



2019

UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report
and Non-Financial Performance Report



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2019

Universal Registration Document

**including the Annual Financial Report
and Non-Financial Performance Report**



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

Registered office: 2 allée de Longchamp, 92150 Suresnes

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



The Universal Registration Document was filed on April 3, 2020 with the AMF, in its capacity as the competent authority under Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of said Regulation.

The Universal Registration Document may be used when securities are offered to the public or admitted to trading on a regulated market if a securities note is added and, where applicable, a summary and all amendments made to the Universal Registration Document. The entire documentation thus established is approved by the AMF in accordance with Regulation (EU) No. 2017/1129. The present Universal Registration Document of the Bel company includes:

- the Annual Financial Report issued pursuant to Article L. 451-1-2 I and II of the French Monetary and Financial Code;
- the Management Report, including Bel's Non-Financial Performance Report approved by the Board of Directors pursuant to Articles L. 225-100 *et seq.* and Articles L. 225-102-1 *et seq.* of the French Commercial Code; and

- the Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code.

Chapter 8 contains the cross-reference tables between the paragraphs in the Universal Registration Document (Annexes I and II to European Regulation No. 2019/980) and those in the Financial Report provided for in Article L. 451-1-2 of the French Monetary and Financial Code as well as those in the Management Report provided for in Articles L. 225-100 *et seq.* and Articles L. 225-102-1 *et seq.* of the French Commercial Code.

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



PRESENTATION OF ACTIVITIES

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1

1.1 GROUP PRESENTATION

A GLOBAL PLAYER IN HEALTHY DAIRY AND FRUIT SNACKING

KEY INFORMATION

5TH

GENERATION
OF FAMILY
MANAGERS

1865

CREATION OF
THE COMPANY

12,400

EMPLOYEES



2,600

DAIRY FARMER
PARTNERS



3,800

SUPPLIERS

19 BILLION
PORTIONS



OVER **30**
BRANDS



€3,403 M
IN REVENUE



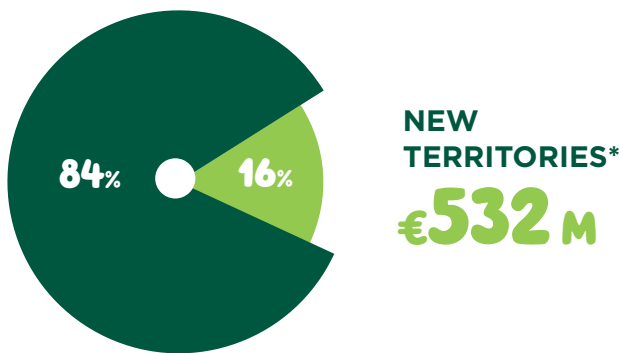
OVER **40**
SUBSIDIARIES

32 PRODUCTION
SITES

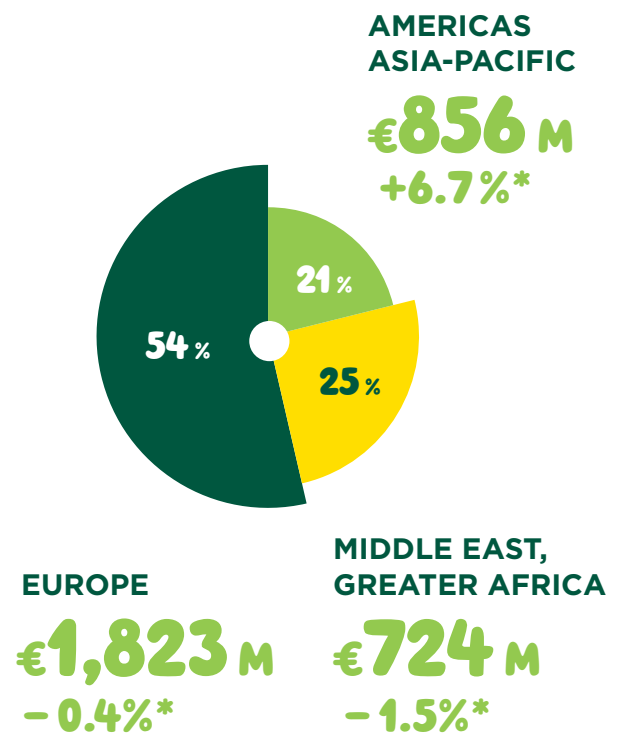


BREAKDOWN BY SEGMENT

MATURE MARKETS/NEW TERRITORIES



BREAKDOWN BY GEOGRAPHICAL REGION



* Change in organic growth between 2018 and 2019.

CSR INDICATORS

84%

**OF PACKAGING* USED
FOR BEL PRODUCTS**
recyclable-ready
and/or biodegradable

* Including wax.

-59%

**GREENHOUSE GAS
EMISSIONS** between
2008 and 2019 per ton
of cheese produced
(Scopes 1 and 2 of the
Group's carbon footprint)

-49%

**WATER
CONSUMPTION**
between 2008
and 2019 per ton
of cheese produced

A RESPONSIBLE and PROFITABLE COMPANY

MISSION

Champion healthier and responsible food for all

4 & 5

pillars

Priority challenges

**BUILDING
POSITIVE BRANDS**

**ACCELERATING
POSITIVE INNOVATION**

**DEVELOPPING
IN KEY GEOGRAPHIES**

**ADAPTING
TO TOMORROW'S
DISTRIBUTION CHANNELS**



**SUSTAINABLE
AGRICULTURE**



**HEALTHIER
FOOD**



**RESPONSIBLE
PACKAGING**



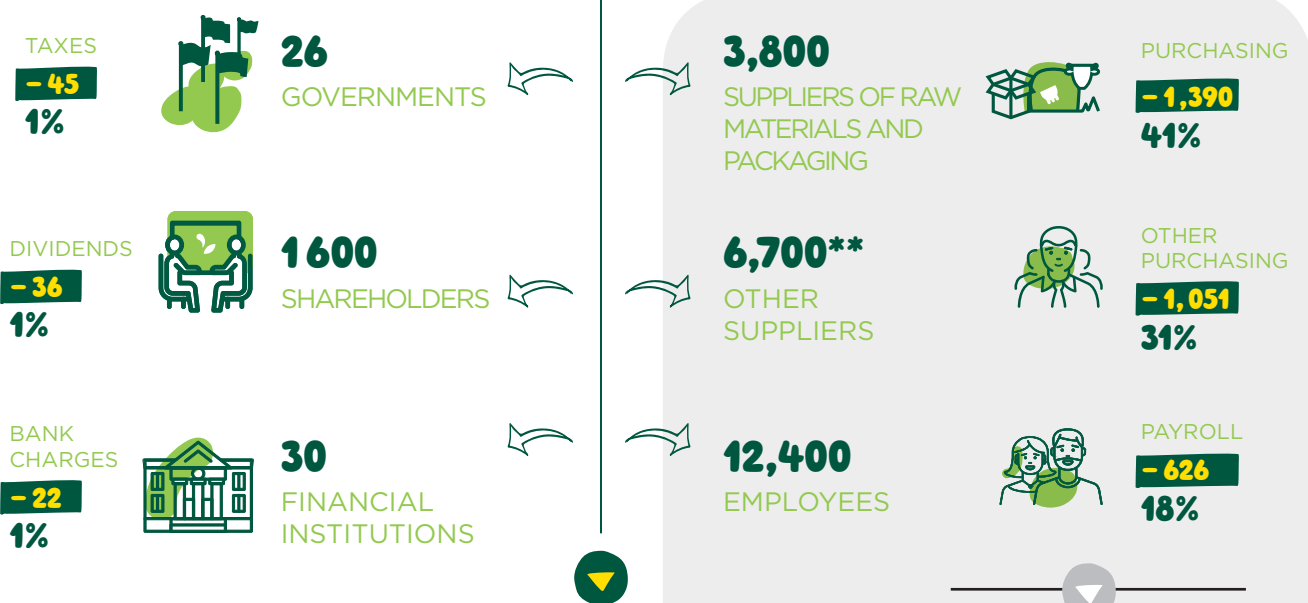
**FIGHT AGAINST
CLIMAT CHANGE**



**PRODUCT
ACCESSIBILITY**

CREATING
SHARED VALUE

(in millions of euros)

6,100
RETAILERSREVENUES
3,403 100%

INVESTMENT CAPACITY

SELF-FINANCING AFTER DIVIDENDS

+233

+

EXTERNAL FUNDING SOURCES

-18

Balance

Operating
investments*-130*
4%Financial
investments-3
0%Change
in cash position

+82

+ AMORTIZATION
AND PROVISIONS
-125= NET OPERATING
PROFIT
211

* Capital expenditure, IT systems and growth in activity (change in working capital requirements).

** With annual revenue of more than €10K.



PRESENTATION OF ACTIVITIES

Group presentation

KEY FINANCIAL INFORMATION ^(a)

(in millions of euros)	2019	2018	Variation
REVENUE	3,403	3,312	+2.7%
Gross margin	969	909	6.6%
Gross margin (as a % of revenue)	28.5%	27.4%	
OPERATING INCOME	211	160	31.9%
of which: current operating income	239	204	17.2%
other non-current income and expenses	(28)	(44)	-36.4%
OPERATING MARGIN ^(b)	6.2%	4.8%	
NET INCOME	124	100	24.0%
of which: Group share	121	96	25.9%
non-controlling interests	3	4	-25.0%
diluted per share (in euros)	17.88	14.21	25.8%
TOTAL EQUITY INVESTED	2,494	2,495	0.0%
of which: equity – Group share	1,716	1,648	4.1%
non-controlling interests	94	92	
net financial debt	684	755	
Cash flows			
From operating activities	309	251	
From investing activities	(150)	(174)	
From financing activities	(77)	(212)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	+82	(135)	

(a) The other financial and accounting information, as well as the detailed financial statements, are presented in Chapter 5.

(b) Operating margin is the ratio of operating income divided by revenue.

1.1.1 GROUP PROFILE

Bel is an international family-owned business currently led by the fifth generation of family managers. At over 150 years old, the Bel Group is one of the global leaders in the branded cheese sector and a major player in healthy snacks, both dairy and fruit-based, thanks to the acquisition in 2016 of the Mont Blanc Maternelle (MOM) Group.

The Group's mission to "champion healthier and responsible food for all" guides the 12,400 Bel employees in rolling out a responsible and profitable model that places the consumer and shared valued creation at the heart of its decisions.

Bel aims to help build a positive agro-industrial model, with all of its stakeholders while favoring healthy, sustainable and inclusive nutrition.

Its business model is based on the geographical breakdown of its activities. The Group's innovation strategy therefore aims to make its brands even more inclusive to answer nutritional challenges in the countries where the Group operates.

Through its portfolio of iconic and international brands, such as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, Boursin®, Pom'Potes® and GoGo squeeZ®, and more than 20 local brands that are leaders in their markets, the Group offers its consumers in more than 120 countries a large range of healthy snacks and meal solutions that enable everyone to enjoy the goodness of dairy and fruit products.

1.1.2 A SUSTAINABLE GROWTH MODEL

Bel offers its consumers the benefits of dairy and fruit-based products through its reliable and good quality products. The Group aims to have a positive impact on everyone surrounding it, from farmers to consumers, while protecting the planet.

In 2003, Bel confirmed its commitment to sustainable development and chose to join The United Nations Global Compact. Bel reports annually on its contribution to furthering the 10 Principles of the Pact, such as human rights, international working standards, environmental protection and the fight against corruption.

In 2016, the Group structured its approach to place corporate social responsibility and shared value creation (creation of underlying value by a company that also benefits the Group, by meeting its needs and challenges) at the heart of its growth model, by creating trusting, lasting and profitable relations for all players in its value chain.

Faced with mounting climate and demographical challenges, and to meet the new expectations of its stakeholders, the Group has chosen to go even further in contributing to feeding the 10 billion inhabitants of tomorrow, while preserving the planet's resources. In 2018, it began a radical and voluntary transformation of its business model in which profitability and responsibility are inseparable. The Group has also adapted its corporate mission to "champion healthier and responsible food for all" thereby restating its commitment to sustainable and inclusive nutrition.

In 2019, the Group identified five priority challenges, directly related to its business, that will be the base of its action and constant improvement program to make its brands ever more innovative and responsible with concrete commitments out to 2025:

- contributing to healthier nutrition;
- promoting sustainable agriculture;
- designing responsible packaging;
- fighting against climate change and reducing its environmental footprint;
- strengthening its product accessibility.

In this way, the Group aims to expand by offering increasingly responsible products that meet consumers' growing expectations for environmentally friendly, natural foods.

It has also developed Company-specific tools to guide Bel employee action:

- the Code of Good business practices, which defines the principles, values and rules of the best business practices that the Group intends to have respected throughout the world and in all circumstances, by its employees when they face ethical questions under the framework of their professional business (see section 3.1.4 "Ethics: a common foundation for conducting business");
- Bel Global Sustainable Upstream Dairy Charter, co-signed by WWF France, guides the Group's practices out to 2025, to answer economic, social and environmental challenges in the dairy industry and changes in consumer expectations for all dairy (supply) basins (see section 3.4.1 "Taking action for a sustainable milk supply chain");
- the "Bel Nutri+" nutritional profile system defines the Group's ambitions to continuously improve the nutritional value of Bel products (see section 3.3.3 "Improving the nutritional quality of its products");
- the Responsible Communications Charter lists principles to be followed in all types of communication (advertising, packaging, digital), especially when they directly target children under 12 years old; (see section 3.2.3 "Communicating responsibly and transparently with its consumers");
- the Sustainable Purchasing Charter presents Bel's commitments to its suppliers. It also defines what the Group expects from them in return, in terms of major social issues such as business conduct, respect of human rights and children's rights, and the fight against corruption (see section 3.1.4 "Ethics: a common foundation for conducting business" and section 3.2.2 "Promoting responsible practices with its business partners");
- the CSR scorecard defines the Group's key non-financial indicators aimed at supporting the development of its sustainable growth model.

1.1.3 HISTORY AND SIGNIFICANT EVENTS OF 2019

Origins in the heart of the Jura region

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

The emerging cheese industry took off after World War I, and Léon Bel saw the potential of cheese spread, which is tasty, affordable, easy to carry and easy to store. He set out on an industrial adventure, creating "Bel" as a limited company in 1922.

More than just a cheese brand

In 1921, he registered "The Laughing Cow" brand, a product that was totally new in France at the time due to its original recipe, creamy texture, triangular shape and single-serving format.

From the outset, Léon Bel also had the idea of giving this product a personality, that of a red cow mimicking human behavior and laughing. He commissioned famous animal illustrator Benjamin Rabier to draw this character. Ever since, The Laughing Cow's original and endearing personality has helped it maintain a close relationship with consumers, both young and old, throughout the world.

Cheese maker and advertiser

Léon Bel was not just a cheese maker. He was a pioneer in the art of communication. In 1923, at a time when publicity alone seemed enough to promote a product, The Laughing Cow took to the streets with funny advertising posters, developing an affectionate relationship with consumers through its original association with everyday objects. In 1950, The Laughing Cow entered consumers' homes through films and advertisements on television, radio and in the cinema, later amassing an on-line community of fans who keep asking why The Laughing Cow... is laughing.

Since its inception in 1921, The Laughing Cow, its image, packaging and advertising have been constantly modernized to satisfy new consumer aspirations.

For over 90 years, it has not only been a part of the food landscape, but has entered the culture as well.

Development of Bel

The Laughing Cow was launched industrially and commercially in 1924 when Léon Bel installed the first cast iron kneading machine and portion machines in the Lons-le-Saunier plant. Two years later, he built a new modern plant in Lons-le-Saunier.

From 1929 onwards, Léon Bel extended his business into foreign markets, setting up his first factories in the UK and Belgium. At the same time, he broadened the range of products with, in particular, Bonbel and Babybel. He also launched the first fat-free cheese "Forbon", a dietary product ahead of its time.

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

International expansion

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

Starting in 1929, following the creation of Bel's first foreign subsidiary (Bel Cheese in the United Kingdom), nothing could stop the growth of Bel products in Europe, North America, Africa, the Near and Middle East and Asia-Pacific.

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

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

- product development, using the Group's historical international brands and specific national brands;
- regional expansion, by creating distribution subsidiaries worldwide and setting up plants located as closely as possible to areas of consumption. In 2014, Bel inaugurated its new Mini Babybel plant in Brookings, South Dakota, in the United States, the brand's top global market, to support its US growth. In 2015, Bel opened its first plant in sub-Saharan Africa in Abidjan. This innovative plant produces The Laughing Cow for the Ivorian market. Bel now operates in 30 countries and has 32 production sites;
- acquisition-led international growth. Examples include the acquisitions of Dutch group Leerdammer in 2002, the Boursin brand in January 2008, a controlling interest in Moroccan dairy producer Safilait in 2015 as well as the MOM Group in 2016.

Healthy snacking a new growth source

The Group is a market leader in cheese snacks, with its iconic, bold brands and portion format. Bel products not only meet a strong consumer trend for tasty, healthy and convenient snacks, but they create new habits as well. For example, Mini Babybel stands out in Europe and the United States as an alternative to savory snacks. Cheez Dippers ("Pik & Croq" in French) diversify the snack offer by combining cheese and breadsticks. Apéricubes make cheese a highlight of get-togethers in Europe and Asia.

Building on these successful experiences and its ability to diversify products to meet new consumer expectations, Bel chose to go beyond cheese in 2015. It acquired a majority stake in Safilait, a Moroccan firm that processes, packages and markets dairy products under the Jibal brand, in addition to fresh and UHT milk. This acquisition proved the Kiri brand's

ability to go beyond the cheese aisle and successfully join the yogurt and UHT milk segments.

The Group confirmed this strategic positioning in 2016 when it took over Mont Blanc Maternelle (MOM) with the aim of creating a major global player in healthy snacks. MOM has enjoyed unrivaled growth in France and the United States anchored in its traditional brands, Maternelle and Mont Blanc sold in France. It also created the new category of fruit compote in squeezable pouches, with strong leadership positions for its Pom'Potes and GoGo squeeZ brands. The MOM acquisition was a unique opportunity to accelerate growth by building on Bel's international presence. Bel and MOM share an identity rooted in strong, innovative brands, that offer individual portions of healthy snacks and do not require cold chain resources (room temperature servings). Thus, Bel and MOM plan to build on their complementary products and industrial know-how to solidify their international leadership.

In 2018, Bel launched the construction of its first Canadian plant, in Sorel-Tracy, Quebec, with commercial production set to come onstream in early 2020 and focusing on production of Mini Babybel®.

In 2019, Bel announced its aim to extend its offer beyond dairy, cheese and fruit-based products, by innovating in the complementary plant-based sector. For this, Bel intends to join forces with innovating and pioneering companies in this sector. In December 2019, the Group therefore took part in the fund-raising operation by Yofix Probiotics Ltd, an innovative Israeli start-up marketing plant-based alternatives to fermented dairy products, without soya and present clear and transparent labeling. As of 2020, the Group is also set to offer recipes combining dairy raw materials and vegetables or legumes, for its core brands.

Significant events of 2019

Transformation of Bel's business model to step up its sustainable growth strategy

Through its responsible and profitable business model, Bel would like to contribute to a positive food business model, that creates value for all while preserving the planet.

- In 2019, the Bel Group entered a third partnership with World Wildlife Fund (WWF) France implementing concrete and innovative solutions that foster sustainable dairy farming, co-constructing its policy to preserve forests and natural ecosystems and building consumer awareness (see section 3.4.1 "Taking action for a sustainable milk supply chain").
- In 2019, the Group unveiled its Charter for Animal Welfare, developed with experts from the international NGO Compassion In World Farming (CIWF). The charter defines the farming best practices which the Group expects to be implemented by all the partner farmers with which it works in all 10 dairy supply basins by 2025 (see section 3.4.1 "Taking action for a sustainable milk supply chain").
- Under the framework of these commitments, for the third year in a row, Bel renewed its partnership with the Bel West Producers Association (APBO) for better milk prices. This agreement, renewed for the whole of 2020, guarantees an average reference price for milk bought from producers and to value differentiating farming practices in the form of monthly premiums. Bel and the APBO have also chosen to add development focuses to this new agreement, namely animal welfare and the carbon footprint of the farms (see section 3.4.1 "Taking action for a sustainable milk supply chain").
- The Group also continued to roll-out its innovative "Sharing Cities" program. This aims to round out the traditional marketing channels for Bel products with alternative distribution networks anchored in local purchasing practices, while improving the quality of life of the individuals involved in the project. In 2019, the program was launched in India with street vendors in Mumbai. On 31 December 2019, the program was therefore active in six cities and counted almost 9,000 street vendors in partnership with Bel, including 3,200 with access to health services (4,225 including family members). Since its launch, the program has also enabled more than 1,100 street vendors to follow professional training (see section 3.7.2 "Improving the accessibility of its products by developing innovative and inclusive distribution models").
- In 2019, the Group also extended the scope of this program to grocery stores, launching a loyalty program to 26,000 grocers in Morocco, already Bel clients, by providing them access to health insurance services specifically adapted to them and their families at advantageous prices. At the end of the year, more than 5,600 people had been covered (see section 3.7.2 "Improving the accessibility of its products by developing innovative and inclusive distribution models").
- Bel Group obtained the approval of the Science Based Targets technical committee for its targets to maintain climate warming below 2%, thanks to an approach combining a reduction in its greenhouse gas emissions (GHG), the fight against deforestation and compensating its residual emissions. The Group volunteered to join the initiative in 2017, restating its commitment to the fight against global warming, with the aim of extending its actions beyond its factory doors. Bel has therefore become one of the first 300 companies in the world to align its targets to reduce carbon emissions with the guidelines of the Paris Agreement (see section 3.6.1 "Fighting climate change").
- As part of its improvement initiative aimed at reducing the environmental impact of its packaging, in 2019 the Group released its «Responsible Packaging» policy, which seeks to reduce the environmental impact of its packaging at every stage of the product life cycle and make it part of the circular economy. This policy, organized around five objectives, will enable the Group to meet two challenges: 100% «Zero deforestation» certification for paper and cardboard procurements by 2020 and 100% recyclable-ready and/or biodegradable packaging by 2025 (see section 3.5 "Designing responsible packaging").

