability strategy, ambition of the SPTs (compared the Issuer's own performance, sector peers and relevant international standards), trigger events' disclosure, disclosure and credibility of the means for achievement (including scope and geographical coverage of the means).

Bond Characteristics

Disclosure of the bond/loan characteristics' variation, the meaningfulness of these variations (for alignment with SLBP only).

Reporting

Reporting process formalization and verification, data's accessibility.

Verification

Verification of the performance against the SPTs and disclosure of the assurance reports.

Issuer

Management of Stakeholder-Related ESG Controversies

Moody's ESG Solutions defines a controversy as public information or contradictory opinions from reliable[51] sources that incriminate or make allegations against an Issuer regarding how it handles ESG issues as defined in our ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

Moody's ESG Solutions reviewed the information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

Moody's ESG Solutions provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the Issuer, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the Issuer (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the Issuer for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on an Issuer's reputation reduces with time, depending on the severity of the event and the Issuer's responsiveness to this event. Conventionally, our controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in Controversial Activities

17 controversial activities have been analysed following 30 parameters to screen the Issuer's involvement in any of them. The Issuer's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the Issuer.

[51] 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. Moody's ESG Solutions draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.

Moody's ESG Solutions' Assessment Scales

Scale of assessment of the KPIs' materiality and the associated SPTs' ambition.	
Advanced	The selected KPI(s) reflects the most material issues for the Issuer's core sustainability and business strategy and address the most relevant environmental, social and/or governance challenges of the industry sector.
	An advanced ambition is achieved when the SPT(s) can demonstrate the following: (i) alignment with the 2D scenario/recognized sector standards (when available) (ii) a top performance in comparison to sector peers, and (iii) an improvement of the company's performance.
Robust	The selected KPI(s) reflects material issues for the Issuer's core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector.
	A robust ambition is achieved when the SPT(s) can demonstrate at least two out of three of the following items: (i) alignment with the 2D scenario/recognized sector standards (ii) a performance in line with the average performance of sector peers, and (iii) an improvement of the company's performance.
Limited	The selected KPI(s) does not appropriately reflect material issues for the Issuer's core sustainability and business strategy and partially address relevant environmental, social and/or governance challenges of the industry sector.
	A limited ambition is achieved when the SPT(s) can demonstrate only one out of three of the following: (i) alignment with the 2D scenario/recognized sector standards (ii) a performance in line with the average performance of sector peers, and (iii) an improvement of the company's performance.
Weak	The selected KPI(s) does not reflect material issues for the Issuer's core sustainability and business strategy and do not address relevant environmental, social and/or governance challenges of the industry sector.
	A weak ambition is achieved when the SPT(s) (i) is not aligned the 2D scenario/recognized sector standards (ii) is below the average performance of its sector peers, and (iii) shows a negative trend in the company's performance.

Scale of assessment of financial instrument's alignment with Sustainability-Linked Bond and Loan Principles	
Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles by adopting recommended and best practices.
Aligned	The Instrument has adopted all the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles.
Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles, but not all of them.
Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles.

STATEMENT ON MOODY'S ESG SOLUTIONS' INDEPENDENCE AND CONFLICT-OF-INTEREST POLICY

Transparency on the relation between MOODY'S ESG and the Issuer: MOODY'S ESG has not carried out any audit mission or consultancy activity for Groupe Bel. No established relation (financial or commercial) exists between MOODY'S ESG and Groupe Bel. Independence, transparency, quality and integrity requirements are all formalised within our Moody's Code of Conduct.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bonds/Loans, based on the information which has been made available to MOODY'S ESG. MOODY'S ESG has neither interviewed stakeholders out of the Issuer's employees, not performed an on-site audit nor other tests to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by MOODY'S ESG neither focuses on the financial performance of the Bonds/Loans, nor on the effective allocation of its proceeds. MOODY'S ESG is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of MOODY'S ESG. MOODY'S ESG grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned issuance. The Issuer acknowledges and agrees that MOODY'S ESG reserves the right to publish the final version of the Second Party Opinion on MOODY'S ESG's website and on MOODY'S ESG's internal and external communication supporting documents.