- Following on from its first financing operation with extra-financial targets, the Group also chose to undertake a private placement including environmental and social criteria. Through this operation, the Bel Group joined two pillars of its sustainable development strategy (deployment of a program of concrete actions favoring a sustainable dairy industry and reducing greenhouse gas emissions) to its financial performances.

More inclusive brands, underpinned by an innovation strategy

To meet new consumer expectations and the need to open the way to a more inclusive nutrition, during 2019, Bel stepped up the transformation of its brands and its product portfolio.

The Group continued to renovate its recipes and launched numerous innovations to offer increasingly natural products, meeting the nutritional needs of consumers, their usages and their purchasing power throughout the world. To this end, the Group has launched new products and updated 54 existing products in its various markets to make them more nutritious and natural, including:

- The Laughing Cow recipes were fortified with calcium in the US and with iron and zinc in Turkey to meet the reality of consumer nutritional needs;
- the launch of a first Kiri yogurt in Morocco. This recipe was developed with no colorings or artificial flavorings in compliance with the Group's commitment to ensure that all its core brand products contain no colorings or artificial flavorings by the end of 2021;
- the "Mini Babybel Cheese & Co" line of snacks sold in Europe was expanded by combining the Mini Babybel cheese portion with whole grain crackers, dried fruits or GoGo squeeZ fruit compotes;
- two organic recipes with The Laughing Cow Organic in Europe, Canada and Gulf countries, and the Fromage de

Margot in France and in Belgium. This new brand markets a line of organic, responsible cheeses that are tasty and affordable. Throughout the year, for each "*Le Fromage de Margot*" product sold, €0.05 is donated to assist and support partners in *Association des Producteurs de Lait Bel Ouest* ("Bel West Producers' Association") who want to convert to organic production.

Each of the Group's brands are the object of robust innovation plans to contribute to providing responsible health snack solutions for all consumers in all countries where its products are sold.

Bel also announced its aim to extend its offer beyond cheese and fruit-based products, by innovating in the complementary plant-based sector. As early as 2020, Bel will offer recipes that combine dairy raw materials with vegetables or leguminous plants. Such innovations will enable the company's brands to offer new alternatives adapted to a diverse range of consumer expectations and nutritional needs in the healthy snack space.

A new identity to embody the Bel corporate project

For World Food Day on 16 October, Bel unveiled its new identity with the signature "For All. For Good". Through this, the Group demonstrated its aim to act in favor of healthier and responsible food for all, by offering innovative, positive and purposeful brands.

The new Bel identity embodies its concrete and ambitious commitments favoring healthier products, a sustainable farming model, responsible packaging, the fight against climate change and the accessible nature of its products. It is to be deployed gradually by all of the Group's brands as of January 2020.

Bel chose to launch this new identity by associating all of its subsidiaries and production sites throughout the world, and by mobilizing its 12,400 employees through local civic actions.

1.1.4 STRATEGY

With its responsible and profitable business model, the Group is positioned as a global leader in the branded cheese market and a major player in healthy dairy and fruit snacks.

In 2015, the Group devised its "Big Bel" strategic plan that aims to accelerate growth and transformation in the next 10 years by investing in the promising healthy snacks segment. This goal is reflected in accelerated research and development, launches outside of traditional markets and distribution channels, and stronger regional development in burgeoning markets. The Group is combining organic and external growth to achieve this objective. The acquisitions of Safilait in 2015 and MOM in 2016 are early achievements of Big Bel.

The transformation project rolled out in 2018 thanks to a new organization and a cost-saving plans, should help the Group bolster momentum in innovation and free up the resources necessary to step up brand development.

Bel aims to double its sales in the medium/long term, while maintaining tight control over its finances.

Building positive brands

The Group's development model draws heavily on its brands. They convey Bel's values, always in sync with consumer expectations for food, namely healthy and responsible products with a dash of fun and cheekiness.

The portion format is praised for being fun, convenient and easy to store. It also addresses societal issues such as food safety, balanced nutrition and the fight against food waste. As a suggested serving, it encourages portion control. Protected by their individual packaging, Bel's portions can be found all over the world. Together, the strengths of the portion format make it a driver of international growth.

To meet consumer expectations, the Group has initiated a brand transformation approach to offer even more healthy and responsible products by working on five responsibility challenges directly related to its activity: a constant improvement in the nutritional profile of its recipes, sustainable upstream farming, responsible packaging, the fight against climate change and the accessible nature of its products. These concrete commitments are the object of progress plans out to 2025.

With consumers now demanding greater transparency on the brands they choose, the Group's brands are strengthening visibility and awareness about their responsible commitments in their marketing actions.

The strength of the Group's brands, their distinctive product formats, and the constant improvement in quality and naturalness continue to offer substantial geographical growth prospects for the future.

Accelerating positive innovation

"Dare" is one of the Group's three values. Innovation is in Bel's very DNA and central to the growth of its brands. Bel constantly strives to ensure that innovation is a permanent mindset among all of its employees. The corporate mission "champion healthier and responsible food for all" provides a framework for the Group's innovation momentum to offer consumers throughout the world healthy snacks and responsible meal solutions, suitable for all occasions and designed from recipes that aim to guarantee better nutritional values than existing products.

Changes in the organization to place innovation at the heart of its brands and markets within the Strategy and Brand Growth Department, have helped further strengthen the Group's existing innovation culture. Bel aims to make its teams responsible at all hierarchical levels, while encouraging expectations, creativity, experimentation, cooperation and calculated risk-taking to face the challenges of sustainable and profitable growth.

Innovation also involves digitalization within the Company, to encourage collective intelligence, better understanding of consumer expectations, development of new distribution channels and exploiting data at the service of the Group's performance.

The Group's major brands and star products, such as The Laughing Cow, Babybel and Kiri, arose from this ability to innovate. The development of the Leerdammer and Boursin lines also reflects this mindset. MOM teams share this culture, making entrepreneurial spirit and innovation key factors of development.

Innovation can take various forms. For the Group, product innovation is characterized by:

- **the constant improvement and simplification of recipes to move towards more naturalness and meeting the nutritional needs of consumers:**
 - Bel has also pledged to eliminate all colorings and artificial flavorings from the recipes of its core brands by the end of 2021,
 - Bel is working on enhancing the nutritional value of its recipes with a reduction in fats and salt and the addition of essential nutrients such as calcium, vitamins and minerals,
 - Bel is working with external nutrition experts in order to adapt products to emerging markets requirements;
- **animating and extending the ranges:**
 - regular product launches add to Bel's offer and match existing dining trends or occasions to better meet consumer needs, with for example the Boursin "Apple & Maple" and "Cranberry and Pepper" flavors launched, respectively, for the spring and holiday seasons in 2019,
 - Bel is engaged in an approach to make organic foods widespread and accessible for all. Following Mini Babybel, then The Laughing Cow, the Group intends to offer an organic alternative for each of its core brands,
 - the Bel Group is developing original products to create new ideas for different occasions and eating habits, such as Kiri Yogurts and spreadable Kiri to offer consumers new brand experiences. In association with the corporate mission, the marketing, research and innovation, and industrial teams are working together to develop a range of healthy snacks and responsible meal solutions for all consumers. The approach is steered by natural goodness, nutritional quality, environmental impact, functionality and accessibility,
 - Bel Foodservice introduced organic versions of its individual portions of The Laughing Cow, Kiri and Chanteneige to meet the goals of France's "EGalim" law which aims to have 20% organic products in institutional catering by 2022. Bel Foodservice also enhanced its Boursin offer for commercial catering companies in France with a selection of frozen Boursin cubes,
 - the Marketing Department focuses on understanding and anticipating the changing needs and habits of consumers and customers. Excellence in this area is key to success and relies on innovative tools to identify future trends. This expertise is developed by observing consumer behavior, actively canvassing people's views on social media and the Internet, conducting social studies, or through sensory analysis,
 - the Research and Innovation teams have skills in cheese technologies and applied fundamental sciences (food engineering, microbiology, physics-chemistry, etc.),
 - the Industrial Department is the guarantee of the industrial know-how at the heart of Bel's DNA for 150 years, creating the conditions necessary for its innovations to materialize;

- **expanding into new categories beyond cheese:**

- as a world leader in portioned cheese, Bel has shown its ability to meet growing consumer demand for healthy snacking products. To step up its growth, the Group is developing in new non-cheese categories. The buyouts of Safilait in 2015 and MOM in 2016 illustrate this strategic shift towards healthy fruit and dairy snacks,
- in 2019, Bel announced its aim to extend its offer beyond dairy, cheese and fruit-based products, by innovating in the complementary plant-based sector. As early as 2020, Bel will offer recipes that combine dairy raw materials with vegetables or leguminous plants, for its core brands.

Developping in key geographies

The growth potential harbored in the Group's strong brand power, recognized product quality, and convenient formats allows it to capture new markets worldwide. The new organization put in place in April 2019 allows for separate governance of new territories and encourages project prioritization, team agility and streamlined reporting.

In 2019, there were launches and learnings in carefully targeted cities located in key geographic areas (China, India, sub-Saharan Africa):

- A line of The Laughing Cow cheese in Mumbai and Bangalore that was well received by Indian consumers. In Mumbai, these products were launched with the support of street vendors under the «Sharing Cities» program.
- “Petits Sweets”, a dessert line in China marketed under the Kiri brand.
- “The Laughing Cow Délice de Lait” product sold at an affordable price in Democratic Republic of the Congo and in Ghana.

This growth is two-pronged:

- **rolling out brands in territories where Bel is already present, notably through:**
 - innovative solutions (design, manufacturing processes, recipes, packaging),
 - an in-depth understanding of markets,
 - a bold approach to marketing and distribution,
 - industrial expertise that guarantees food safety and quality combined with production facility control;

- **expanding into new markets:**

- requiring an in-depth understanding of market appeal and the Group's ability to swiftly and solidly establish itself, particularly in areas with high population growth,
- working more actively to make the Group's products accessible to a greater number of customers.

Adapting to tomorrow's distribution channels

With products distributed in more than 120 countries, access to consumers throughout the world is a strategic challenge for developing the Group's brands.

The increasing diversity of consumer eating habits, as well as the emergence of new distribution circuits and models and consumer expectations in terms of purchasing experience, are all new imperatives that mean distribution models need to be adapted constantly to keep up with new trends and promote the visibility and accessibility of the Group's products to a rising number of consumers.

Improving the visibility of the product range

To adapt to the reality of distribution of mass consumer products in the various countries where the Group operates, Bel adapts its access model to each of these markets (“route to market”). The Group aims to make its products ever more visible, in the widest number of food stores, by guaranteeing their food safety thanks to a suitable logistics chain.

Bel operates in countries where distribution is organized around major food retail banners and also in those where distribution is fragmented with a multitude of independent players. When necessary, the Group relies on local players to market and sell its products.

Making the Group's products ever more accessible

To become a major player in healthy snacks, Bel needs to develop its offer and distribution in circuits that favor service, rapidity, convenience and proximity. The Group therefore aims to expand its brand presence to all channels favored by consumers to meet their needs in purchase criteria such as e-commerce, specialized organic food stores and on-the-go sales circuits. In late 2018, the Group signed a strategic agreement with the Starbucks coffee shop chain, which now sells Mini Babybel products at its 2,300 points of sale in the United States.

Bel would like to align its offer with new consumer trends and ensure its products are present in the various healthy snacking sales points, thereby favoring more opportunities for its brands by multiplying occasions for consumption.

Developing the use of Bel products in commercial and institutional catering and in services designed for business customers

Bel has proven sales development potential in out-of-the home circuits throughout the world. As an example, the Group has been very successful in Asia with its development of premium ingredients and culinary solutions under the Kiri brand to market to the high-end pastry business.

Bel would like to extend its offer to better meet professional needs in more countries and to market its products to major commercial catering companies, school canteens, residential homes and fast food caterers. In France, for example, the Boursin offer has been expanded to respond to new culinary uses.

Creating the conditions for sustainable and profitable growth

Committed teams

The corporate mission “champion healthier and responsible food for all” guides the actions of 12,400 Bel employees in more than 40 countries. It provides meaning for the collective action by carrying the values of Bel. Dare, Care and Commit are the three values reflecting the history of the Group, which unites its teams through ways of working, a culture, a vision and common objectives.

The Big Bel project associates employees in building a sustainable and profitable business model based on a shared and engaging strategy for all. Commitment is at the heart of Bel’s human resources policy, which promotes accountability, enthusiasm, employee initiative and skills development.

The new organization favors even further cooperation and transversality between the teams, accountability of everyone, agility within the markets in order to maintain the Group’s pioneering and founding spirit.

Harmonizing human resource policies and sharing a common approach to managing performance and developing talent within all Group entities also encourages employee commitment worldwide.

The Executive Committee made up of six members alongside Chairman-CEO Antoine Fiévet, is implementing the Big Bel strategic project.

A new organization and simpler, more efficient operating methods

A new and more transversal organization has been in place since April 2019. This makes the Group’s organization model coherent with its growth project. The synergies enabled between the brand, market and industrial divisions help boost innovation, prioritize the allocation of resources to meet priority growth imperatives, and thereby reinforce the Group’s core brands on key markets.

The organization is built upon a global brand logic in line with global industrial platforms.

A cost-savings plan to back acceleration in growth

The Group is progressing in its multi-year transformation plan, which, as announced, should help generate savings of €120 million by the end of 2020, with the completion of actions to optimize advertising and marketing spend and to reduce overheads, as the ramp-up in industrial productivity measures. As expected, by the end of 2020, the Group will have reinvested the savings made under the framework of this plan for €40 million, to back acceleration in its growth.

1.1.5 BEL AND ITS BUSINESS ECOSYSTEM

Bel’s company ecosystem comprises all of its stakeholders: consumers, employees, suppliers, customers, shareholders, governments, institutions, NGOs and the communities in which Bel operates.

The Group strives to be open and attentive to this ecosystem in order to fast-track development and plan a sustainable future. Bel seeks independent, third-party expertise and advice to help it develop.

The Group affirms its profitable and responsible growth model creating shared value with its stakeholders.

Consumers

Bel’s brands attract millions of consumers worldwide each year. Bel is responsible for creating products that meet their expectations for food that is delicious, safe, healthy, and affordable.

The Group aims to help consumers who put their trust in its brands choose more responsibly. It provides clear, transparent information on ingredients and nutritional value.

Our increasingly digitized world is creating a new generation of more informed, discerning consumers who want to interact with the Company and its brands, and access information instantly. The Group leverages the many consumer contact points established by its brands, such as websites and social media, to listen more, understand their needs, and provide them with the information they need.

Employees

Bel has an inclusive employment model that balances the bottom line with staff development. Bel is particularly mindful of health and safety at every Group entity.

Bel is also convinced that healthy social dialog improves the workplace experience.

Bel's human resources policies and practices are harmonized at the Group level in areas such as payroll management, internal job transfers, talent development, safety and labor relations. As an international group, Bel pays particular attention to respecting the local culture of each of its sites when drafting its human resources policies.

Bel is an ambitious company with high standards. It values and trusts its teams, encouraging employee initiative.

Dairy producers and other suppliers

Bel is eager to build lasting partnerships with all its commercial partners and suppliers, particularly dairy producers. In this respect, Bel is engaged in a constant improvement process and pledges to deal with them fairly and transparently, while requesting that they contribute to the Group's commitments for progress.

The Group's purchases necessary for production primarily include:

1. Raw food ingredients (e.g. milk, cheese, milk powder, butter, cream, fruit, etc.).
In 2019, Bel collected almost two billion liters of milk from more than 2,600 producers, located close to its production sites and spread over 10 dairy (supply) basins for which the Netherlands and France represent more than half of volumes. It sources milk from producers, associations of producers and co-operatives based in countries where the Group manufactures its cheese from liquid milk (e.g. the US, France, Portugal, Slovakia, Ukraine, etc.).

Dairy producers are essential partners for the Group to provide consumers the high-quality, sustainable products they expect.

For many years, Bel has been building sustainable relations with its producer partners.

In late 2019, Bel announced the renewal of its agreement with the Bel West Producers' Association (APBO) for the third year in a row. The professional body represents some 805 producers – almost all of the milk collected by Bel in France. The agreement offers producers economic visibility, securing their income for 2020 while promoting sustainable agricultural practices for the long term, in line with changing consumer expectations. Dairy production concerns differ from country to country. However, this innovative French initiative for a better milk valuation

will inspire the Group's co-constructed, value-creating approach shared by all of its dairy sources worldwide, and help create a more sustainable dairy upstream.

The global Charter for a Sustainable Dairy Upstream, co-constructed with the WWF France, guides the practices of the Group and its producers, out to 2025 to meet economic, social and environmental challenges in the milk industry and changes in consumer expectations. It defines ambitious quantified targets based on six strategic focuses: sustainable production models, animal welfare, access to grazing, sustainable & local animal feed, the environmental footprint of the farms, nutritional quality and food safety. These commitments are also being applied gradually to other dairy ingredients purchased by the Group, such as cream, cheeses, butter and milk powder.

In addition to its range of cheeses produced with conventional milk, in 2018, Bel embarked on cheese production based on organic farming in France.

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

Concerning fruit, and especially apples, which are the main ingredient in its compotes, the MOM Group procured fresh apples exclusive from French farmers having earned the *Vergers Écoresponsables* endorsement in France, representing around 42% of the Group's fruit supplies. The MOM Group also aims to promote organic farming practices in the US, where procurement of "Organic" labeled fresh apples represented around 28% of the country's raw materials purchases in 2019.

In order to minimize its environmental footprint, MOM works with apple producers located close to its production sites whenever possible;

2. Raw materials required for packaging of finished products (cardboard, paper, aluminum and plastic).
Purchases are centralized or, for certain types of packaging, made locally and coordinated at Group level.

Engaged in a progress approach aimed at reducing the environmental impact of its packaging, in 2019, the Group published its "Responsible Packaging ⁽¹⁾" policy aimed at reducing the environmental impact of its packaging at each stage of its products' life, and to place them within the circular economy. This policy is structured around five objectives out to 2025:

- reducing the volume of packaging raw materials by systematically following an eco-design process;
- prioritizing systematically paper-based materials as part of a "plastic-free approach". If plastic cannot be avoided, using only recycle-ready plastic and increasing the proportion of recycled plastic;

(1) <https://www.groupe-bel.com/wp-content/uploads/2019/10/emballages-responsable.pdf>.

- using only recycled materials or certified virgin materials to ensure that our packaging does not contribute to deforestation;
- working toward 100% recyclable-ready packaging by 2025 to reach our circular economy goal, or using biodegradable materials in countries that do not yet have waste collection solutions;
- encouraging and facilitating by communicating clearly to consumers and forging partnerships to develop channels and packaging waste recovery in all the countries where the Group operates.

Bel has also identified environmental issues concerning the supply of two materials that account for more than 80% of its packaging volume: cardboard and aluminum. Under its commitment to preserving natural ecosystems and fighting deforestation through its supply chain, Bel is working to ensure that the paper-based material it uses systematically incorporates recycled fibers or has Sustainable Forest Management certification. (see section 3.6.2 “Fighting the risks of biodiversity loss and deforestation”). Bel has joined the Aluminium Stewardship Initiative, a global initiative seeking to establish new standards for responsible aluminum procurement and certification, from bauxite extraction to aluminum recycling.

Packaging must also be designed and manufactured to minimize environmental impact upon disposal, allowing and encouraging recycling and reuse (see section 3.5.2 “Encouraging and facilitating the recycling of its products”).

1.1.6 INDUSTRIAL PROTECTION

The products manufactured by Bel are sold worldwide. They are often highly differentiated and are the fruit of innovation and new technologies for which the Group owns industrial property rights in numerous countries.

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

1.1.7 COMPETITIVE POSITION

The Bel Group’s core business is the production and distribution of cheese (primarily portioned) and of cheese and fruit snacks. The Group applies its strategy in two ways:

- in niche markets, the Group aims for a leadership position in its segments, generally representing a small share of the

Customers and distributors

In all countries where it does business, the Bel Group aims to achieve optimal product circulation, presence and visibility through all local distribution networks. Commercial activity in a given geographic region can be developed *via* both the Group’s subsidiaries and through distributors, if not importers, in places where the Group has no subsidiary.

The Group’s commercial policy is adapted to each country and network to meet the consumption usages of each market effectively. It takes into account the international dimension of its clients and integrates coordination between various players where necessary.

In markets where the Group operates *via* distributors or importers that sell its products, it generally signs long-term framework agreements that are reviewed annually. They also include provisions for sales and marketing tailored to local channels. Bel’s entities dedicated to managing, training and monitoring importers and/or retailers enable the Group to maintain close contact with retailers, even when it does not have a subsidiary in a country.

Communities in which Bel is active

The Group is mindful of the need to contribute to the vitality of the communities in which it is based. They benefit through direct and indirect job creation, since Bel sources its supplies locally where specifications allow.

Bel encourages site management teams to listen to local stakeholders. It also seeks to forge partnerships with local organizations (see section 3.7.2 “Improving the accessibility of its products by developing innovative and inclusive distribution models”).

The Bel Group owns patents and has developed significant know-how and technologies relating to its products, production processes, product packaging, design, and proprietary processes vital to its activities. When it does not own the patents, it has the required certificates for exploiting the technologies necessary for its business.

snacks market. These include markets in Western Europe, Northern and Eastern Europe, and North America;

- in mass markets, where the offering is more concentrated, the segments in which the Group operates represent the core market. These include markets in North Africa and the Middle East.

Traditional industry players are the “cheese” divisions of large international food companies, international dairy specialists and major dairy co-operatives. Additionally, new, often

regional, players are joining the fray and can hold strong local positions due to their size in their markets.

The overall trend in 2019 was still towards the consolidation and international expansion of market players.

1.2 MARKET TRENDS

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

- **health and fitness** are major issues for both consumers and governments. This trend is a response to long-term societal changes such as increased obesity and chronic diseases, the search for wellness or the challenges of malnutrition. Consumers are looking for more natural and healthy products, as well as greater diversity in their diets. It is in this backdrop of reasonable consumption that the Group aims to offer its consumers more simple products, with shorter ingredient lists, while continuing to guarantee optimal health safety and the taste of its products that are so well liked by millions of children and families every day. In many markets where Bel operates, nutritional applications and other rating systems are emerging, meeting the needs for transparency expressed by consumers. In a bid to provide clear and high-quality information, the Group sets out detailed nutritional information on all of its brands websites and packaging;
- **corporate responsibility** is now a key element in consumer choices. Beyond the basic expectation of food quality and safety, consumers now want brands that are produced “responsibly”. This notion of responsibility is embodied in both the choice of ingredients in the products they consume with rising demand for natural foods, and in supply channels, by considering the rising challenges in terms of animal welfare, and the choice of packaging. All around the world, consumers want locally produced foods and a responsible approach for the entire product value chain, from farmer to consumer;
- **convenience** lies in easy-to-use portion or pouch formats for an on-the-go lifestyle, reflecting consumption usages;
- **pleasure**: the search for experiences involving all the senses and the interest in creative cooking, sophisticated foods, and ethnic or fusion cuisine;
- **product safety and traceability**, although experts agree that food is increasingly safe, a growing number of consumers consider food risks to be very high. Bel adheres to the same quality and food safety standards for all of its products, implementing quality control processes throughout the production chain. In 2019, 28 of the Group's production sites were certified according

to GFSI standards (Global Food Safety Initiative – food quality and safety).

Bel is committed to ensuring that its product ranges meet the above four expectations while ensuring consumer satisfaction in each market. It is important to note that these trends vary in importance in each country.

The Group believes that an underlying trend exists: balancing taste with health, guilt-free indulgence. This is no longer considered contradictory, but rather expected of products. In the future, healthy eating to reach the “state of complete physical, mental and social well-being” enshrined in the constitution of the World Health Organization (WHO) will become increasingly important. The identity and personality of the Group's brands reflect this desire to simultaneously deliver the taste, nutritional and emotional benefits that consumers seek. The Laughing Cow, for example, brings fundamental dairy nutrition to families in a fun and cheerful way. Mini Babybel, with its cheeky and playful personality, is a tasty and healthy snack for everyone. Kiri provides children and their parents all the simple deliciousness of milk and cream. Leerdammer offers all the goodness of pressed cheese and is simply “irresistible”. The MOM Group created the pouched fruit category with a wide offer including organic and unsweetened products.

Trends affecting production, revenue and inventories in 2019

For several years now Bel has also been committed to more responsible milk production. In France, in strict application of the Charter drawn up by the *États Généraux de l'Alimentation* debates held in 2017, in December 2019 and for the third year running, Bel and APBO (Bel West Producers Association, which covers 805 farms) signed an agreement that planned for:

- a guaranteed average annual reference price for all of 2019 for milk purchased from APBO producers, fixed at €350 per 1,000 liters;
- the deployment by all APBO producers of farming practices that set these producers apart, including a GMO-free diet for dairy herds and the enhancement of grazing (commitment to a minimum of 150 days in fields per year);

- compensation for implementing these practices in the form of monthly premiums for a total of €21 per 1,000 liters produced.

The agreement offers producers economic visibility, securing their income for the second year in a row, while sustainably promoting responsible agricultural practices in line with changing consumer expectations. It implicated all member producers.

The results of these first two years show the ability of Bel and the APBO producers to build the foundations of a profitable and sustainable model, and the agreement was renewed for the whole of 2020, stipulating that the milk price would be maintained.

For the second year in a row as well, during trade negotiations, retailers Intermarché and Netto chose to

play their role in full in the approach targeted by the *États Généraux de l'Alimentation*, and finalized their agreements as of mid-November 2019 by guaranteeing all APBO farmers a compensation price.

Cheese markets slowed in the Near and Middle Eastern countries during 2019, with an acceleration in the decline in Levant countries. Similarly, consumption narrowed significantly in North African countries, where the decline in purchasing power among the populations prompted the Group to adapt its offer.

The Group's production sites are located very close to consumption areas, giving them the flexibility to adapt production levels to different markets, while stock levels remained well under control.

1.3 MARKETS AND ACTIVITIES IN 2019

This section reviews the Group's activities in 2019, according to the organization in place from April 2019.

Since that time, the Group's activities have been managed through two segments: global markets on the one hand and New Territories on the other. New Territories include the MOM businesses and Sub-Saharan African countries, China, Latin America, India and the French overseas departments and territories.

The Group's full-year revenue rose by 2.8% to €3,403 million compared with €3,312 million in the previous year. Excluding a positive forex effect of +1.8%, the Group's organic growth stood at 1% for the full year. Organic growth in brand revenue was 1.7% while revenue for unbranded and industrial products was down by 6.6%.

Operating profit for the period stood at €211 million in 2019 versus €160 million in 2018.

Improvement in operating margin was significant in mature markets, driven by the first positive effects of the Group's transformation plan. This robust performance was nevertheless hampered by the difficulties encountered in some large markets (Levant, Morocco, Algeria, France etc.). 2019 operating profit came in at €163 million versus €120 million in 2018.

Operating margin in new territories rose from €40 million in 2018 to €48 million in 2019, with the segment generating a healthy gross margin, enabling it to shoulder the plans needed for its development.

MATURE MARKETS

In a still strained economic backdrop, the Group's sales in mature markets stood at €2,871 million in 2019, vs. €2,823 million in 2018.

Mature markets were up 1.7% in 2018 and stable in organic terms relative to 2018. The second half was stronger at 1.8% in organic terms. This growth was driven by momentum in Mini Babybel and Boursin in North America and the UK, as well as by the Régal Picon brand in the Middle East and North Africa. The Laughing Cow and Apéricube saw their sales fall.

Sales in Europe notched down 0.2% in 2019 due to the difficult backdrop in France, Spain and Italy. In France, sales suffered from sharp pressure from retailers on selling prices and the difficulties encountered by a number of these. In this backdrop, the Group nevertheless managed to reach new agreements in terms of product referencing and beneficial promotional strategies with retailers.

In Northern and Central Europe, momentum was more positive. Performances in the UK were strong despite the volatile backdrop caused by Brexit, especially thanks to growth in the Mini Babybel brand. Meanwhile, Slovakia and the Czech Republic continued to post positive growth rates. Germany defended its positions in a backdrop affected by sharp competition between retailers, especially thanks to the development of the Leerdammer brand with hard discounters. Benelux has enjoyed a rebound since the second half. This trend also stems from strengthened commercial relations with certain retailers and robust innovation momentum.

The Middle East and North Africa regions showed slight growth of +0.7%. The significant slowdown in Levant markets gained momentum over the year taking a toll on the performance by all mature markets. Gulf countries enjoyed positive growth.



PRESENTATION OF ACTIVITIES

Markets and activities in 2019

In North Africa, performances were mixed due to geopolitical tension, with The Laughing Cow and Kiri brands suffering especially.

In North America, sales grew on the back of momentum in the Canadian market, where the Mini Babybel and Boursin brands grew sharply, thanks to the transformation of the Group's business model in this market.

In Asia (excluding China), the Group's sales were down slightly except in South Korea, given the weak performance by its Belcube range in all markets.

The ramp-up in protectionism, resulting in the adoption of finance laws or customs barriers on imported products, upset operations in certain markets (US, North Africa and Gulf countries).

NEW TERRITORIES

The Group's revenue in new territories (Sub-Saharan African countries, China, Latin America, French overseas territories and departments, India and the MOM Group) totaled €532 million in 2019, vs. €488 million in 2018.

The Group witnessed robust growth (+8.9% and +6.6% constant currency) in new territories thanks to robust momentum at MOM (+11.1%, or 8.1% in organic terms) especially in the US (+25.9% and +19.3% in organic terms). This growth in the US was driven by higher consumer demand, promotional intensity and a wider distribution. It was reflected in the 14.3% growth by the GoGo squeeZ brand in volume terms, in panel data in a market up 9.2%.

The Group continued the launch of the new Laughing Cow "Délíce de lait" format with added calcium and vitamins

A and D, developed with nutritional experts to meet real nutritional needs of consumers, in the Democratic Republic of Congo and Ghana.

The Group also continued to develop in markets that represent real growth opportunities, thanks to their economic and demographic expansion. Consequently, Bel has taken new approaches by adapting to local specificities and targeting more communities and cities, as in Mumbai and Bangalore, India, with products from The Laughing Cow family.

Finally, the Group launched Petits Sweets, a line of dessert cubes sold under the Kiri brand, for Chinese consumers.

CORE BRAND ACTIVITY

The year saw the Group ramp up in the organic market, with the launch of The Laughing Cow Organic in Europe, Canada and Gulf countries, as well as the new Le Fromage de Margot brand in France and Belgium.

The Laughing Cow

The brand's performance was robust in France, underpinned by bolstered promotional campaigns, and the successful launch of The Laughing Cow Organic. The new global marketing campaign in the last quarter went down quite well in all markets, with strong visibility. In the North African and Middle Eastern markets, the brand suffered from the complex economic and geopolitical backdrop.

Mini Babybel

The brand posted robust global momentum in 2019, boosted by markets where snacks are expanding significantly (UK, Canada). In more mature markets (France, US, Germany), growth was more modest. Innovations (organic, mini-rolls, cheese & crackers combos) continued to expand.

Kiri

During 2019, the brand posted outstanding growth in terms of market share and sales in Saudi Arabia, in a region nevertheless affected by a deteriorated economic backdrop. Healthy growth in blocks in South Korea and Saudi Arabia through its Foodservice business, as well as by Kiri Goûter in Italy and Japan contributed to the brand's momentum in 2019. Kiri brand milk and yogurts were successfully launched in Morocco in a very competitive backdrop.

Leerdammer

In 2019, the brand made good progress in Germany, its main market thanks to a strong performance by slices and good results at hard discounts in particular.

Boursin

Sales of Boursin products were up sharply in North America, the UK and Belgium during 2019. The launch of Boursin Velvety in Europe contributed to this robust performance.

Pom'Potes/GoGo squeeZ

The brand's sales in France were underpinned by promotional activity. In early 2020, the Group announced that the first recyclable fruit pouches would be available during the year and that all of the brand's products would become recyclable by 2022.

The brand had attractive performances in the US, its main market, and continued to expand in new geographies, with healthy growth in Canada and Portugal especially this year. GoGo squeeZ will be launched in Italy in 2020.

NON-RECURRING EVENTS THAT IMPACTED THE GROUP'S MAIN BUSINESSES AND MARKETS IN 2019

Excluding the elements described in the previous paragraphs, no non-recurring events impacted the Group's main businesses and markets in 2019.

1.4 TRENDS LIKELY TO AFFECT PRODUCTION, SALES AND INVENTORIES IN 2020

In 2020, prices of dairy raw ingredients are likely to remain high, at levels pretty similar to those of 2018 and 2019. In mature markets and especially in Europe, trade negotiations at the start of the year are key and alliances between major international banners could again lead to interruptions in supply of the Group's products. Demand for healthy snacks in the Asian and North-American markets should continue to rise, with the Group aiming to expand further and win

market share in these countries. The Group will also continue to adapt its product offering in markets where consumer purchasing power is suffering from economic crises and the devaluation of local currencies.

Engaged in a transformation plan that should enable it to step up growth, the Group will continue its efforts regarding industrial productivity and careful resource management to ensure financing for its growth.

GROUP EXPOSURE TO RISKS RELATED TO THE SPREAD OF CORONAVIRUS (COVID-19)

The international community is facing an unprecedented pandemic situation; the significant uncertainty about how it will progress and how long it will last means that the Bel Group cannot accurately assess the impact of this crisis on its earnings.

To date, the Bel Group's absolute priority has been to maintain the health and safety of its employees and, as a major player in the food industry, to do everything it can to ensure business continuity.

Extremely strict preventive measures, in compliance with the Group's internal health and safety procedures and in line with the recommendations of the World Health Organization (WHO), have been implemented at its sites. In addition, Bel, along with its production teams and breeder and supplier partners, is making every effort to continue operating and participating in the collective effort. For more details, see Chapter 2 "Risk factors".

1.5 PROPERTY, PLANT AND EQUIPMENT

1.5.1 INDUSTRIAL PLANT

Bel operates production sites in most of the regions in which it has a commercial presence.

Its production system revolves around plants serving both local and export markets. It has large regional and international facilities (ten plants represent close to 70% of total production) and smaller units serving local markets.

The Group's policy is to own its own production plants while sometimes calling on subcontractors (in France, Canada, the United States, Germany, Australia and Japan).

As of December 31, 2019, Bel's 28 active production sites were located as follows:

Areas	Number of sites	Countries	Main sites
Europe	17	France	Dole
			Lons-le-Saunier
			Croisy-sur-Eure
			Sabl��-sur-Sarthe
			��vron
			Mayenne
			Vend��me
		Spain	Ulzama
		Portugal	Ribeira Grande
			Vale de Cambra
		The Netherlands	Wageningen
			Dalfsen
			Schoonrewoerd
Middle East, Greater Africa	8 (o/w 7 are active)	Poland	Chorzele
		Slovakia	Michalovce
		Ukraine	Shostka
		Czech Republic	Zeletava
		Egypt	10th of Ramadan City (Cairo)
		Iran	Gazvin
		Syria	Damascus (activity suspended)
		Turkey	Corlu
Americas, Asia-Pacific	5 (o/w 4 are active)	Morocco	Tangier
			Fqih Ben Salah
			Kol��a
		Algeria	Kol��a
		Ivory Coast	Abidjan/Yopougon*
		USA	Leitchfield (KY)
			Little Chute (WI)
			Brookings (SD)
		Canada	Sorel Tracy (under construction)
		Vietnam	Song Than 3 – Binh Duong Vietnam Province

* Closure of production unit during 2020.

The 4 MOM production sites were located as follows:

Areas	Number of sites	Countries	Main sites
France	2	France	Boué Chef-du-Pont
USA	2	USA	Nampa (ID) Traverse City (MI)

1.5.2 INVESTMENTS

Main Group investments in the past three years

Bel's investment budget chiefly meets five requirements:

- growth: production capacity and new products;
- productivity: cost reduction;
- continuous improvement: reducing natural resource use, protecting the environment and lowering emissions;
- continuity: maintaining industrial equipment and safety requirements;
- developing IT solutions tailored to operational requirements.

The budget is drawn up within a framework of spending control. Gross investment expenditure, excluding R&D expenses, was €153 million in 2019 compared with €177 million in 2018.

The Group's investment budget is drawn up in line with its CSR strategy. All investment projects exceeding €500,000, regardless of how they are financed (e.g. equity, debt, finance lease, subcontracting, etc.), are subject to both financial and

social ratings. Below a certain social rating, the Investment Committee demands a corrective improvement plan and may reject the project.

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

Principal investments in progress

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

In 2019, the main projects undertaken involved:

- development of new products;
- development of production capacities;
- productivity projects;
- adapting and maintaining production tools;
- deployment of the Group's environmental approach.



PRESENTATION OF ACTIVITIES



RISK FACTORS AND INSURANCE POLICY

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2

2.1 GENERAL RISK MANAGEMENT POLICY

General risk management policy

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

This policy is based on Enterprise Risk Management (ERM) that is structured, steered and led by the Legal and Risk Departments.

The Legal Affairs and Risk Division reports to the General Manager responsible for financial and legal affairs and information systems.

Risk management is an arrangement dedicated to controlling operations in order to:

- protect people and assets and secure our capital;
- take safer decisions;
- ensure that prevention measures and responses are suitable and effective, in the event a crisis does occur.

More specifically, ERM aims to:

- identify, analyze and assess risks that would result in major losses for the Group, prevent it from achieving its objectives, or threaten its assets or values if they occurred;
- ensure these risks are dealt with within accepted risk limits;
- provide a comprehensive vision of major risks to management, Group General Management and to the Audit Committee;
- contribute to structural Group decisions by shedding light on operational risk;
- guide Group crisis management.

The ERM approach is based on a shared methodology and a common language deployed across the entire Group at all levels of organization (central functions, brands, commercial units and plants). The methodology includes a risk universe and assessment scales for impact, probability and the degree of control. The functional managers, the Managing Directors of brands and the Managing Directors

of subsidiaries (including MOM) identify and evaluate the main risks that could impair their objectives on their scope of responsibility over the next three years. Then they ensure that those risks are controlled. This analysis is carried out in workshops with their Management Committee. The ERM approach enables the consolidation and then a hierarchical classification of risks, and provides a global vision of the main risks at the Group level. This vision is validated by the Executive Committee. Risk management covers all kinds of risks, including operational, financial, strategic, human and legal risks, or those related to the Group's image. This approach also allows us to adapt to the changing regulatory environment. It was supplemented in 2017 and 2018 by a risk mapping exercise dedicated to fighting corruption and to respecting human rights and the environment (see section 3.1.5 "Vigilance plan"). The risk universe used in the risk management approach also covers non-financial risks.

In 2018, the materiality analysis was updated to include both internal and external stakeholders. This update aimed to confirm priority challenges and those of the future, relevant for both the Group and its external stakeholders. The materiality matrix obtained is presented in chapter 3 "Corporate social responsibility – Non-Financial Performance Report".

However, there may be other risks that the Group is currently not aware of or considers immaterial at the writing of this Universal Registration Document.

The Group's risk management system is described in sections 4.3.2 "Internal control environment of the Company", 4.3.3 "Managing major risks".

Crisis management

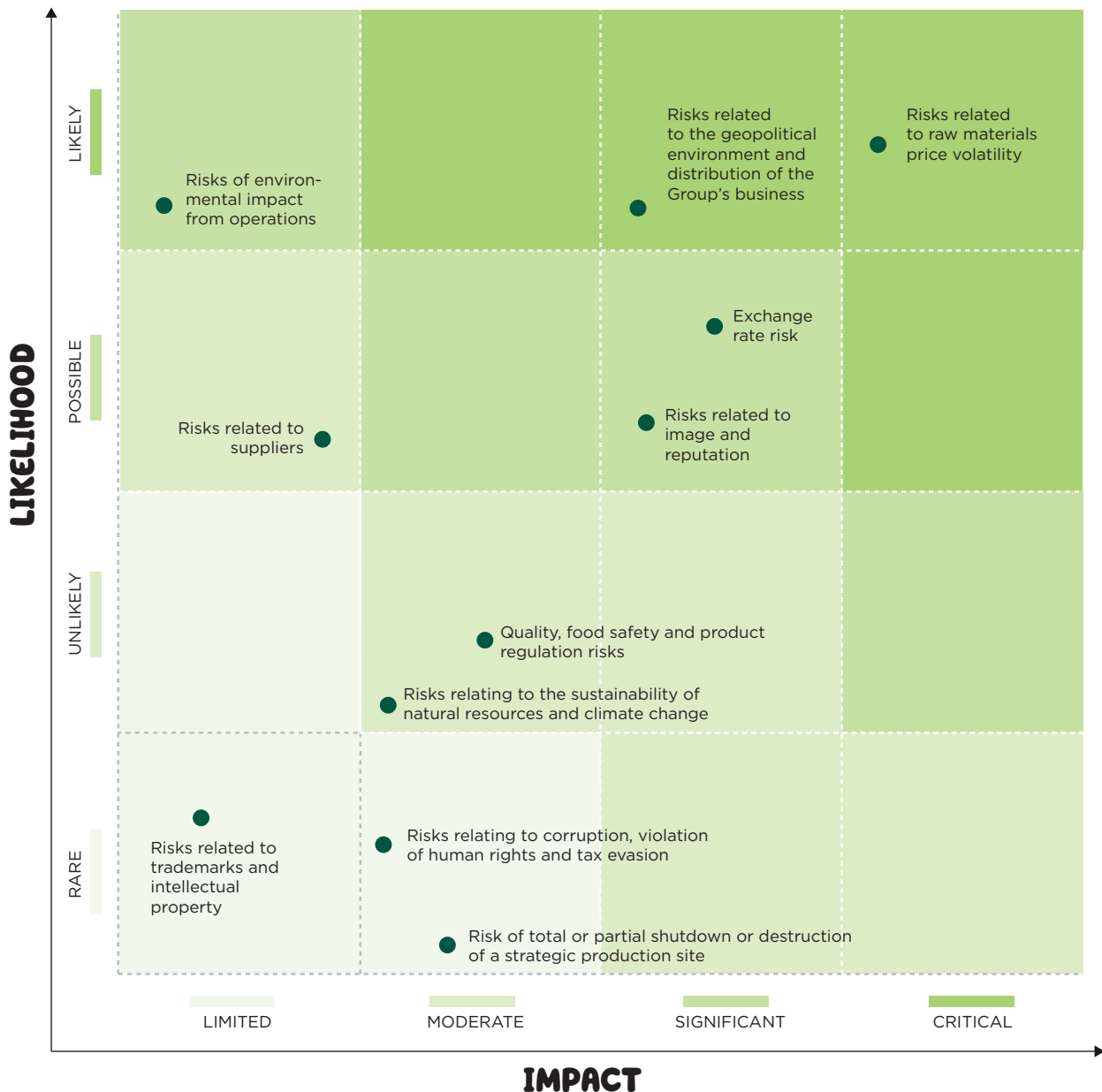
The Group may be required to deal with crisis situations. Bel has therefore drawn up a crisis management and communication procedure that sets out the general principles, preliminary measures and roles of various parties in the event of a crisis.

This procedure is deployed and applied by Group entities.

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

2.2 HIERARCHY OF RISKS

The risk factors identified by the Group have been ranked according to their importance, which is defined in view of their likelihood of occurrence and their potential estimated impact. The following matrix reflects this ranking.



These risk factors are presented hereinafter in a limited number of categories according to their type. Within each category, the highest risk factors are represented first.

Category	Ranking	Trend
RISKS RELATED TO THE EXTERNAL ENVIRONMENT	1 Risks related to raw materials price volatility	=
	2 Risks related to the geopolitical environment and distribution of the Group's business	↗
	3 Risks related to image and reputation	↗
	4 Risks related to the sustainability of natural resources and climate change	↗
	5 Risks related to corruption, human rights abuses and tax evasion	=
RISKS RELATED TO THE BUSINESS	1 Quality, food safety and product regulation risks	=
	2 Risk of environmental impact from operations	↘
	3 Risks related to suppliers	=
	4 Risk of total or partial destruction of a strategic production site	=
	5 Risks related to trademarks and intellectual property	=
FINANCIAL RISKS	1 Exchange rate risk	=

These risks as well as the measures the Group implements to treat them are described in detail in sections 2.3 "Risks related to the external environment", 2.4 "Risks related to the business" and 2.5 "Financial risks" of this document.

The «Trend» column in the table displayed above depicts the increase, decrease or stability in the company's perception of the risk at hand.

COVID-19 IMPACT ON RISK FACTORS

The international community is facing an unprecedented pandemic situation; the significant uncertainty about how it will progress and how long it will last means that the Bel Group cannot accurately assess the impact of this crisis on its earnings.

To date, the Bel Group's absolute priority is to maintain the health and safety of its employees and, as a major player in the food industry, to do everything it can to ensure business continuity.

Extremely strict preventive measures have been implemented at its sites, in compliance with the Group's internal health and safety procedures and in line with the recommendations of the World Health Organization (WHO).

In addition, Bel, along with its production teams and breeder and supplier partners, is sparing no effort to continue operating and participating in the collective effort. The Group

is continuously monitoring the situation in order to adapt its measures as the pandemic evolves.

In this unprecedented health crisis that has the potential to have a negative impact on the Group's funding conditions, Bel has maintained healthy liquidity reserves, in the form of cash and unused credit lines.

This liquidity is the result of an active management policy that is based on diversifying the Group's sources of funding, maintaining significant non-drawn RCF lines and spreading out maturities depending on provisional cash flows and needs.

Thus, on December 31, 2019, the Group had a surplus of cash and cash equivalents of €403 million, with just €30 million in commercial paper, NEU CP and untapped credit lines totaling €820 million set to mature in 2023 and 2024.

2.3 RISKS RELATED TO THE EXTERNAL ENVIRONMENT

RISKS RELATED TO RAW MATERIALS PRICE VOLATILITY

Description of the risk	Treatment of the risk
Price volatility in the raw ingredients Bel uses to make its products is likely to have a material impact on its results. The influence of milk prices on volumes produced, as well as weather and global and regional demand fluctuations, all affect the price of milk-based raw ingredients (milk, powder, butter and cream). 2019 saw a rebalancing between the availability of dairy fats, for which demand plummeted, and protein supply, which narrowed gradually with consumption of volumes stemming from the intervention, which prompted an increase in protein prices.	The Group regularly conducts market reviews in order to best estimate the impact of expected price volatility for the year and to learn from them for Company management. Aside from the agreements reached with customers and retailers, the Group's ability to pass on changes in the prices of raw ingredients is dependent on economic conditions and on local political and regulatory conditions for certain markets. In some countries, price increases are subject to approval by the authorities. In addition, the Group is now committed to the healthy snacks sector and has diversified its supply to become present in both dairy and vegetable-based raw materials, including fruit (see section 3.4.2 "Using vegetable fat within strict limits" and 3.4.3 "Delivering the goodness of fruits").
Residual risk	

The Bel Group continues to be exposed to the local economic, political and regulatory conditions that could influence its ability to pass along fluctuations in the prices of the commodities it needs to make its products.

RISKS RELATED TO THE GEOPOLITICAL ENVIRONMENT AND REGIONAL DISTRIBUTION OF THE GROUP'S BUSINESS

Description of the risk	Treatment of the risk
The Group's worldwide industrial and commercial presence exposes it to certain risks that could impact its business, reputation, employees, financial position, results and assets.	The Group's regional diversification strategy is intended to cushion the impacts of these risks by limiting the effects of complex local situations and maintaining the possibility of offsetting them with more favorable situations in other markets. However, geopolitical events in North Africa and the Near and Middle-East continue to have an impact on the Group's commercial activities and results in this region. The marked deterioration in the political, social and security situation forced the Group to reduce or slow its business in one or more of these countries, potentially affecting its growth in the region. Protecting Group employees working in these countries is our main concern. The Group provides them with the means, procedures and services to ensure their safety. Having signed the United Nations Global Compact, Bel is committed to protecting the basic rights of its employees in the workplace in all countries where it operates and is particularly vigilant in countries where there is a significant risk of human rights abuse (see section 3.2.2 "Promoting responsible practices with its business partners").
Residual risk	

In spite of the geographic diversification strategy, the impact of geopolitical events in some regions in which the Group operates is still partially unpredictable.

RISKS RELATED TO IMAGE AND REPUTATION

Description of the risk	Treatment of the risk
The image and reputation/e-reputation (perception of the Company by its stakeholders) of the Bel company brand and its commercial brands are an integral part of Company's value. In this respect, any harm caused to the Group's image and its brands may have repercussions on its sales activities, financial results and consequently, its growth. Given its international presence and the notoriety of its brands, Bel is exposed to varied risks that could harm its image and reputation. These attacks may be founded or not, resulting from a proven situation or not, and concern a very wide spectrum of subjects such as the quality and food safety of its products, the Company's ethics and its societal and governmental commitments. In addition, the international communication policy of its brands especially through social networks, is likely to amplify the impact of criticism that the Bel Group and its trademarks could suffer.	The Group carries out its business ethically. It therefore aims to have respected throughout the world and in all circumstances, by its employees and its partners, the principles and rules defined in its Code of Good business practices (see Section 3.1.4 "Ethics: a common foundation for conducting business"). The Bel Group is especially vigilant concerning its brands' communication. It has joined the voluntary European movement EU Pledge and has signed the FAIRe program of the Advertisers Union in France (see section 3.2.3 "Communicating responsibly and transparently with its consumers"). The Group's brands are strengthening their communication on issues that may help consumers make informed decisions. They seek to capitalize on the trust that they have forged with consumers to guide them towards balanced and more environmentally friendly choices. The Group also takes care to ensure that its messages accurately reflect its practices (see section 3.2.3 "Communicating responsibly and transparently with its consumers"). To limit risks and anticipate crises, Bel has also set up the Reputation Committee, under the responsibility of the Deputy CEO responsible for Strategy, Growth Levers and Markets and the Deputy CEO responsible for Human Resources, Communication and CSR. This guarantees the identification and prioritization of subjects considered at risk in terms of reputation and progress in preventive measures to implement, in collaboration with the Risk Management Department. At the same time, Bel has strengthened its crisis management measures to anticipate best weak signs, rapidly mobilize the organization in the event of a crisis and provide suitable responses to various crisis scenarios. Since December 2017, Bel measures its reputation on a quarterly basis, in France according to the Reputation Institute method. Finally, Bel joined the European Union transparency register in 2014 (see section 3.2.2 "Promoting responsible practices with its business partners").
Residual risk	

The emergence of a risk to the Group's image or reputation cannot be ruled out definitively because of the irrational forces associated with certain attacks that sometimes prove to be unfounded.

RISKS RELATED TO THE SUSTAINABILITY OF NATURAL RESOURCES AND CLIMATE CHANGE

Description of the risk	Treatment of the risk
As a food manufacturer, the Group is highly exposed to the sustainability of natural resources and the consequences of climate change, and to the growing scarcity of fresh water worldwide in particular. The growing frequency of extreme weather events such as heat waves, drought and flooding compounds underlying trends such as rising temperatures and changing rainfall patterns. These phenomena have severe consequences for the agricultural sector and food security at the global level. Some agricultural practices may also have an impact on natural resources or climate change, in particular the use of animal feed or raw materials that may be linked to deforestation.	Because of the danger of water scarcity, the Group conducts an annual risk analysis (according to the criteria of the "Water Risk Filter") to assess the level of water stress in the areas where it is based. In 2019, more than half of its production sites were located in regions where the water resource was identified as being at risk. The Group is developing ways of reducing its water consumption to address this problem. Priority action plans are implemented for any production site exposed to periodic drought exceeding a warning threshold (see section 3.6.1 "Fighting climate change"). Elsewhere, in order to reduce its dependency on fossil fuels and its greenhouse gas emissions, the Group is developing programs to reduce energy consumption and to use renewable energies (see section 3.6.1 "Fighting climate change"). Bel also aims to limit risk concerning biodiversity and deforestation associated with its supply chain (see section 3.6.2 "Fighting the risks of biodiversity loss and deforestation"). Finally, to limit the use of new resources, the Group aims to fit as far as possible into a circular economy for its packaging and in the fight against food waste (see sections 3.6.4 "Fighting food waste", 3.5.1 "Eco-designing its packaging and using more sustainable materials" and 3.5.2 "Encouraging and facilitating the recycling of its products").
Residual risk	
Despite the policies and commitments described above (see "Treatment of the risk" section), the availability of natural resources and the consequences of global warming require ongoing adaptations of farming and food models on an international scale, the impacts of which are still difficult to anticipate.	

RISKS RELATED TO CORRUPTION, VIOLATION OF HUMAN RIGHTS AND TAX EVASION

Description of the risk	Treatment of the risk
Given the location of its production, export and distribution activities, as well as the location of more than half of its employees in countries exposed, the Group is naturally faced with external corruption, tax evasion or human rights abuse risks, despite its constant concerns and its longstanding commitments in these subjects (see section 3.1.4 "Ethics: a common foundation for conducting business" and 3.1.5 "Vigilance plan"). These risks may concern employees, local communities and authorities, as well as the Group's partners, in particular farmers.	Management is constantly focused on the respect of its policies concerning control of risks related to corruption, human rights abuses and tax evasion. The Group has undertaken an in-depth mapping of its related risks in accordance with the provisions laid down by French anti-corruption and due diligence law (known as "Sapin II"), focusing on its own activities and those of its suppliers, to identify these risks and formally define appropriate action plans (see section 3.1.5 "Vigilance plan"). This exercise is regularly updated in accordance with legal requirements. The supplier and client assessment tool has also been strengthened (see section 3.2.2. "Promoting responsible practices with its business partners"). In tax terms, the Bel Group has a measured and well-controlled tax policy. It is not present in countries considered as tax havens. The Group has implemented a solid price transfer policy and negotiates prior agreements for transfer prices with various tax administrations so as to secure the largest inter-company transactions.
Residual risk	
Despite such ongoing vigilance, the exposure to a risk of isolated, marginal machinations that run counter to the Group's practices and commitments in this matter cannot be totally ruled out. If such a risk were to occur, the necessary sanctions and actions would be taken without delay.	

2.4 RISKS RELATED TO THE BUSINESS

QUALITY, FOOD SAFETY AND PRODUCT REGULATION RISKS

Description of the risk	Treatment of the risk
Food safety is of utmost importance for Bel. Any alleged or proven food safety risk for the Group's products could harm its reputation, business and results. The risk of contamination depends on the type of product concerned, but it exists at every stage of the production cycle, from raw ingredient purchases to retailers and consumers. Upstream risks are mainly chemical and physical in origin (foreign bodies) or related to fraud (origin/composition), and could affect the Group's raw ingredients, inputs and packaging among other things. Downstream risks are mainly bacteriological for the most fragile products (dairy cheeses). Furthermore, like all agri-food products, Bel products could be exposed to contamination by tampering. Any crisis affecting the dairy industry and the natural qualities of milk could also adversely impact Bel's business through negative media coverage, even if the crisis is not directly linked to its activities. Finally, because it is present in many countries, Bel is subject to regulations established by governments or international organizations that apply to its food manufacturing, sale and import/export activities. In particular, it is subject to health, safety and environmental standards, customs systems and quality controls. The Group must comply with a host of mutating laws and regulations that are becoming increasingly restrictive. Any changes to these laws and regulations and any administrative decision can have a material impact on the Group's business and financial results. Numerous regulations may also indirectly limit the sale of its products.	The Group has a monitoring structure in place to identify any emerging risks that directly or indirectly affect its production, as far upstream as possible. After weighing potential risks, it applies the most suitable, efficient measures to date, depending on the seriousness of the risk. Bel has implemented an organization, reporting to the Group's Industrial Department, responsible for leading, coordinating and ensuring the effectiveness of all the processes and systems dealing with: • food safety and product regulations; • quality; • certifications, management systems and health crisis management; • technological coordination. See section 3.3.1 "Offering products with optimal quality and safety". It recommends policies to be implemented, guarantees the coherence of the systems and reporting at various levels, assists Group structures, and audits the organizations to assess the systems' effectiveness. Its role is to warn the Chief Executive Officer and the Executive Committee of any major situation relating to its three fields of activity. Food safety and product regulations In terms of food safety and product regulations, this organization is responsible, via the Regulations network for the subsidiaries: • the Group's food safety policies and preventive strategy, and the coordination of related actions; • the processes for anticipating food safety risks and preventing crises as well as managing alerts and crises; • creating a monitoring system based on reporting by the subsidiaries; • participating in professional associations or government groups dedicated to food safety. It also ensures that regulations applying to products are followed, particularly in relation to composition, labeling, packaging, advertising, consumer information including nutrition information, and customs procedures.

QUALITY, FOOD SAFETY AND PRODUCT REGULATION RISKS (CONTINUED)

Description of the risk	Treatment of the risk
	It defines: - the monitoring plans implemented by the industrial entities; - the quality of the traceability system (upstream, downstream, and components/constituents). It is responsible for: - implementing policies, in particular in terms of the food safety risk analysis process during production (e.g. HACCP and hygiene standards) at Group, supplier and subcontractor sites; - implementing the food defense policy integrating processes for: - preventing risks of intrusion, - the risk of tampering; - implementing the food fraud policy integrating processes for: - preventing risks related to raw materials, - monitoring plans implemented by production sites; - creating and steering a reporting system that continually assesses control of food safety processes. Quality The organization is also responsible for defining the Group's quality policy and checking its implementation at every stage, from product design to final consumption. Its main roles through the quality network at the corporate/platform and production site level are: - defining the Group's quality policy and ensuring its implementation after validation; - defining the rules and best practices as well as the quality regulations to be applied, and guaranteeing their implementation; - defining and enforcing process and product risk analysis; - determining and deploying product conformity control measures (detection of foreign bodies, etc.); - assisting with the implementation of certification standards; - determining the means for qualifying products and processes; - auditing the quality of organizations, whether internal (production sites) or external (subcontractors, suppliers and service providers); - managing complaints and customer quality perception assessment tools (retailers or consumers) using the Salesforce tool (We Care project); - analyzing performance, conducting quality reporting and implementing continuous improvement processes, using the SAP quality management module (Quartz project) to guarantee consistency of information, consolidated control and optimal integration of information required for product traceability; - training and assisting the Group's teams and the industrial sites. Providing suitable training media, including statistical and problem solving tools.

QUALITY, FOOD SAFETY AND PRODUCT REGULATION RISKS (CONTINUED)

Description of the risk	Treatment of the risk
	Regulatory framework The Group's health, safety and traceability approach is governed by a very strict regulatory framework. A "Bel reference guide" is drawn up following a detailed analysis of all the food quality/safety and hygiene regulations in all countries where the Group makes or imports products. The so-called "Hygiene Package" of regulations issued by the European Commission took effect in the European Union on January 1, 2006. This regulation includes a number of legislative texts. It establishes a single and transparent policy for food hygiene and safety in all European Union countries, and concerns all operators throughout the food chain "from farm to store". To the greatest extent possible, the Group applies the strictest rules – mostly European regulations – to all its stakeholders, from the production of raw ingredients to the consumer. Bel adheres to even stricter standards in certain cases: for example, it monitors 23 allergens instead of the 14 required by European regulations. In its quest for harmonization, food safety and excellence, Bel shares its reference guides with all its production sites worldwide as well as with its suppliers and retailers.
Residual risk	

The quality and safety of the Bel Group's products and strict compliance with the regulatory context in which it operates are its leading concern, as evidenced by the risk treatment policies described above. In spite of the constant attention and engagement of its teams, the emergence of a risk can never be completely ruled out. However, the system described would allow the Group to detect a risk as soon as possible and, in all cases, significantly limit its impact.

RISK OF ENVIRONMENTAL IMPACT FROM OPERATIONS

Description of the risk	Treatment of the risk
The Group's activities can cause environmental risks to its ecosystem: greenhouse gas emissions in particular related to the dairy upstream, water resource use, in particular in certain areas under hydric stress, risks of a negative impact on biodiversity and deforestation through its supply chain.	To rise to these challenges, the Group has specifically assessed the risk mentioned in the mapping of environmental risks (see section 3.1.5 "Vigilance plan"). As part of this work, the Group implements continuous improvement plans or encourages these plans when it is not directly in charge. This approach is described in section 3.6 "Fighting climate change and reducing the environmental footprint".
Residual risk	

The Group's long-standing commitments to fight climate change and reduce its environmental footprint have yielded compelling results (see section 3.6 "Fighting against climate change and reducing its environmental footprint"), but Bel cannot claim today that it is entirely neutral in terms of its impact on the ecosystem.

RISKS RELATED TO SUPPLIERS

Description of the risk	Treatment of the risk
The Group's production requirements are met by external suppliers (mainly dairy raw ingredients and packaging). These supplies are provided by a limited number of operators in the market (see section 1.1.5 "Bel and its business ecosystem"). Bel could encounter difficulties in finding alternative sources if some of its suppliers were to fail to meet their obligations, in particular for raw materials, which might affect its results and business. Moreover, Bel is now faced with sustainable farming challenges and risks associated with its supply chain.	The Group's Purchasing Department has developed a policy aimed at limiting the risk of supply disruption by securing an increasingly large share of the Group's needs in goods and volumes through annual and multi-year framework agreements with a limited number of strategic suppliers. The Group has launched a risk management policy for packaging by establishing contingency plans. To meet the challenges associated with sustainability in the milk industry, Bel has developed a global Charter for a Sustainable Dairy Upstream and defined a base of commitments out to 2025. In France, the Group renewed its partnership with the APBO (Association des Producteurs de Lait Bel Ouest, or "Bel West Producers' Association") in the form of an unprecedented agreement for better milk use (see section 3.4.1 "Taking action for a sustainable milk supply chain"). In addition, the Group is now committed to the healthy snacks sector and has diversified its supply to become present in both dairy and vegetable-based raw materials, including fruit (see section 3.4.3 "Delivering the goodness of fruits"). Finally, Bel has implemented a Charter for Responsible Purchases and an assessment of its suppliers, especially in terms of respect of human rights and the fight against corruption. In 2018, Bel also undertook a mapping of its supplier risks. (See section 3.2.2 "Promoting responsible practices with its business partners").
Residual risk	

The procurements diversification policy in combination with the contingency plans safeguard the Group against major risks in its supply chain. Nevertheless, because some inputs are only available from a very limited number of suppliers, the chance of finding alternatives is reduced accordingly.

RISK OF TOTAL OR PARTIAL SHUTDOWN OR DESTRUCTION OF A STRATEGIC PRODUCTION SITE

Description of the risk	Treatment of the risk
The Group has 32 operational production sites. Any incident – particularly if caused by the more frequent occurrence of extreme weather events, or the possibility of acts of vandalism – could lead to a total or partial site shutdown and affect the production and marketing of the products made there.	To secure its production facilities, Bel regularly optimizes them by investing especially in the safety of its installations and employees, while also regularly implementing and auditing prevention and business continuation plans. To cover these risks, the Group has also taken out damage and operating loss insurance policies to cover risks that are presented in section 2.6 "Insurance and risk coverage policies".
Residual risk	

Of course, the prevention and business continuity plans do not entirely preclude the risk of total or partial destruction of a production site, but they do make it possible to manage the impacts on the production and marketing of products manufactured at the affected site.

RISKS RELATED TO TRADEMARKS AND INTELLECTUAL PROPERTY

Description of the risk	Treatment of the risk
Bel owns trademarks, designs, domain names and copyrights around the world. Intellectual property is a substantial share of its immaterial assets and its brands are fundamental parts of its competitiveness. The Group therefore makes considerable efforts to protect and defend its portfolio of brands, especially its core brands, worldwide. Given the reputation of these brands, Bel is objectively exposed to the risk of counterfeiting and unfair competition. In addition, the Group must secure its product launches so as not to counterfeit its previous rights.	Trademark and patent registrations worldwide are updated every year. The Group also conducts global monitoring of its major brands to ensure that no similar or infringing trademarks are registered by third parties. If products or trademarks that are counterfeit or that harm its rights are discovered, all of the Group's legal resources in the country or countries concerned are put into action to halt the counterfeiting or unfair competition. The Group has introduced an Intellectual Property Policy to raise employee awareness of intellectual property issues and the dangers of counterfeiting. The Group Legal Department is tasked with ensuring the protection and effective defense of its trademarks and domain names. It centralizes the entire portfolio of trademarks, models, domain names and legal disputes and implements a coherent global protection and defense strategy. In addition, new product and brand projects are analyzed for freedom of operation in view of previous third-party rights, prior to the launch. Any difficulties encountered in protecting and defending its intellectual property rights – mainly its trademarks – and combating counterfeiting, could affect the Group's business and results.
Residual risk	
The Group cannot fully control the risk of counterfeiting by third parties. However, it has dedicated policies that enable it to take effective actions to assert its rights.	

2.5 FINANCIAL RISKS

EXCHANGE RATE RISK

Description of the risk	Treatment of the risk
Bel and its subsidiaries are exposed to transactional exchange rate risks due mainly to sale and purchase undertakings in currencies other than their functional currencies. Bel also holds assets, earns income, and incurs expenses and obligations, either directly or <i>via</i> its subsidiaries, in a wide basket of currencies. Because the consolidated financial statements are presented in euros, the value of assets, liabilities, income and expenses will be impacted by fluctuations in the euro.	Management policy is to hedge very probable risk in foreign currency transactions using firm or optional derivative financial instruments to reduce sensitivity to unfavorable currency fluctuations. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales, freely convertible and transferable, for all French, European, North American and Japanese entities. The Group Treasury Department provides these entities with the necessary currency hedges. The dollar, sterling and zloty are the main currencies exposed to transaction risk. Hedges do not exceed a horizon of 18 months. The hedging policy is set out in Note 4.15 of the Consolidated Financial Statements in chapter 5. For subsidiaries in countries where there are no financial budgetary hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies.
Residual risk	
In the event of a local currency devaluation in a country where there is no financial instrument for budgetary hedging, such an incident could have an impact on the profitability of the concerned entity and could affect the Group's operating or financial income.	

2.6 INSURANCE AND RISK COVERAGE POLICIES

INSURANCE AND RISK COVERAGE

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

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

Bel maintains strict control and centralized management of industrial risks under the authority of the Industrial Technical Division controlled by the Industrial Environment Security Division, in liaison with the Legal Affairs and Risk Division and the Insurance Division placed under the authority of the Financial Division.

Following a comparative analysis phase in 2017, the gradual integration of MOM's policies into the Group's master insurance program started in 2018 and is ongoing.

DAMAGE TO ASSETS, OPERATING LOSSES AND TRANSPORT

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

Coverage amounts are determined by assessing risks (e.g. vulnerability, protection, partitioning) and maximum possible loss (MPL), taking into account the replacement

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

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

Automatic fire sprinkler systems will continue to be installed, and will eventually cover all strategic production sites.

CIVIL LIABILITY

The main contracts covering liability (particularly the Group's civil liability, business liability and product liability) and environmental damage are arranged as part of a general

insurance program, taking account of the specific features of frontline contracts entered into locally, mainly in the United States and Canada.

ADDITIONAL POLICIES

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



CORPORATE SOCIAL RESPONSIBILITY

NON-FINANCIAL PERFORMANCE REPORT

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3

3.1 BEL: A GROWTH MODEL TO CHAMPION HEALTHIER AND RESPONSIBLE FOOD FOR ALL

3.1.1 BUSINESS MODEL

Bel's safe and high-quality products offer consumers the benefits of both dairy and fruit. The Group seeks to have a positive impact on its entire ecosystem of partners and stakeholders from producer to consumer, whilst protecting the planet.

For over 15 years the Group has been committed to Corporate Social Responsibility. Indeed, in 2003 the Group was one of the first signatories of the United Nations Global Compact. Since then Bel has reported annually on its contribution to furthering the 10 Principles of the Global Compact and the development of the Group's sustainable growth model.

In 2016, the Group decided to go further, by structuring its CSR approach and placing it at the core of the company's growth model. This growth model is based on the creation of shared value: creating economic value for Bel must also benefit society, responding to societal needs and challenges. Through dialogue and partnership, fostering trustful, long-term relationships, the Group can ensure that this model has a positive impact on all actors in our value chain.

This approach is embodied in Bel's corporate mission "Champion healthier and responsible food for all". A global food company with strong brands present around the whole

world must have a role to play in the current food revolution. Bel is rising to this challenge.

With its corporate model based on both responsibility and profitability, Bel is determined to contribute to the emergence of a new, positive model for the global food industry: a model that creates shared value and also preserves planetary resources.

In 2017 Bel chose to tie its financial to its non-financial performance, by signing an addendum to extend the maturity of its multi-currency revolving credit facility and include environmental and social impact criteria.

The criteria included in the credit agreement are based on the achievement of three objectives related to the Group's 2025 sustainable development strategy:

- deployment of a concrete action program for a sustainable dairy upstream sector;
- development of nutrition education programs in the Group's key countries;
- reduction of its greenhouse gas emissions for Scopes 1 and 2 (Scopes of direct responsibility).

The Group reports annually on progress toward these goals in its Non-Financial Performance Report, which is audited by independent third-party organizations.

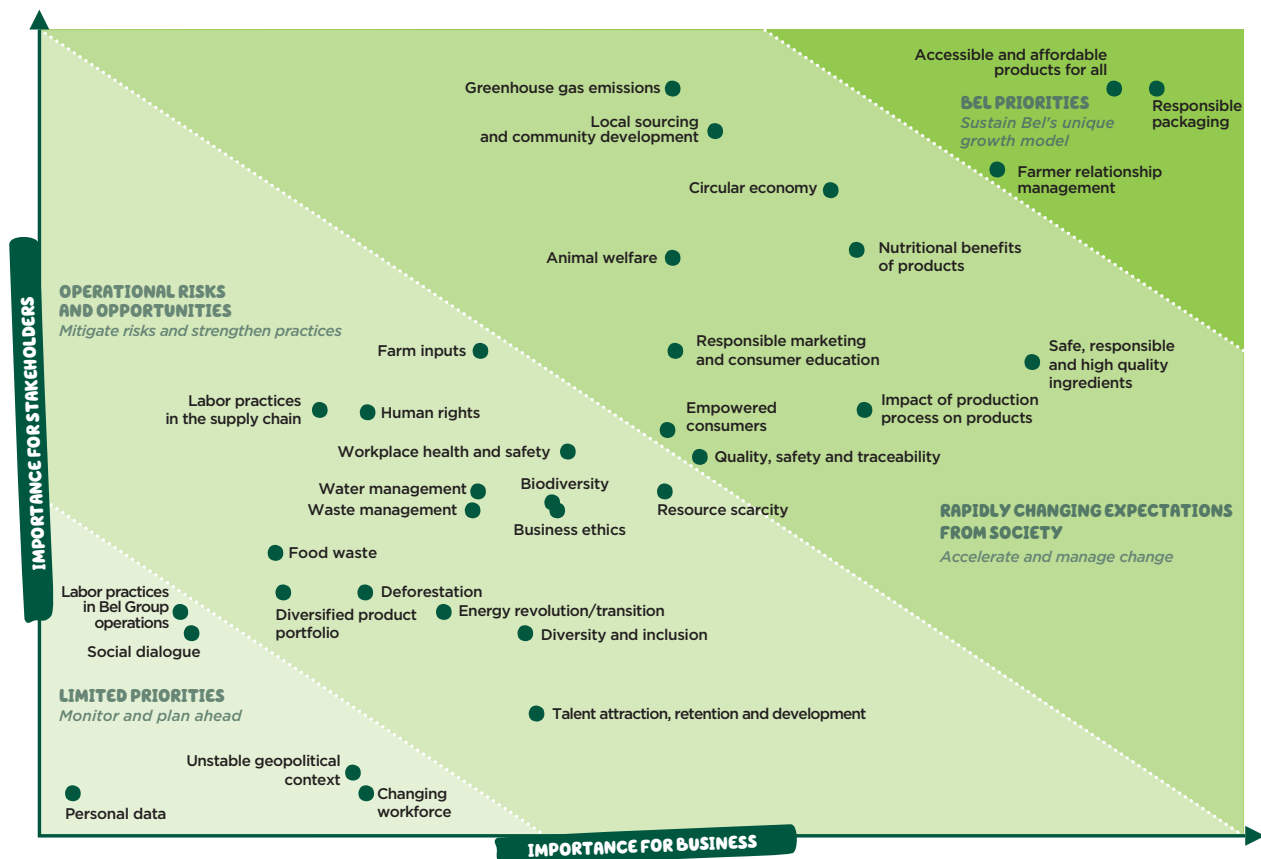
	DEFINITIONS	GOAL FOR DECEMBER 31, 2019	RESULT ON DECEMBER 31, 2019	GOAL MET
Dairy upstream	<i>The Bel Group pledges to define and deploy to its 10 dairy supply basins a "Sustainable dairy upstream" program to improve the sustainability of the dairy sector (see section 3.4.1 "Taking action for a sustainable milk supply chain")</i>	- The Steering Committee in charge of the program will finalize and approve the road maps for all dairy supply basins for the years 2021 to 2024. - Create a Steering Committee to roll out the program.	100% compliance with commitments	
Nutritional education programs	<i>Nutritional education program: a civic initiative undertaken by a brand or the Group aimed at promoting healthy eating habits and an active lifestyle through an entertaining, educational approach. These programs may be developed by a partner and sponsored by the Bel Group or its brands through lasting partnerships formalized in contracts (see section 3.3.2 "Fostering better eating habits and encouraging healthier lifestyles")</i>	4 countries	5 countries	
Reduction of greenhouse gas emissions	<i>Greenhouse gas emissions ratio: greenhouse gas emissions in kg CO2 equivalent (Scopes 1 and 2) per metric ton produced Benchmark indicator: Pro-forma indicator calculated on 12/31/2017 using the new indicator format (with a denominator in metric tons produced) (see section 3.6 "Fighting climate change and reducing its environmental footprint")</i>	-5%	-3.1% The result fell short of the goal because some projects were postponed and because offsetting measures are still being defined	

3.1.2 ANALYSIS OF PRIMARY NON-FINANCIAL RISKS

The selection of non-financial risks presented in this Non-Financial Performance Report is founded:

- first, on the Group's risk management approach. Five non-financial risks were deemed significant (see chapter 2, "Risk Factors and Insurance Policy"):
 - risks related to corruption, human rights abuses and tax evasion,
 - risks related to suppliers,
 - risks related to quality, food safety and product regulation,
 - risks related to environmental impact, and
 - risks related to the sustainability of natural resources and global warming;
- second, on its updated materiality analysis conducted in 2018 on a panel of internal and external stakeholders representing the diversity of the Group's ecosystem:

BEL GROUP MATERIALITY ANALYSIS



The combined analysis of non-financial risks and the results of the updated materiality analysis:

- confirmed the relevance of the Group's long-standing commitment to conducting its business ethically (see section 3.1.4 "Ethics: a common foundation for conducting business") and to developing a model that creates value for all its stakeholders, especially its employees and consumers (see section 3.2 "A model that creates value for all its stakeholders"); and
- highlighted the priority challenges for the Group to address in the future, which are reflected in its new identity "For All. For Good" (see sections 3.3 "Contributing to healthier food" to 3.7 "Improving the accessibility of its products"):
 - contributing to healthier food,
 - promoting sustainable agriculture,
 - committing to responsible packaging,
 - fighting climate change and reducing its environmental footprint, and
 - improving the accessibility of its products.

This Non-Financial Performance Report aims to present all these non-financial issues (non-financial risks and priority challenges).

Objectives for 2025

SUMMARY TABLE - BEL'S MATERIAL NON-FINANCIAL CHALLENGES, REMEDIATION POLICIES AND CORRESPONDING OBJECTIVES

NON-FINANCIAL CHALLENGES		REMEDIATION POLICIES		
Risks related to corruption, human rights abuses and tax evasion	• Code of Good Business Practices; • Risk mapping exercise and training program (see section 3.1.5 “Vigilance plan”); • Internal and external alert system (see sections 3.1.4 “Ethics: a common foundation for conducting business” and 3.1.5 “Vigilance plan”).			
	Risks related to human resources, health and safety of Group employees and labor relations	• Health and safety programs (see section 3.2.1.1); • Diversity and talent development programs (see sections 3.2.1.2 and 3.2.1.3); • Labor relations (see section 3.2.1.4).		
		BEL'S OBJECTIVES	KPI	2025
		Work towards zero accidents at sites.	Bel AFR (Accident Frequency Rate).	3.0
		Promote gender diversity and inclusion.	Share of women in top management.	40%
		Develop its employees’ talent.	Employees who attended training during the year.	100%
Risks related to suppliers and the priority challenge to promote sustainable agriculture	• Sustainable Purchasing Charter, supplier assessments and supplier risk mapping (see section 3.2.2 “Promoting responsible practices with its business partners”).			
			BEL'S OBJECTIVES	KPI
		Promote social and environmental practices among its suppliers.	Average EcoVadis supplier score (/100).	55.0
Bel Global Sustainable Upstream Dairy Charter (see section 3.4.1 “Taking action for a sustainable milk supply chain”).				
		BEL'S OBJECTIVES	KPI	2025
		Contribute to better quality of life and working conditions for farmer partners.	Farmer access to innovative social models.	100%
		Foster non-GMO feeding of the cows providing milk.	Milk collected from non-GMO fed cows.	100%

NON-FINANCIAL CHALLENGES		REMEDATION POLICIES		
Quality, food safety and product regulation risks		Organization and dedicated processes (see section 3.3.1 “Offering products with optimal quality and safety”).		
Risks related to innovation and consumer expectations and the priority challenge to contribute to healthier food		- Product offers that meet consumer needs (see section 3.3 “Contributing to healthier food”); - Programs to promote better eating habits and healthier lifestyles (see section 3.3.3 “Improving the nutritional quality of its products”); - Action to improve the accessibility of its products (see sections 3.7.1 “Adapting its products to the needs of everyone” and 3.7.2 “Improving the accessibility of its products by developing innovative and inclusive distribution models”).		
		BEL'S OBJECTIVES	KPI	2025
		Continuously improve the nutritional quality of its products.	Children and family product portfolio meeting “Bel Nutri+” goal (Bel nutritional profiling system).	80%
		Foster healthy consumption habits and lifestyle.	Key countries where a program is implemented for consumers (“Educanut”).	10
			Number of subsidiaries where a program is implemented for employees (“Healthy Smiles”).	30
Risk of environmental impact from operations and the priority challenge of committing to responsible packaging		- Animal husbandry practices to reduce the environmental impact of upstream agricultural activities (see sections 3.4.1 “Taking action for a sustainable milk supply chain” to 3.4.3 “Delivering the goodness of fruits”); - Environmental policy (see section 3.6.3 “Using water sustainably”); - Programs to limit the risks of negative biodiversity impact and deforestation (see section 3.6.2 “Fighting the risks of biodiversity loss and deforestation”); - Promoting a circular economy approach to packaging (see section 3.6.2 “Fighting the risks of biodiversity loss and deforestation”).		

NON-FINANCIAL CHALLENGES

REMEDATION POLICIES

Priority challenge to improve the accessibility of its products

- Adapt recipes to the nutritional needs of everyone, see section 3.7.1 "Adapting its products to the needs of everyone";
- Develop innovative and inclusive distribution models, see section 3.7.2 "Improving the accessibility of its products by developing innovative and inclusive distribution models".

BEL'S OBJECTIVES	KPI	2025
Improve the accessibility of its products	Number of cities where the Sharing Cities program is active	30%

Risks related to the sustainability of natural resources and climate change, including the priority challenges to fight climate change and to commit to responsible packaging

- Animal husbandry practices to reduce the environmental impact of upstream agricultural activities (see sections 3.4.1 "Taking action for a sustainable milk supply chain" to 3.4.3 "Delivering the goodness of fruits");
- Programs to reduce the impact of operations on climate change and to adapt to climate-related risks (see section 3.6.1 "Fighting climate change");
- Programs to limit the risks of negative biodiversity impact and deforestation (see section 3.6.2 "Fighting the risks of biodiversity loss and deforestation");
- Promoting a circular economy approach to packaging (see section 3.6.2 "Fighting the risks of biodiversity loss and deforestation");
- Fighting food waste (see section 3.6.4 "Fighting food waste").

BEL'S OBJECTIVES	KPI	2025
Work towards 100% recyclable-ready and/or biodegradable packaging.	Recyclable-ready and/or biodegradable packaging.	100%
Preserve natural ecosystems and fight deforestation through its supply chain.	Impact of sourcing policies (zero conversion risk land area/ total cultivated land area).	100%
Reduce its global carbon footprint to meet Paris Agreement targets*.	Total carbon footprint (kg CO ₂ equivalent/metric ton produced).	-27.5%**

* Scopes 1, 2 and 3. / ** Objective for 2030 compared to the benchmark year 2017.

3.1.3 GOVERNANCE OF CSR ISSUES AT EVERY LEVEL OF THE COMPANY

The Group's structure facilitates the consideration of CSR challenges at all levels, from management bodies to operational employees.

The Board of Directors as the commitment watchdog

The Group's Board of Directors makes all decisions about the Group's strategic, economic, social, environmental, financial and industrial objectives, and ensures that they are implemented by Senior Management.

The Ethics and Compliance Committee

The Ethics and Compliance Committee assesses and oversees compliance policies. It receives assistance from an ethics coordinator and reports on its work to the Group Audit Committee.

The Executive Committee as the promoter of strategic CSR priorities

The Executive Committee, headed up by the Chairman and CEO and comprising all the key corporate functions, promotes the Group's sustainable growth model.

To support the roll-out of this ambitious plan, Bel also has a CSR Executive Committee which meets four times a year. The objectives of these Committee meetings are to validate the CSR policies in line with the Group's strategic decisions and commitments, and to monitor the CSR Scorecard and changes in the performance indicators.

The Investment Committee as the guarantor of sustainable growth

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

The Committee ensures that Bel's new investments comply with its CSR commitments. It evaluates projects according to economic and financial performance criteria, as well as non-financial criteria corresponding to the major challenges facing the Group, whether employee-related, environmental or social.

Specific committees to guide priority issues

The Executive Committee's dedicated CSR meeting is supplemented by specific steering committees dedicated to priority challenges for the Group's sustainable growth

model, such as the Sustainable Agriculture Committee (see section 3.4 "Promoting sustainable agriculture"). Their purpose is to define a road map and to track its operational deployment and progress. These dedicated committees meet four times a year.

Employee networks to support operational deployment

Two complementary networks supplement the structure described above. Their role is both to support the deployment of the Group's commitments at every level of the Company and to initiate new approaches to enhance the positive innovation policy:

- a network of "Champion" employees representing various Group functions whose primary role is to co-construct CSR policies and support their implementation in their areas of expertise; and
- a network that includes, among others, employees from the Marketing and Regulatory Departments, is deployed to all the Group's subsidiaries to further enhance this system. The role of this network is to apply the Group's commitments locally to provide responsible and innovative products to consumers and share good practices between countries. Four meetings are organized per year in the form of the Bel "Sustainable and Nutrition Network".

A vision shared with all employees

Throughout 2019, various philanthropic activities were organized to engage employees in connection with the Group's mission statement and commitments. For example, World Food Day was celebrated with the unveiling of Bel's new identity, providing an opportunity to rally all the employees around Bel's five priority challenges and to involve them in charitable actions. Employees were invited to participate in a "Healthier Cooking Challenge" and learn about adopting healthy eating habits.

In addition, as part of a day sponsored by the Bel Foundation, 72 employees took part in a variety of sports activities arranged by the NGO *Action Contre la Faim* ("Action Against Hunger") as part of its Challenge Contre la Faim anti-hunger initiative. Their efforts and achievements prompted the Bel Foundation to donate €12,990 to the association. Furthermore, a total of 572 employees in 26 countries turned out for the "Solidarity Walking Challenge" in December 2019, leading to an additional donation of €6,291 to *Action Contre la Faim* by the Bel Foundation and the Bel Group.

Finally, the work of the "Hummingbird" network ⁽¹⁾, which was set up in 2018, continued in 2019. This network brings together volunteers who, beyond their professional responsibilities, would like to make big or small changes at the head office through simple actions. Their efforts in 2019 put an end to the use of single-use cups and led to the installation of comprehensive waste sorting stations.

(1) Named after a Native American legend.

3.1.4 ETHICS: A COMMON FOUNDATION FOR CONDUCTING BUSINESS

Definition of the challenge

Bel is firmly committed to preventing the risk of environmental harm, protecting human rights and fighting corruption and it has always placed ethics at the heart of its business methods.

Moreover, by adopting the “Sapin II” and “Due Diligence” laws, the French government has further increased the need to give business ethics a central place in the Group’s activities around the world. Rather than approaching it as an isolated issue, the Group must establish an everyday ethics culture and practice at all levels.

Governance

To ensure ethical behavior along its entire value chain, several years ago the Group put in place strong governance bodies to ensure adherence to Bel’s values and principles at all levels of operation within the Company.

The Group’s Ethics and Compliance Committee – created in 2012 – is now supported by an ethics coordinator and a network of ethics officers who are appointed within the subsidiaries’ HR departments to oversee the implementation of the various commitments and their operational applications. The coordinator interacts as needed with the Risk Committee and updates the Group Audit Committee on the progress of projects. Once a year, the Audit Committee presents a work report to the Board of Directors. This governance structure was adopted by the Executive Committee.

The Ethics and Compliance Committee assesses and oversees compliance policies – especially those pertaining to human rights. It also ensures their effective deployment and monitors the corresponding training mechanisms. In addition, it can address any ethics alerts, including those that cannot be handled within the hierarchy. It can also be asked to issue an opinion on any compliance matters.

The role of the ethics coordinator is to oversee the definition and implementation of compliance actions – especially those relating to fighting corruption and respecting human rights and the environment – at the local level, with the support of ethics officers. He/she regularly briefs the Ethics and Compliance Committee on these actions.

The ethics officers are responsible for taking the necessary actions to raise awareness and for training local employees in the Code of Good Business Practices and related policies. They are indispensable local liaisons for all the business ethics initiatives introduced at the Group level.

Policies

In 2012 Bel adopted a Code of Good Business Practices establishing the general framework for the professional conduct of every Bel employee. The seven principles of this Code are the following:

- comply with laws and regulations and take into account international standards;
- protect consumers;

- respect the environment;
- protect employees’ essential rights;
- prevent conflicts of interest, fraud and corruption;
- promote fair business relations; and
- ensure the accuracy and protect the confidentiality of professional and financial information.

The Code nevertheless stipulates that the principles laid out do not stand in place of national laws and regulations. The teams are still required to comply with these, and in cases where a country’s regulations are stricter than an ethical rule stipulated in the Code, the national regulations prevail.

To help all employees understand and buy into the Code, it has been translated and distributed in the languages spoken at the Group. It is available in French and English on the Group’s website and is presented during special trainings on business ethics.

To adapt and clarify certain principles, the Code of Good Business Practices has been supplemented by policies dedicated to fighting corruption and to Group rules regarding gifts.

In 2017 these policies were revised to reflect the provisions of the “Sapin II” law. They were integrated into the internal regulations of the French sites and are currently being incorporated within the equivalent of the foreign sites’ internal regulations.

Finally, “business” policies or charters systematically include the principles of the Code of Good Business Practices and translate them for specific areas of activity. These are shared with the relevant stakeholders.

Action plan

In addition to due diligence and other actions taken to prevent the risks of corruption, human rights violations and environmental damage in all the countries where Bel operates (see section 3.1.5 “Vigilance plan”), Bel has also participated in several voluntary ethics initiatives for many years. Indeed, the Bel Group signed on to the United Nations Global Compact in 2003, well before it adopted its Code of Good Business Practices. Since then, the Group has reaffirmed its commitments each year and reports on its progress regarding four fundamental principles: respect for human rights, respect for labor standards, the fight against all forms of corruption and respect for the environment. Bel pays particular attention to respect for children’s rights given the positioning of most of its brands. The Children’s Rights and Business Principles, drafted jointly by the UN Global Compact, UNICEF and Save the Children, are Bel’s reference framework and are fully incorporated within its Code of Good Business Practices.

Internal alert system

Since 2015, all Bel's employees have had access to an alert system that they can use to report any infringements of the principles enshrined in the Code of Good Business Practices. This alert system was opened to the Group's partners and all third parties who do business with the Group can now report any unethical incident of which they are a witness or victim. The alerts are processed in accordance with legal provisions, especially in terms of whistleblower protections.

The procedures for handling alerts are described in a special guide written for this purpose. All alerts are processed by the local ethics officer, who has a strict requirement to inform the Group ethics coordinator of the investigation results and the proposed response measures. When the alert cannot be handled locally (due to the type of alert or the identity of the individuals involved), the alert is handled directly by the Group's Ethics and Compliance Committee. In 2019, two alerts were submitted and processed in compliance with the measures laid out in this guide.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019
Promote ethics as a common foundation	Number of alerts received		2
	Number of alerts processed		2
	Number of employees trained on corruption risks (in-person training)		500
	Number of employees trained on corruption risks (e-training)		594

3.1.5 VIGILANCE PLAN

The adoption in 2016 of the anti-corruption aspect of the "Sapin II" law and in 2017 of the law on due diligence has led the Group to strengthen its monitoring in the fight against corruption, violations of human rights and individual health and safety, and environmental damage related to its activity.

The Group's longstanding commitment to the ethical conduct of its activities enabled it to effectively draw on the policies and checklists already in place to construct and to continuously improve the vigilance plans required by these two laws.

3.1.5.1 A system based on risk identification

Corruption risks and the risk of human rights, individual health and safety and environmental violations are monitored within the framework of the Group's Enterprise Risk Management (ERM) system (see section 2.1, "Risk management policy").

Nevertheless, since the adoption of the "Sapin II" and "Due Diligence" laws, the Group has chosen to conduct a dedicated risk mapping exercise for all relevant topics to

supplement the Group's risk management system (ERM). A common methodology was adopted to identify such risks.

Relating to the Group's own activities

In order to identify and rank gross risks of corruption, violations of human rights and individual health and safety, and environmental risks, in 2017 and 2018 the Group evaluated its risks according to three criteria:

- the location of its activities;
- the nature of its activities (production, marketing, services); and
- the scale of its activities (in terms of revenue, number of employees and business volume).

The mapping exercise was completed for the Group's subsidiaries and covers all export regions, in accordance with legal requirements.

This first study phase was supplemented by a thorough analysis of the Group's current policies and checklists that limit these risks, in order to adopt appropriate action plans. In connection with the roll-out of these initial action plans, the Group also strengthened the mechanisms governing

ethics and compliance (see section 3.1.4 “Ethics: a common foundation for conducting business”) to put in place a model organization commensurate with the importance of the issues.

This methodology was deployed locally through trainings arranged for all the Management Committees of the Group’s subsidiaries in order to educate the local staff about the corresponding issues. After these training sessions, participants completed self-assessment questionnaires about risks related to corruption, violations of human rights, individual health and safety and the environment. The questionnaires were then analyzed to measure the actual risk in light of the policies and control points in place at the subsidiaries.

In 2018, action plans were developed based on analysis of these self-assessment questionnaires, then deployed to the Group’s subsidiaries (see section 3.1.5.2 “Actions implemented”).

The gross risk mapping and the analysis of the compliance and effectiveness of Group policies and control points were updated in 2019 to measure the progress made. The implementation of additional policies and reinforced control points between 2018 and 2019 led to a marked improvement in the management of these risks.

Finally, in 2019 the Group rolled out a digital risk mapping tool that will help the process of updating and monitoring action plans run more smoothly. It also aims to further help local operational staff become more confident and proficient in addressing these issues as they are responsible for managing these risks in their daily activities.

Relating to the activities of its business partners

Bel has always been particularly vigilant regarding risks related to its supply chain. In late 2017, the Group supplemented the evaluations performed by EcoVadis in 2009 with a mapping of suppliers focused on CSR risks related to the environment, labor law, human rights and business ethics and with a mapping focused on corruption risks.

The results of these mapping exercises led to the identification of “purchasing category/country” pairs and the reinforcement of the due diligence steps taken prior to approving suppliers that come under those categories. Thus, a computer program has now been rolled out to the Group’s community of buyers to enable them to check the theoretical risk level associated with the purchase transaction they are about to conclude and to adapt the degree of due diligence prior to approval.

Finally, a list of active and potentially at-risk suppliers (based on the results of the mapping) was drawn up and the suppliers in question will be subject to stricter due diligence beginning in early 2020 (see section 3.2.2 “Promoting responsible practices with its business partners”).

3.1.5.2 Actions implemented

3.1.5.2.1 Fighting corruption

The Group supplemented its Code of Good Business Practices with a gift policy and an anti-corruption policy, which was revised in 2017 to apply the provisions of the “Sapin II” law. They were incorporated within the French sites’ internal regulations following consultation of the staff representative bodies and were conveyed to all the Group’s subsidiaries.

Relating to its internal stakeholders

At the corporate level, the Bel Group has defined corruption risk types according to transaction and at-risk activity with all the relevant functional departments.

As part of the risk mapping exercise in 2017 and 2018, the Management Committees at the Group’s subsidiaries were educated on the issues surrounding anti-corruption measures and the behaviors expected from all Group employees in this regard. Workshops were held for the local Management Committees to analyze the self-assessment questionnaires and define the specific types of corruption risks by comparing the list of risks identified at the corporate level to the reality at each subsidiary, in light of their exogenous environment.

This risk mapping exercise is updated at regular frequencies in accordance with legal requirements.

Moreover, in addition to the in-person trainings that have benefited more than 500 employees since 2015, an e-learning module on fighting corruption was also launched in late 2018. It was repeated in 2019 and has been completed by nearly 600 Group employees to date. The ethics officers (see section 3.1.4 “Ethics: a common foundation for conducting business”) received special training in 2019 aimed at refreshing their knowledge of the risks involved and reiterating their role in fighting corruption at the local level. A centralized digital platform that contains all the anti-corruption resources available was created for them.

Lastly, the entire anti-corruption system underwent an internal audit. The resulting action plans will be monitored.

Relating to its external stakeholders

As regards its suppliers, and as indicated above, beyond the CSR risk mapping exercise, the Group further refined its risk identification process in 2019 with a mapping focused on corruption risks. Its conclusions made it possible to base the degree of due diligence on the risk level identified by “purchasing category/country” pair (see section 3.2.2 “Promoting responsible practices with its business partners”).

As regards its other external stakeholders, the Group has put in place measures to be notified if any of its retailers, customers or agents is found guilty of a crime, politically exposed or added to a blacklist or embargo. This continuous monitoring system will be supplemented with in-depth assessments of the most exposed stakeholders in 2020 thanks to a dedicated digital tool.

In addition to these specific action plans, since 2014 the Group has participated in the Supply Chain Initiative in 16 European countries⁽¹⁾ which make up more than 40% of its revenue. This voluntary, self-regulatory code establishes 10 principles to be followed in commercial relations and covers corruption in particular. Most of these principles are also laid out in Bel's Code of Good Business Practices.

Finally, as part of its anti-corruption action plan, the Group once again sent its most significant partners its anti-corruption policy and included an anti-corruption clause in its terms and conditions of purchase and in its Sustainable Purchasing Charter. Moreover, the Group's alert system was opened to external stakeholders through the Group's website, with a redesigned user interface to give them more intuitive access to the system. This alert processing system is similar to the one used for alerts sent by internal stakeholders (see section 3.1.4 "Ethics: a common foundation for conducting business").

3.1.5.2.2 Fighting violations of human rights and individual health and safety

In 2012, the Group launched a proactive human rights program with the adoption of its Code of Good Business Practices. Respect for human rights, including individual health and safety, is one of the seven principles set out in the Code; it refers specifically to the Universal Declaration of Human Rights and International Labor Organization conventions. The network of ethics officers who report to the subsidiary directors is responsible for implementation and compliance at each of the sites (see section 3.1.4 "Ethics: a common foundation for conducting business").

Relating to its internal stakeholders

Protecting employees' essential rights is a constant concern. The Group has introduced very strict human resources policies on compliance with labor standards and employee safety standards – especially for employees based in countries with a high risk of violations of human rights and individual health and safety.

In 2017, the Group ran a project aimed at detecting and measuring the risk of human rights violations, focusing on the risks of modern slavery, forced labor, child labor, and violations of individual health and safety, freedom of association, or the right to collective bargaining. This work also raised the awareness of the local Management Committees about these issues. In 2018, similar to the work carried out to fight corruption (see 3.1.5.1 "Vigilance plan"), self-assessment questionnaires covering the risks listed above were completed by the Group's subsidiaries. Dedicated action plans were drawn up after analyzing these self-assessments.

In 2019, the Group updated its mapping of human rights violation risks, which showed an improvement in the management of those risks, thanks in particular to the addition of new control points focused on compliance with the Group's policies in this area.

Employee awareness is at the core of Group actions to fight human rights violations. An e-learning module on respecting human rights with an explanation of the Group's policies to protect such rights is being rolled out. Also, respect for human rights and adherence to related Group policies are discussed systematically at in-person trainings on the Code of Good Business Practices.

Finally, the Group naturally continued to pursue its long-running social initiatives (see 3.2.1 "Building a sustainable future with its employees") and, again in 2019, pursued its continuous improvement programs aimed at guaranteeing the health and safety of its employees through its "zero accidents" goal (see section 3.2.1.1 "Guaranteeing health, safety and well-being at work").

Relating to its external stakeholders

Bel is especially attentive to the human rights practices of its suppliers. This topic is addressed in a dedicated assessment with "social" and "ethics" criteria under the EcoVadis evaluation framework.

That system was supplemented with the CSR risk mapping exercise intended to define the purchasing categories most exposed to the risk of human rights violations (see section 3.2.2 "Promoting responsible practices with its business partners").

Adherence to these principles was reaffirmed specifically in the Sustainable Purchasing Charter, which was revised in 2019.

3.1.5.2.3 Respecting the environment

Bel is aware that its environmental responsibilities extend from upstream agricultural activities to the consumption of its products by the end consumer and packaging waste recycling. As part of its risk mapping, the Group identified the major risks to the ongoing viability of its activities and the risks that weigh on its ecosystem.

In its operations

On top of the Group risk mapping exercise, in 2017 Bel performed an environmental risk mapping focused on its own activities, during which it assessed its risks related to greenhouse gas emissions, climate change, water stress, biodiversity, deforestation and waste management (see section 3.6.1 "Fighting climate change").

(1) In 2018, Bel signed the Supply Chain Initiative in the following countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Slovakia, Spain, Sweden and the United Kingdom.

To address these risks, the Group adopted highly ambitious objectives and is implementing continuous improvement plans designed to mitigate all the risks identified (see section 3.6 “Fighting climate change and reducing its environmental footprint”).

Thus, the Group has a strict, long-standing environmental policy that defines the Group's goals and its guidelines for reaching those goals, especially the ones pertaining to its carbon footprint and water consumption. Furthermore, since 2017 the Group has participated in the Science-Based Targets (SBT) initiative started by the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the WWF and the United Nations Global Compact. This initiative aims to reduce greenhouse gas emissions along its entire value chain (Scopes 1, 2 and 3).

In 2019, the Bel Group also formalized a policy on protecting natural ecosystems and forests, which seeks to ensure that, by 2025, none of its key raw materials contributes to deforestation or the conversion of natural ecosystems.

All of these adopted policies are accompanied by objectives with corresponding action plans that are closely monitored (for details on the action plans, see sections 3.6.1 “Fighting climate change”, 3.6.2 “Fighting the risks of biodiversity loss and deforestation” and 3.6.3 “Using water sustainably”).

Along its entire value chain

Bel conducted a global carbon audit in 2017 (in accordance with the Greenhouse Gas Protocol) that highlighted the environmental footprint of the production of its raw materials (which accounts for 77% of the Group's total emissions) whereas the emissions generated by its own manufacturing operations (Scopes 1 & 2) account for 3% of its global carbon footprint.

The Group is fully cognizant of the role it can play in reducing these indirect impacts and has laid out ambitious objectives in the framework of its participation in the Science-Based Targets initiative, vowing to:

- reduce by 42% its emissions for Scopes 1 & 2 (in CO₂ t/metric ton produced) by 2030 versus 2017; and

- reduce by 27% its Scope 3 emissions (in CO₂ t/metric ton produced) by 2030 versus 2017.

Bel is aligned with the commitments taken under the Paris Agreement and has fully mobilized to reduce the direct and indirect emissions generated by activities along its entire value chain.

Its engagement is characterized by its work to reduce greenhouse gas emissions from dairy production, limit the impact of dairy production on water resources, limit the risk of negative biodiversity impact and deforestation in its supply chain, fight food waste from production to consumption, and make Group packaging a part of the circular economy (see sections 3.6.1 “Fighting climate change”, 3.6.2 “Fighting the risks of biodiversity loss and deforestation”, 3.6.3 “Using water sustainably” and 3.6.4 “Fighting food waste”).

3.1.5.3 Dedicated controls

To ensure the effective implementation of such actions, Bel added control points to its existing internal control system in 2018 to check each of these actions. Further checks were added in 2019; these will be updated on an annual basis and as needed.

Under the responsibility of their general managers, the Group's subsidiaries conduct an annual self-assessment against a control protocol. In addition to the pre-existing controls that help manage this risk, specific controls were added to the mechanism to fight corruption and human rights violations.

The results are shared with the Audit Committee, the Ethics Coordinator and the departments concerned so they can take actions and make adjustments to corrective plans where applicable.

HIGHLIGHTS OF 2019

- Deployment of the Group's new identity and mission statement “For All. For Good”, reasserting the central role of positive innovation in its growth strategy.
- Change in CSR governance to better support the Group's sustainable transformation.
- Launch of the Euro PP sustainable loan in late 2019.

PRIORITIES FOR 2020

- Update the risk mappings and roll out corresponding action plans.

3.2 A MODEL THAT CREATES VALUE FOR ALL ITS STAKEHOLDERS

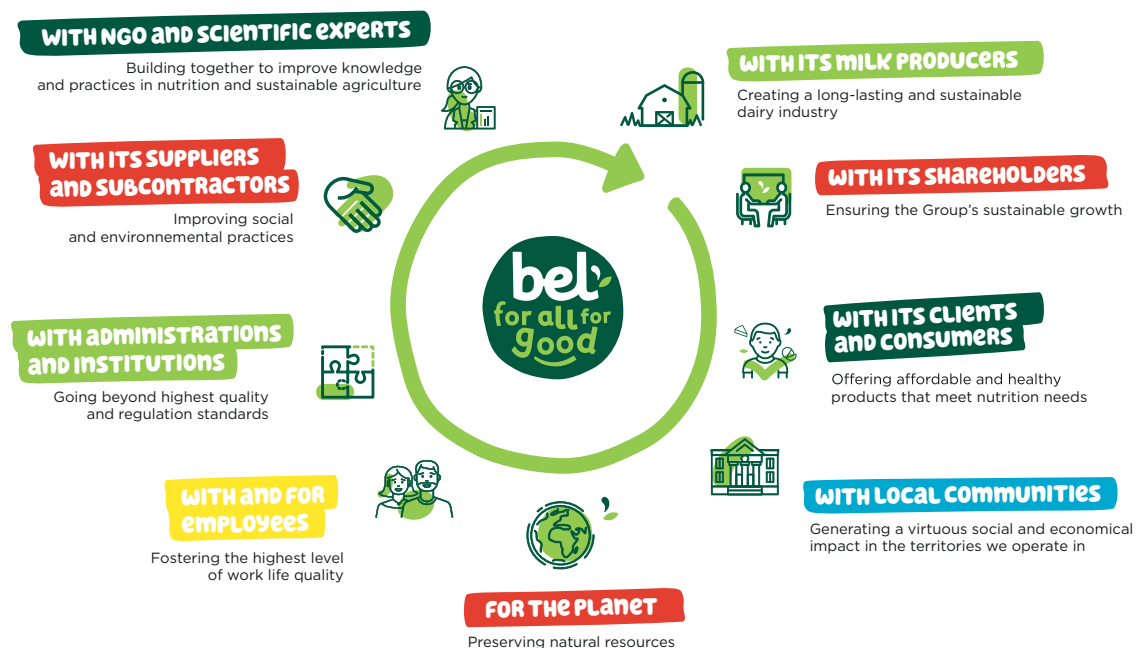
Because Bel's business model and operations are founded on interactions amongst a large number of stakeholders, maintaining long-term, beneficial and sustainable relationships with those stakeholders is crucial.

Therefore, Bel has chosen to implement a model which creates shared value for its internal and external stakeholders, focused specifically on:

- its employees;
- its business partners; and
- its consumers.

WITH ITS ecosystem

Moving forward together in a positive innovation approach that creates value for all.



3.2.1 BUILDING A SUSTAINABLE FUTURE WITH ITS EMPLOYEES

Definition of the challenge

Comprising more than 12,400 employees working in over 30 countries of operation, Bel's human capital is one of the indispensable pillars of its economic and financial performance. Without these human resources, it would not be able to fulfill its corporate mission to "Champion healthier and responsible food for all".

Therefore, retaining and developing this human capital is a key challenge for Bel, which takes great care to maintain its

employees' health, safety and well-being and to prepare for the future by proposing a business model that attracts the talented people the Company needs for its growth.

Workforce

As of December 31, 2019, the Group employed 12,438 people in over 30 countries. Bel's workforce (permanent and fixed-term employment contracts in effect on December 31, 2019) was reduced by 199 people, a 1.6% drop compared to December 31, 2018.

Workforce by market type ^(a)	2017 ^(b)	2018	2019
Mature markets	11,480	11,330	11,091
New regions ⁽¹⁾	1,268	1,307	1,347
TOTAL GROUP	12,748	12,637	12,438

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

(b) The 2017 workforce figures have been updated with respect to the data published in the 2017 Registration Document to reflect changes after the end of the period.

Workforce by status ^(a)	2017 ^{(c) (d)}	2018	2019
Managers ^(b)	2,414	2,521	2,498
Non-managers	9,189	10,118	9,940

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

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

(c) The 2017 workforce figures have been updated with respect to the data published in the 2017 Registration Document to reflect changes after the end of the period.

(d) Excluding Safilait and including MOM.

New hires and departures (excluding changes in the consolidation scope)

In a particularly demanding market environment, Bel is constantly adapting its business lines and its human resources to match its needs to maintain its competitiveness and fuel its growth. The Group hired 1,563 people in 2019. The majority of the 1,698 departures in 2019 were voluntary (resignations and retirements).

In 2019, Bel completed the reorganization project it had begun in 2018. That project aimed to adapt and simplify its work methods and structures, especially those of the staff at its corporate headquarters. It should enable the Group to

strengthen its innovation approach and free up resources to accelerate the development of its core brands on the cheese and dairy products market, as well as on the promising healthy snacking segment.

The continuing implementation of this new organizational vision, for the second consecutive year, led to a reduction in the workforce in France, primarily at the head office. To this end, Bel executed a plan in 2019 that provided for 160 voluntary departures and the creation of 116 new positions. Bel was careful to ensure that the conclusion of this reorganization project was carried out in accordance with its values to support the employees concerned with the changes in their career trajectories.

Hires and departures	2017	2018	2019
Number of new hires	1,607	1,524	1,563
Number of departures	1,960	1,691	1,698
Of which redundancies/dismissals	163	171	276

Terminations by market type	2017	2018	2019
Mature markets	149	165	211
New regions ⁽¹⁾	14	6	65
TOTAL GROUP	163	171	276

Rate of job insecurity ^(a)	2017	2018	2019
Mature markets	N.A.	10.3%	11.4%
New region ⁽¹⁾	N.A.	29.2%	26.3%
TOTAL GROUP	N.A.	12.2%	13.0%

(a) Proportion of fixed-term contracts to all contracts (in full-time equivalent jobs).

(1) China, Mexico, Ivory Coast, India, South Africa, MOM.

The Group's average rate of job insecurity is 13% (calculated excluding temporary staff). This rate represents the number of fixed-term positions compared to the total number of staff (fixed-term + permanent).

This average conceals significant local differences. For example, in some Middle Eastern and African countries, and in Iran, where Bel employs 376 people, a fixed-term contract is standard legal practice and is not a sign of job insecurity.

3.2.1.1 Guaranteeing health, safety and well-being at work

Policies

Health and safety are an absolute priority for Bel, for both its employees and any other person working within the Company. Bel has therefore introduced a health and safety policy that aims to achieve "zero accidents", by preventing and controlling risk and through a continuous improvement process. This process is designed around four fundamental beliefs:

- regulatory compliance and internal safety procedures are indispensable;

- risk management and accident prevention are imperative;
- health and safety are a shared responsibility; and
- well-being at work is essential.

This policy is reviewed every two or three years and approved by the Group Executive Committee. It was most recently reviewed at the end of 2019 and the updated version will be applicable starting in 2020.

Action plan

To advance toward the ambitious goal of "zero accidents", the Group has implemented many actions. It closely tracks the performance of those actions through the frequency rate of all accidents leading to medical treatment involving its employees and any other people on its sites (e.g. visitors, subcontractors and temporary staff), regardless of whether or not they led to lost time.

As a result, Bel's accident frequency rate has been in constant decline since 2014. The Group also defined the goal of achieving a Bel accident frequency rate of 3 by 2025.

	2017	2018	2019
Bel accident frequency rate ^(a) Bel AFR Accidents with and without lost time for all persons present on Bel sites	6.7	6.6	5.45
Accident frequency rate ^(a) AFR1 Accidents with lost time for Bel employees	5.0	4.1	3.72
Accident severity rate ^(b) for Bel employees	0.18	0.15	0.11

(a) Number of workplace accidents per million hours worked.

(b) Number of days not worked due to accidents suffered by Bel employees per 1,000 hours worked.

Changing individual behaviors and preventing the risk of accidents

People's behavior remains a major factor in preventing accidents and occupational illnesses, which is why Bel has set up a Behavior Safety Visits (BSV) program at all of its sites. During these inspections, employees or subcontractors are observed at their workstations by two people, followed by a constructive discussion between the inspectors and the person "inspected". The goal is to change behaviors and improve communication on safety and trust between employees and managers. Over 21,000 BSVs were conducted in 2019.

In addition to monitoring workplace accidents, sites are also required to report and investigate near misses in the same way as incidents which cause injury or damage. Thus, when a near miss occurs, it must be documented by a health and safety reporting officer with details on the date, information

about the person involved, the cause of the incident and the consequences it could have had. The purpose of such monitoring and analysis is to prevent the recurrence of risky situations.

In a further step, the Group also uses audits to check that the principles of its health and safety policy are applied properly; these audits may be internal (conducted by 18 certified auditors) or external (conducted by an auditing firm).

Finally, a road map that prescribes actions to take is drawn up at the Group level and sent to all subsidiaries and sites. In 2019, two key actions from the 2019-2021 road map were implemented:

- the "Loto" program to secure site machinery by installing protective mechanisms on all machines at all sites by 2021; and

- the “Drivesafe4Bel” program which provides e-training on road safety to all Group employees with access to a Company vehicle. Bel’s objective is to train the 1,100 employees in question by the end of 2020.

Reducing discomfort and preventing occupational illnesses

Bel is taking action to prevent musculoskeletal diseases by reducing load lifting and uncomfortable postures. Furthermore, the Group has identified – among others – three sources of occupational discomfort that could affect employees working in its plants: noise, night shifts and repetitive tasks.

Plants are gradually introducing action plans to reduce these sources of discomfort and offer a healthy working environment for all employees. Improving workstation ergonomics is included as a criterion when assessing all Group investment projects.

Bel also created an e-learning program for employees at its headquarters to raise awareness about psycho-social risks.

Providing an organization more conducive to well-being at work

In a socio-economic environment leading to a constant quest for higher productivity, Bel takes into consideration factors that directly affect its employees’ well-being at work, including the organization of working and relaxation areas, the organization of working and commuting time and changes in working methods.

The Group also believes that a work/life balance is an important prerequisite for its employees’ development and the Company’s success.

Most of the Group’s subsidiaries therefore grant more paid leave than the minimum imposed by national laws and regulations.

	2017	2018	2019
% of employees receiving at least three weeks of leave per year	97%	95%	98%

The Group is also looking at new ways of organizing working hours. In 2015, it signed an agreement to introduce telecommuting for all employees working at the head office in order to promote their well-being by reducing their home/

office commute. All employees are therefore entitled to work from home once a week, or twice a week if they are over the age of 55 or pregnant, unless the nature of their job prevents this.

Absenteeism rate	2017*	2018**	2019**	2019
Hours of absence due to illness/theoretical working hours	2.00%	2.00%	2.05%	2.06%

* Excluding Safilait and MOM.

** Excluding MOM.

While there are many causes of absenteeism, it may in some cases be directly correlated with unhappiness at work. This is why the Group hopes to lastingly reduce unhappiness through its various actions.

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Working towards zero accidents at sites	Bel accident frequency rate	6.70 ^(a)	6.60	5.45	5.50	3.00	

(a) Including Safilait (industrial site) but excluding MOM.

3.2.1.2 Promoting equal opportunity and diversity

Policies

Bel fights all forms of discrimination and promotes equal opportunities when hiring employees and throughout their careers.

To support this commitment, the Group introduced a "Diversity and Inclusion" program in 2016 that lays out gender diversity and multiculturalism targets for the Company to meet by 2020 and 2025.

Action plans

Gender equality

For non-managers, the low proportion of women can be explained by the cultural contexts of the Group's sites, the organization of shifts, or even local regulations (e.g. night shifts). The Group nevertheless still believes that the average breakdown of men/women non-managers, all regions combined, could be improved.

Breakdown by gender	2017 ^(a)	2018	2019
Total employees	67%/33%	69%/31%	69%/31%
Non-managers	70%/30%	72%/28%	73%/27%
Managers	58%/42%	57%/43%	57%/43%

(a) Excluding Safilait but including MOM.

Breakdown of new hires by gender	2017 ^(a)	2018 ^(b)	2019
Men	1,041	933	1,026
Women	566	591	537
TOTAL NEW HIRES	1,607	1,524	1,563

(a) Excluding Safilait but including MOM.

(b) Including MOM and Safilait.

Although women represent more than one-third of managers on average, the proportion is lower (21%) in the higher grades (1, 2 and the Executive Committee).

The Group therefore rolled out a "Diversity and Inclusion" program in 2016 to improve this proportion. One of its objectives is to have 30% of these positions occupied by women by 2020 and 40% by 2025.

In addition to a comprehensive approach, specific objectives have been set for each type of profession and individual action plans have been defined to achieve them. For example, nearly 70 women on staff have participated in a new leadership training program for female employees in the last few years, including 14 women in 2019.

Gender breakdown by grade ^(a)	2017	2018	2019
Board of Directors ^(b)	5/2	5/2	3/2
Executive Committee ^(b)	7/0	4/1	6/2
Grade 1 ^(b)	24/5	27/4	28/7
Grade 2	79%/21%	74%/26%	79%/21%
Grade 3	68%/32%	67%/33%	63%/37%
Grade 4	58%/42%	59%/41%	60%/40%
Grade 5	58%/42%	56%/44%	54%/46%
Grade 6	54%/46%	52%/48%	55%/45%
Grade 7	52%/48%	52%/48%	53%/47%

(a) Excluding MOM and Safilait.

(b) Absolute values.

In France in 2018, Bel signed a new three-year agreement to promote skills development and diversity. This agreement is the synthesis of three separate agreements pertaining to gender equality in the workplace; the hiring of young people and retention of older employees; and employment and skills management planning. It renews most of the measures set forth in the previous agreements and aims to increase diversity.

Bel also classifies a wage gap greater than 5% in the same country for equivalent grades as a wage discrimination problem. For managers in France, the only sample group that is representative on a Group scale, the average ratio of women's salaries to men's salaries is currently 0.98%.

	2017	2018	2019
Average ratio of women's salaries to men's salaries ^(a)	0.97	0.97	0.98

(a) Managers of an equivalent grade in France. Data from other countries is considered to be non-representative due to the number of men and women of equivalent grades.

As a company with more than 1,000 employees, Bel met its obligation to publish its gender equality index on March 1, 2019 and achieved a score of 79/100. This index takes into account five indicators:

- the wage gap between men and women in the Company;
- the gap between individual rates of wage increase;
- the gap in promotions;
- the rate of female employees who receive a wage increase in the year following their return from maternity leave; and
- the number of employees of the under-represented gender among the 10 highest-paid positions in the Company.

Although these calculations are applied only to the Company's France scope, this result is an indicator of the efforts made by the Bel Group to fight discrimination between men and women.

Multiculturalism

Bel sells products in more than 130 countries and pays close attention to the diversity of the world in which it operates. The Group's ambition is to better understand its consumers by putting together teams that reflect every type of difference.

Bel believes in the creative momentum and new combinations of knowledge driven by diversity. The Group sees diversity as an engine for innovation and for creating agile teams. This makes it a source of wealth creation that is inseparable from the Group's ambitious goals.

Bel has therefore set itself a target of achieving 45% non-French managers in the highest grades (1, 2 and Executive Committee) by 2025, as part of its "Diversity and Inclusion" program.

Employee breakdown by age	2017		2018		2019	
	%	Total	%	Total	%	Total
Age 55 and up	10%	1,303	10%	1,330	11%	1,369
45 to 54 years	26%	3,346	27%	3,409	28%	3,455
35 to 44 years	34%	4,312	34%	4,326	34%	4,225
26 to 34 years	27%	3,417	25%	3,216	24%	2,976
25 years and under	3%	365	3%	356	3%	413
TOTAL	100%	12,743	100%	12,637	100%	12,438
Mean age		41 years		42 years		42 years

Disability

Bel encourages the inclusion of people with disabilities in its teams. In 2011, the Group signed a partnership agreement with AGEFIPH (association in France providing funding and assistance to help people with disabilities into the workplace), and it signed its first Disability Agreement in 2014.

With the signing of a second Disability Agreement in 2017 by the management and employee representatives in France, Bel reaffirmed its wish to be a committed player in the employment and inclusion of people with disabilities. This agreement seeks to maintain the rate of employment

of disabled people at the Group's production sites in France while raising it at non-production sites (at the corporate office and among its sales force).

In addition, Bel works with numerous institutions in France that provide work to people with disabilities (known as "ESATs"), most of which are based close to the Group's sites. These activities may include grounds keeping, printing, waste sorting, food service work in cafeterias, reception desk staffing or jobs related to operations at Bel plants, such as co-packing.

Rate of employment of people with disabilities	2017	2018	2019
France ^(a)	7.18%	7.23%	7.66%

(a) This rate includes interns and collaboration with the protected and adapted sector.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Promote gender diversity	Share of women in top management ^(b)	18% ^(a)	21%	21%	30%	40%	

(a) Group Scope excluding MOM and Safilait.

(b) Group Scope excluding MOM.

3.2.1.3 Developing its employees' talent

Training program

Bel wants to retain its employees and help them grow. To successfully meet the variety of needs of its employees, Bel provides training programs targeted at and tailored to all its staff to develop the skills that will be required in the future in key business lines.

It must also contend with fluctuations in the business and production needs of its sites. The Group is careful to foster interdepartmental versatility that helps make its employees more employable – especially non-managers – while enhancing their professional experience.

Action plan

Roll-out of an online training resource

In 2019 the Group launched System Factor, an e-learning tool. Thanks to this new digital training resource which offers a broad catalogue of e-learning modules to all connected employees, Bel will be able to offer everyone the same opportunities for training and talent development. This training resource was rolled out in three waves in 2019.

Development plans adapted to each employee category

Bel also strives to help its employees grow through individual development plans that can be accessed year-round and allow them to continuously develop their skills through training, mentoring and work placements.

Group training courses are organized in four areas:

- knowledge of the Group, its culture, its values and the implementation of its transformation;
- development of business line technical skills;
- development of managerial and leadership skills; and
- development of personal skills. The Group provides literacy classes on certain sites, for example.

Priority actions were taken in 2019, with a focus on building managerial and leadership skills. For example, the Leading Business Growth program was initiated to train employees in leadership positions so they can spearhead the Group's transformation. A total of 400 employee received this training in 2019.

The Group must constantly renew the content of its training programs or create new ones to keep up with technological and organizational changes and the competitive environment. The training formats Bel uses differ according to their objective, content and target recipients, and include digital training (virtual classes and e-learning), tutoring, internal or external group learning and inter-firm training. In its ongoing effort to best meet the development needs of its employees, Bel opted for an e-learning solution whose

“flipped classroom” approach enables individual employees to progress in the subjects of their choice, at their own pace and based on their starting level.

Training plans for the coming year and internal job transfer opportunities are naturally discussed during individual performance reviews, which are conducted annually for managers (managers, technicians and supervisors) and biannually for non-managers (clerical and manual workers).

Individual performance reviews	2017	2018	2019
% of eligible managers ^(a) receiving an individual performance review (annual basis)	90%	96%	90%

(a) Eligible managers are those with permanent contracts who are on the payroll and worked for the Group for the entire year N or who joined before July 1 in year N-1 and left after July 1 in year N.

Training

The Group has set itself a target of having 100% of its employees participate in at least one training course each year by 2025. This objective includes both in-person training and courses provided as e-learning modules, to which employees have unlimited access through System Factor.

Employee training	2017	2018	2019
Percentage of employees who attended at least one training course during the year	79%	75%	76%
Average number of training hours per employee	22	21	18

Versatility and internal job transfers

To avoid any form of discrimination and to ensure transparency for the Group's teams, vacancies are systematically advertised to Group employees (e.g. via the

intranet or display boards) before being offered to external applicants – unless there are confidentiality requirements.

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

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Develop our employees' talent	Employees who completed at least one training course during the year	79%	75%	76%	90%	100%	

3.2.1.4 Promoting a positive dialogue

Policies

Bel is persuaded that offering fair, motivating and non-discriminatory compensation is the key to combining appeal with competitiveness. The Group's wage policy is determined by the Human Resources Department and the local teams are then responsible for its implementation.

Bel firmly believes that a positive company climate is founded on a variety of factors beyond remuneration; its human resources policies and practices are harmonized at the Group level in areas such as payroll management, internal job transfers, talent development, safety and labor relations.

Action plan

Labor relations

Bel believes that good labor relations are key to improving life in the workplace. The Group therefore encourages dialogue between managers and employees, and between management and staff and/or any union representatives.

The employee representation bodies within the Company, whose members may be elected or appointed by employees, take different forms depending on the country: Economic and Social Committee, local representatives, Value Committee, and so on. Beyond such local bodies, a works council was set up at the European level in 2019 to enable transnational dialogues with staff representatives.

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

In 2016, Bel implemented an International Labor Relations Charter which seeks to promote elected representation of all employees, as well as a transparent dialogue between staff and their representatives.

In 2019, 86% of employees had access to employee representation.

Internal equality and external competitiveness

The Group always complies with the minimum levels set by local laws and strives to apply non-discriminatory wage

policies. Any differences in pay for equal work must have a valid reason (e.g. personal background, local context, etc.). To attract and retain its employees, Bel ensures that it offers them competitive salaries and benefits. Therefore, the Group's subsidiaries frequently request salary surveys to monitor market practices, in particular from the Hay firm which supplies Bel with a yearly comparative analysis of remuneration and benefits offered by 50 companies.

Employee benefits

Beyond the minimum base set by national laws and regulations, Bel wants to ensure that all its employees worldwide receive benefits that are in line with Group standards. This is a way of awarding compensation and other benefits that exceed minimum levels.

	2017	2018	2019
% of employees ^(a) with health coverage	86%	93%	93%
% of employees ^(a) with death and disability coverage	88%	92%	91%

(a) Permanent or fixed-term employees.

Recognition of individual and group performance

Individual performance is recognized based on merit. Variable remuneration of grade 1 to 6 managers and Vice-Presidents (i.e. 67% of managers) represents at least 8% of their fixed compensation. At least 10% of this variable compensation is contingent on meeting non-financial objectives and an additional 10% is linked to adherence to the Group's CSR policy, in connection with its CSR strategy.

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

	2017	2018	2019
% of employees who have a compensation system based on the overall performance of the subsidiary or Group	67%	66%	59%

Employee commitment survey

To obtain a clearer picture and assessment of its employees' levels of commitment and satisfaction, Bel asked all its connected employees to take a satisfaction survey in 2019. The survey was conducted in four successive waves (February, April, June and October 2019) and the overall response rate was 45%. Over the course of the waves, an improvement in employee commitment was observed, with an initial commitment score of 7.3/10 after the first survey and a score of 7.8/10 after the survey conducted in October 2019.

Of the 15 questions asked, 10 of them were aimed at assessing employee feelings about the Company's transformation and evolution, and at measuring the overall level of commitment and satisfaction.

Bel intends to conduct this survey each year and to achieve higher response rates so that it can analyze changes in responses from year to year.

3.2.2 PROMOTING RESPONSIBLE PRACTICES WITH ITS BUSINESS PARTNERS

Definition of the challenge

With its new brand identity “For All. For Good”, Bel reaffirms its commitment to creating economic value, as well as social and environmental value, for all its stakeholders. As the standard bearer for a virtuous business model, Bel works with all its business partners (suppliers, subcontractors, retailers) to promote exemplary environmental and social practices along its entire value chain.

Policy

In 2009, Bel adopted a Sustainable Purchasing Charter which sets forth the Group's commitments to its suppliers, as well as its expectations from them in the critical areas of environment, labor and human rights practices, business ethics and managerial practices.

This charter was revised in 2019 to strengthen the process for selecting suppliers and monitoring their performance and to reinforce the requirements related to suppliers' vigilance plans.

Action plan

In light of the specific nature of the challenges arising from the dairy upstream sector and their strategic importance for Bel, the measures taken to promote responsible practices among milk producers are presented in a dedicated section (see section 3.4 “Promoting sustainable agriculture”).

Identification of risks in the supply chain

In the framework of the Due Diligence and “Sapin II” laws, the Group carried out mappings of its CSR and corruption risks linked to the supply chain, based on exogenous data. These exercises performed in 2017-2018 helped fine-tune the identification of purchasing categories and geographic areas requiring special attention (see section 3.1.5 “Vigilance plan”).

The level of CSR or corruption risk associated with these purchases is evaluated on the basis of the “purchasing category/supplier country” combination. Combinations with a high CSR risk accounted for less than 4% of purchasing volumes in 2017, while combinations with a high corruption risk made up 2% and combinations with a high CSR and corruption risk make up 5%.

A dedicated tool that uses the results of these mappings was developed and deployed to the Group's community of buyers in early 2019. This tool enables them to determine the risk levels in their portfolio of current and potential suppliers

and to define a priority plan for evaluating the non-financial performance of those suppliers.

In addition, the results of these mappings were used to draw up a list of suppliers with high risk potential (CSR and corruption) that will be subject to a reinforced evaluation approach in early 2020.

Roll-out of a supplier evaluation and control system

From the start of the tendering process, all Bel suppliers receive a copy of the Group's Sustainable Purchasing Charter. To ensure suppliers comply with the Charter and with the Code of Good Business Practices, a “CSR and ethics” clause is inserted in calls for tenders, contracts signed with suppliers and the Group's general terms and conditions of purchase. This clause was revised in 2019 to strengthen suppliers' compliance with ethical rules and the performance of due diligence vis-à-vis their supply chain and to define the consequences in the event of negligence on their part.

Furthermore, since 2009, the Group has been assessing the CSR performance of the suppliers and subcontractors that it deems key given their business volume, the potential risk associated with the products/services supplied or their location. This assessment carried out in cooperation with EcoVadis, a sustainable purchasing specialist, is based on 21 criteria grouped into four themes: environment, labor law, human rights, ethics and sustainable purchasing. The suppliers assessed since 2015 account for over 60% of the Group's purchases ⁽¹⁾. The average score obtained by Bel's portfolio of suppliers is rising constantly and is consistently above the average score for the panel assessed by EcoVadis.

During the assessment campaigns carried out in 2019 through EcoVadis, Bel made a special effort to focus on suppliers in purchasing categories that had not been covered as thoroughly to date and on suppliers with a potentially high risk.

MOM has also been working with EcoVadis since 2017 to assess the performance of its suppliers: In 2019, the suppliers assessed during the past two years accounted for 61.1% of MOM's total purchases, excluding milk and apple producers.

In 2016, Bel became a member of AIM-Progress, a group of leading companies in the mass retail sector and shared suppliers that seeks to positively influence people's lives through the combined effect of responsible purchasing practices applied to all of their supply chains.

In 2017, Bel and six other AIM-Progress members signed on to the EcoVadis AIM-Progress initiative which strives to improve transparency and responsible, sustainable practices in the food sector. The participants in the initiative

(1) Excluding milk producers, who are assisted by measures which specifically address their challenges (see section 3.4 “Promoting sustainable agriculture”).

share their supplier assessments on the platform, which simplifies processes and prevents the duplication of effort for members and suppliers alike. As of the end of 2019, some 5,600 supplier evaluations had been shared under the initiative.

Finally, Bel is currently building an approach that will allow it to roll out more systematic supplier assessment and control resources that are differentiated according to their levels of CSR and corruption risks. This approach will also cover the screening system which precedes the approval of suppliers and subcontractors.

Roll-out of a subcontractor evaluation and control system

Subcontractors allow brands to develop their presence in new regions. They produce around 5.9% of the cheese volume sold by the Group; seven major subcontractors alone accounted for 90% of the subcontracted volume.

Bel requires that all its subcontractors be assessed by EcoVadis with the same management rules as other suppliers. In 2019, the average score for subcontractors was 49.5/100 and none of the subcontractors assessed had a high risk (EcoVadis score under 25/100).

Buyer training

A new training program for all the Group's buyers was developed and rolled out in 2019 with EcoVadis. The goal of this training is to teach buyers how to incorporate CSR and EcoVadis scores throughout the buying process and thereby improve the performance of their sourcing chain. Nearly 90% of Bel and MOM buyers have completed this training. The buyers can access the training any time via the Group's training program and all new buyers must take this training within their first three months on the job.

Vigilance about retailers, customers and agents

In line with the provisions of the "Sapin II" and "Due Diligence" laws (see section 3.1.5 "Vigilance plan"), the Group has taken measures to ensure it is well informed about its stakeholders (Know Your Customer). With these measures, the Group is sure to be notified if any of its retailers, customers or agents is convicted, politically exposed or added to an embargo or blacklist. When appropriate, the logistics service providers and banks in some countries are also covered by these measures.

PERFORMANCE INDICATORS

	2017 ^(a)	2018 ^(b)	2019 ^(c)
Number of Bel suppliers assessed	505	508	559
Average score of Bel suppliers assessed	49.8/100	50.8/100	51.7/100
Average score of companies assessed by EcoVadis over the year	43.2/100	43.4/100	45.1/100
Rate of coverage of purchases by value (excluding collected milk)	67.3%	65.0%	64.7%

(a) Suppliers assessed between 2014 and 2017 - Data excludes MOM and Safilait.

(b) Suppliers assessed between 2015 and 2018 - Data excludes MOM and Safilait.

(c) Suppliers assessed between 2016 and 2019 - Data excludes MOM and Safilait.

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Promote social and environmental practices among its suppliers	Average EcoVadis supplier score (/100)	49.8	50.8	51.7	50	55	

3.2.3 COMMUNICATING RESPONSIBLY AND TRANSPARENTLY WITH ITS CONSUMERS

Definition of the challenge

Around the world, Bel products are consumed by over 400 million people, many of whom are children. That trust confers great responsibilities on the Group: the duties to communicate responsibly and transparently, to protect consumer health and to encourage healthier lifestyles.

Policies

Bel adopted a Responsible Communication Charter in 2009, encouraging the Group to promote healthy eating habits (e.g. suitable portion sizes and active lifestyles) across all its communication channels. This charter covers communication in all its forms (advertising, corporate communications, packaging, digital channels, etc.).

Action plan

Communicating responsibly

Integration of CSR issues from the advertisement design stage

The various departments at the Group (marketing, nutrition, CSR, legal, communications) work actively from the brand advertisement design stage to ensure the truthfulness of the information imparted and its compliance with Group principles. A dedicated tool called "Validcom" enables the departments in question to review and validate all types of communication materials (packaging, television commercials, in-store promotions, digital channels) for the Group's entire brand portfolio.

Positive brands to convey the new identity "For All. For Good"

The brands are the ambassadors of the new identity "For All. For Good": because they are close to consumers, they are the Group's best messengers to communicate about topics relating to responsibility. Thus, in addition to addressing consumers' needs and concerns, the brands seek to capitalize on the trust they have forged with consumers to guide them towards balanced and more environmentally friendly food choices and responsible social practices.

The Group always takes care to ensure that what the brands say faithfully reflects these practices.

Communicating responsibly to children

Bel is especially careful when it comes to messages intended for children: the Group ensures that it communicates responsibly by depicting and promoting balanced eating habits. That is why, in addition to the Internal Nutrition Communication Charter, Bel has been committed since 2016 to the voluntary European movement EU Pledge. Through this initiative, Bel pledges not to advertise any of its products that do not meet the nutritional criteria of the EU Pledge

(Nutrition White Paper) via television, the press or digital channels⁽¹⁾.

Providing transparent and relevant information to consumers...

Consumers are increasingly raising questions about the social and environmental impact of the food they eat. This is why the Group is committed to proactive transparency to explain its actions along its entire value chain, from farm to fork.

On sustainable agriculture

The Group strives to be ever more transparent when communicating with its consumers about the dairy upstream sector, especially the origin of raw materials, production methods and the monitoring of commitments under the Global Sustainable Upstream Dairy Charter (see section 3.4.1 "Taking action for a sustainable milk supply chain"). In 2019, Bel released several videos to shine a spotlight on the APBO dairy farmers with which the Group works, explain the partnership in place and explore its everyday benefits for the farmers⁽²⁾.

On nutrition

To satisfy the demands of its customers, Bel systematically provides information on the ingredients used in its recipes and their nutritional value, often surpassing regulatory standards. The nutritional information given on its products is established in accordance with the country-specific regulations in effect for nutritional information provided to consumers.

On the environment

The Group also communicates about environmental protection measures, including how it manages packaging waste: waste sorting instructions are provided in countries where recycling channels exist, and eco-friendly advice is given in other countries.

... on various platforms

Easier-to-read packaging

As part of the commitment to transparency, Bel product packaging displays all the key information customers need (nutritional information, instructions on packaging management, customer service, etc.).

Digital communication

Bel relies on digital tools (websites, social media, etc.) to provide more in-depth and educational explanations of topics that may be complex for the layman.

For example, the Leerdammer brand developed a 3D video that enables viewers to take a virtual tour of a farm run by a Dutch dairy producer. The video was shared with its clients (retailers, out-of-home dining) and consumers, with in-store events and contests, for example.

(1) https://eu-pledge.eu/wp-content/uploads/EU_Pledge_Nutrition_White_Paper.pdf.

(2) <https://www.ribambel.com/nos-engagements/agriculture-durable/la-parole-aux-eleveurs>.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2025
Offer positive products to consumers	Share of revenue generated by the sale of positive products ^(a) (%)	72,9%	73,4%	N/A ^(b)

(a) For the purposes of calculating this indicator, positive products are "Bel Nutri+" products, natural products with no more than one additive, organic products and products from non-GMO fed cows.

(b) This indicator is still in development; an objective will be defined later.

HIGHLIGHTS OF 2019

- Implementation of a learning management system.
- Achievement of a 79/100 score in the first year of publishing its gender equality index in France.
- Roll-out of the "Loto" and "DriveSafe4Bel" programs to preserve employee safety on the job.
- Deployment of an employee satisfaction survey.
- Updating of the Sustainable Purchasing Charter.

PRIORITIES FOR 2020

- Confirm the effective deployment of the learning management system.
- Repeat the satisfaction survey to analyze changes in employees' satisfaction and commitment.
- Set up a supplier qualification process and roll out an assessment and control process that is differentiated by CSR and corruption risk level.
- Set up a Social Innovation Committee.

3.3 CONTRIBUTING TO HEALTHIER FOOD

Bel's mission to "Champion healthier and responsible food for all" is the linchpin of its business strategy. As an agri-food company, Bel is serious about its responsibilities to:

- support UN Sustainable Development Goal 2 to eradicate hunger by 2030 ("Zero hunger") and to ensure that all people, especially the most vulnerable, have year-round access to a healthy, nutritious and adequate diet;
- offer safe, healthy products while encouraging better eating habits. When eaten in moderation, a serving of Bel's

products can contribute to a balanced diet. Cheese is an important source of calcium, which is an essential nutrient for growing children, and is compatible with the nutritional needs of all;

- meet the needs of its customers, who, in addition to demanding products that satisfy organoleptic and safety requirements, are increasingly attentive to the quality, origin and naturalness of the ingredients used.

3.3.1 OFFERING PRODUCTS WITH OPTIMAL QUALITY AND SAFETY

Definition of the challenge

Selling safe food products is a top public health priority. Thus, Bel does everything needed to adhere to a strict standard of food safety and quality in accordance with regulatory requirements. For the Group, this requires close collaboration with participants along the entire food chain, from sourcing raw materials to processing and distributing products.

Policies

Bel has adopted several foundational policies to guarantee optimal food quality and safety and guard against the risks identified at all stages of its value chain. These include:

- its Industrial Operations Management policy, which is applied at all plants and reaffirms Bel's strict commitment to ensuring the food safety and quality of all its products;

- its Food Fraud policy, whose purpose is to prevent all attempts at food fraud involving the raw materials used by the Group, as well as its subcontracted processes and – starting in 2019 – primary packaging. This policy is overseen by the Group Quality and Regulations Department and is implemented locally by Purchasing; and
- its Food Defense policy, which protects the food chain from the risk of malicious, criminal or terrorist actions that could result in product contamination. This policy is overseen by the Group Quality and Regulations Department and implemented locally by each site manager.

Action plan

Performing strict upstream controls on raw materials and packaging

Assisting milk producers

On the farm, dairy producers are accountable for the safety and compliance of the milk they produce. To prevent bacteriological and other risks, Bel's dairy production technicians continuously teach producers about good practices to produce quality milk. Samples are taken during milk collection to check that the milk meets content and health requirements and that it contains no traces of antibiotics. If the milk quality fails to meet Group standards, Bel consults with the producers to carry out targeted actions, including:

- a farm audit;
- proposed action plans to improve milk quality; and
- action plan monitoring to help the producer improve.

The milk is not used if the quality is deemed inadequate, though this is a very rare occurrence.

Finally, to preserve the milk's qualities, Bel collects it within 72 hours of milking. Bel also supplies refrigerated tanks to some of its producers.

Controls on suppliers of other strategic raw materials

Quality audits are conducted on major suppliers of the most sensitive raw ingredients used by the Group. In cases of minor non-compliance that pose no food safety risk, the suppliers pledge to take corrective actions within a specific time frame.

Rigorous safety controls when raw materials arrive at its plants

All the ingredients used in Bel's recipes, including liquid and solid dairy raw ingredients, undergo several safety inspections upon arrival at production sites. They are tested again before they are used for processing to check microbiological, physicochemical and organoleptic properties. All packaging – especially packaging in direct

contact with products – undergoes a similar inspection upon arrival at the Group's plants.

Deploying strict procedures at production sites

A production site certification procedure

The Group has been pursuing certification of its production sites against recognized GFSI standards (BRC, IFS, FSCC 22000). To date, 26 of the Group's industrial sites have earned GFSI certification.

In 2019, Bel began working toward designation as a "security and safety" authorized economic operator. This customs status enhances the safety and security of merchandise flows into and out of the European Union. The initiative was introduced to all French plants in 2019 and will be progressively rolled out to the other production sites over the next five years.

Strong, standardized quality processes

Bel has set up a HACCP (Hazard Analysis Critical Control Point) system at all its production sites to identify, assess and control significant food safety dangers. In 2019, Bel drew up a Group HACCP standard that establishes baseline quality requirements that are adapted to each production site.

Furthermore, Food Fraud and Food Defense policies common to all production facilities are implemented locally. To prevent the risk of malicious acts, each site is required to deploy its own Food Defense Plan, which includes an exhaustive assessment of risks and threats and dedicated action plans to control and reduce the risks identified.

Strict safety controls

Bel adheres to product inspection plans along the entire production chain. This guarantees that products comply with regulatory requirements for microbiological, chemical, foreign body and allergen criteria.

These quality control plans cover semi-finished products (work in progress), finished products and the production environment (air, water, machines, manufacturing premises, staff, etc.). They are carried out by the plant's testing laboratory or by accredited independent external laboratories, where necessary.

The HACCP assessment determines the frequency of these inspections, which are tailored to the raw material in question. The sites maintain records of these inspections.

Appropriate preservation conditions

The pasteurization process used at Bel sites ensures the proper preservation of collected milk and manufactured products, which are further protected by the individual packaging of single portions.

Similar requirements for products that are subcontracted and/or co-branded with partner products

The Group's product quality, safety and traceability requirements are applied without exception to all subcontracted and co-branded products. It is especially vigilant when it comes to co-branded products; this ensures that whenever a Bel product is paired with another brand's product, the result always meets the expectations of the Group's consumers.

In addition, quality audits are conducted on subcontractors whose products bear Bel brand names. When there are minor non-compliances that pose no food safety risk, the suppliers pledge to take corrective actions within a specific time frame.

Ensuring product quality and safety during downstream transport

Bel audits its product distribution chain to ensure compliance with the cold chain, transport and preservation conditions required for its products. Over the last five years, the Group has progressively rolled out a Good Storage and Distribution Practices Charter to its retailers in various regions.

A robust traceability system to prevent risks

Product traceability all along the food chain...

Bel takes the necessary steps to ensure traceability, from raw material purchases to product distribution to consumers.

Regular traceability tests are conducted on raw materials and suppliers are required to meet an optimal deadline for obtaining traceability results.

Product traceability is managed through the use of mandatory labeling on consumer sales units (e.g. batch codes, best-before date, use-by date, etc.). All logistic units are identified with labels that link each unit to the corresponding product batch code.

A single Group tool also provides information about where all its products are located, whether they have been purchased by the final customer or are stored somewhere within the distribution network.

... to effectively prevent and manage risks

The methods in place makes it possible to identify – at any time – product batches containing a lot of ingredients that has been reported, which guarantees the efficiency of any withdrawals or recalls. This tracking system and the various traceability tests performed provide information about product flows. As a result, the Group can identify risks, store food safety data for use by the authorities and isolate individual production runs if necessary.

To prevent and manage risks, the Group has also developed and deployed a procedure for handling food quality and safety alerts. This includes a recall procedure for the swift, organized management of any potential health/quality crises triggered by serious alerts.

Protecting consumer health and safety and building a relationship of trust

By providing transparent and relevant information to consumers

See section 3.2.3 “Communicating responsibly and transparently with its consumers”.

By offering a proactive customer service response

To improve customer satisfaction and the quality of its products, Bel has introduced an effective quality complaint management system. This makes it possible to alert the Group when any products sold do not meet the expected quality requirements (traceability, integrity, reliability, safety, etc.).

Consumer feedback is centralized in a dedicated tool called “We Care”, which is deployed to all the Group's subsidiaries (excluding MOM and Safilait).

3.3.2 FOSTERING BETTER EATING HABITS AND ENCOURAGING HEALTHIER LIFESTYLES

Definition of the challenge

Bel feels a strong sense of responsibility to help feed the world's populations. It knows that children and their families must be educated to shift their eating habits and lifestyles toward best practices. The Bel Group wants to go further by promoting healthier lifestyles. This is what inspired the Group to develop nutritional education programs for its employees and for consumers.

Policies

Bel has developed nutritional education programs and projects to build awareness:

- the “Healthy Smiles” program for employees; and
- the “Educanut” project for consumers.

Action plan

Encouraging its employees to adopt better eating habits

The Group continues to roll out the “Healthy Smiles” nutritional education program with the goal of full deployment to 30 subsidiaries by 2025. This program is organized around two fundamental principles: encouraging physical activity and promoting a balanced diet and a healthy lifestyle.

Multiple awareness campaigns and events are organized each year. These include distributing educational tools and games and organizing sports competitions. In 2019, for example, a multi-site “Solidarity Walking Challenge” raised €6,291 for the charity *Action Contre la Faim*. The event also motivated 572 employees in 26 countries to be more physically active by taking as many steps as possible.

Encouraging its consumers to adopt better eating habits

Bel supports nutritional education programs for its customers through the “Educanut” project.

These programs are designed to help children and their parents better understand that nutrition and physical activity are important for their health. They are carried out with other

partners, such as public health associations, governmental and non-governmental organizations and universities. The “Educanut” projects take a variety of forms, such as distribution of teaching tools, organization of events and talks by nutritionists or dieticians. Bel’s goal is to support programs in 10 key Group countries by 2025.

Bel launched a new project in Egypt in 2019 in partnership with SAMU Social. The aim is to help children living on the street reintegrate mainstream society by participating in an educational program on food habits.

Encouraging children to adopt better eating habits

Bel’s commitment to the nutritional education of children in developing countries comes through a variety of programs and projects.

For example, Bel is involved in the international SUN (“Scaling Up Nutrition”) movement, which is working to achieve nutrition justice for all and sustainable and equitable reductions in malnutrition. This goal also entails raising awareness about good food choices.

In addition, the Group is advancing healthier diets for children through its corporate foundation, which was formed over 10 years ago to tackle this issue. In 2019, the Foundation refocused its efforts on building school cafeterias in Africa and Asia in the countries where Bel operates. This ensures that children eat at least one meal a day.

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Foster healthy consumption habits and lifestyles	Key countries where a program is implemented for consumers (“Educanut”)	2	4	5	4	10	😊
	Number of subsidiaries where a program is implemented for employees (“Healthy Smiles”)	4	25	26	20	30	😊

HIGHLIGHTS OF 2019

- Organic certification of the Dole plant.
- Renewal of programs in progress and implementation of a new “Educanut” project in Egypt to promote the social reintegration of street children through nutrition.
- Deployment of the “Healthy Smiles” program with two global actions, the “Solidarity Walking Challenge” and the “Cooking Challenge”, and targeted country actions promoting a balanced diet and physical activity.

PRIORITIES FOR 2020

- Maintain nutritional education programs for consumers and employees.

3.3.3 IMPROVING THE NUTRITIONAL QUALITY OF ITS PRODUCTS

Definition of the challenge

The nutritional quality of food products is an increasing concern for public health authorities and consumers alike. Malnutrition is still a problem in developing countries, while the obesity rate is constantly growing and is contributing to the rise of chronic diseases all over the world. At the same time, the demand for natural products is insistent and growing among Bel consumers around the world, prompting them to seek out products with shorter, simpler ingredient lists. In fact, ingredient lists play an important role in the perception of a food product's naturalness and quality.

Thus, for several years Bel has been exploring ways to boost the naturalness of its products and improve their nutritional profiles without compromising their organoleptic qualities.

Policies

In 2019, to accelerate the transformation of its brands in line with its new identity "For All. For Good", Bel adopted a structuring policy called "Healthier" which is founded on two pillars:

- nutrition, to frame the development of new products and continuously improve the nutritional quality of existing products; and
- naturalness, to incorporate the most natural ingredients and limit the use of additives.

Moreover, Bel has taken firm stances on colors and flavors. These policies apply to all the Group's geographic areas and products, except for MOM products.

Action plan

Ensuring the nutritional quality of its products

Targeted work on key nutrients

Cheese is an important source of calcium, an essential nutrient for growing children. It also meets the nutritional needs of all. Bel's products, when eaten in moderation, contribute to a balanced diet. For several years, Bel has focused its efforts on the quantities of three key nutrients in a unit of consumption (per portion):

- calcium: Bel is gradually adjusting the calcium content of its products if the amount is too low and there are proven cases of deficiency in the local population;
- fats: Bel offers reduced fat versions for three of its five core brands (The Laughing Cow, Leerdammer and Babybel); and
- sodium: Bel is striving to reduce the amount of salt in its recipes, while monitoring product safety and working within the constraints of the production process.

A nutritional profiling system and improvement objectives

In 2017, Bel introduced a nutritional profiling system called "Bel Nutri+", based on the dietary recommendations of the World Health Organization (WHO) and several international experts, to build on the nutritional initiatives undertaken by the Group.

"Bel Nutri+" establishes threshold values to orient the Group's approach to developing new products and updating existing ones. Values are defined by product category (cheese, milk, yogurt, savory snacks and sweet snacks) and by target (adults and children) for six nutrients:

- two nutrients to emphasize: calcium and protein; and
- four nutrients to limit: fat, saturated fatty acids, added sugar and salt.

Under this new system, Bel is working so that 80% (by volume) of its portfolio of products for children and families conforms to the "Bel Nutri+" promise by 2025. At the end of 2019, 69% of the product portfolio (by volume) met this target.

Moreover, to improve the nutritional quality of its products, the MOM Group now offers an additional assortment of unsweetened products for most of its lines.

Committing to constantly improving naturalness

Bel's mission is to offer healthier and responsible products for everyone. The Bel Group's nutrition strategy now devotes an entire pillar to naturalness to provide guidance on the developments, updates and innovations to pursue. The goals are to deliver products with shorter ingredient lists, continue to guarantee optimal food safety and maintain the great flavor of the Company's products, which are enjoyed by millions of children and families every day.

Today additives have become a major source of concern for customers. The Group voluntarily initiated a sweeping plan to rework its recipes in order to reduce or remove additives while ensuring food safety and quality. In 2018, Bel made a commitment to eliminate all artificial colors and flavors from its core brands, such as Apéricube and The Laughing Cow, by the end of 2021. This ban on artificial colors and flavors applies to all new products, while existing products that contain these additives are being gradually reformulated through 2021.

The recipes for many of the Group's products, including Minibabybel Original and Leerdammer Original, are already quite simple, containing just four ingredients (milk, salt, cultures and rennet) and no added preservatives or other additives. For other products, like The Laughing Cow and Kiri, Bel is working to improve its recipes by scaling back and/or eliminating additives. For example, since 2018, the recipe for The Laughing Cow used in Western Europe contains only one additive and Bel is pursuing a similar plan for Kiri. Obviously, the Group's priority is to meet its customers' demands for naturalness, without compromising taste, safety or quality. In some parts of the world, where climate and storage

conditions present real challenges, Bel is committed to using only those additives which are strictly necessary for shelf life and optimal product quality.

The Group is also working with external nutrition experts to adapt its products to the needs of emerging countries (see section 3.7.1 "Adapting its products to the needs of everyone").

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Continuously improve the nutritional quality of its products	Children's and family product portfolio meeting "Bel Nutri+" criteria	69%	65%	69%	70%	80%	

HIGHLIGHTS OF 2019

- Adoption of the "Healthier" policy founded on two pillars: naturalness and nutrition.
- Launch of a new line of additive-free refrigerated Kiri spreads and removal of artificial ham flavoring from The Laughing Cow.

PRIORITIES FOR 2020

- Introduce new product offers and be even more responsive to consumers' health concerns.
- Continue to work on reducing additives in the Group's product offering.
- Continue to improve the nutritional quality of Bel products to honor the "Bel Nutri+" promise and keep a competitive edge.

3.4 PROMOTING SUSTAINABLE AGRICULTURE

By defining its **commitment to sustainable agriculture** as one of the five priority challenges behind its new identity “For All. For Good”, Bel is doubling down on its goal to improve the environmental, societal and social impact of the upstream agricultural activities which underpin its business.

Bel's priority for this segment of the value chain is to spread virtuous agricultural practices – especially animal husbandry practices – that have a positive impact for humans, the environment and, more globally, the entire ecosystem within which the Group operates.

This approach is in line with Sustainable Development Goal 12 “Sustainable Consumption and Production”.

Governance

The Group's governance structures were updated in 2019 to better address Bel's sustainable agriculture ambition and the need for results. It set up a Steering Committee which

meets four times a year and convenes the Sustainable Dairy Upstream Director, Global Sourcing Director – Dairy and Non-dairy Ingredients and the Group's Sustainability Manager. The Committee defines Bel's Sustainable agriculture road map and tracks the progress of action plans put in place.

As part of its efforts to promote sustainable agriculture, the Group introduced binding actions, starting with two key raw materials in its portfolio: milk and vegetable fat.

Furthermore, for several years, the MOM Group, which was purchased by Bel in 2016, has been applying a number of actions that align perfectly with the Group's commitment to sustainable agriculture. These actions focus primarily on the origin of apples, the development of its own orchards in France and the promotion of sustainable agriculture practices. One such step toward sustainable farming is the roll-out of the Vergers Écoresponsables endorsement for environmentally responsible orchards.

3.4.1 TAKING ACTION FOR A SUSTAINABLE MILK SUPPLY CHAIN

Definition of the challenge

Milk is the basic ingredient for cheese making: each year Bel collects nearly two billion liters of milk from approximately 2,600 producers in its 10 dairy supply basins worldwide.

To do its part to feed more than nine billion people responsibly in the near future, the Group must expand dairy production while preserving the planet's resources and building long-lasting relationships with its partner producers.

Policies

To put this commitment into writing, in 2018 Bel defined a Charter of Commitments for a Sustainable Dairy Upstream at the Group level. The charter, which was co-developed by WWF France⁽¹⁾, covers economic, social and environmental aspects. It is organized around six themes:

- sustainable production model;
- animal welfare;
- pasture grazing;
- sustainable and local animal feed;
- environmental footprint; and
- nutritional quality and food safety.

Each of these themes has been developed into actions and ambitious goals to be met by 2025. They are presented in Bel's Global Sustainable Upstream Dairy Charter.

In 2019, the Group's commitment to animal welfare was formalized in the Bel Animal Welfare Charter, which encompasses five themes:

- guaranteeing the animals' freedom of movement;
- ensuring good living conditions;
- providing care and keeping track of the herd's good health and welfare for continuous improvement;
- ensuring the well-being of calves; and
- accompanying the herds' end-of-life.

This charter was developed with the expertise of CIWF⁽²⁾. It incorporates consumer expectations and standards issued by associations such as Welfarm, the World Organization for Animal Health (OIE) and the CNIEL (the French national dairy industry council). Bel's objective is to implement this charter in all its dairy supply basins by 2025 and have all its partner farmers certified by an independent third party.

Action plan

Each of the Group's 10 dairy supply basins defines its own road map to meet the 2025 objectives of the **Sustainable Upstream Dairy** and **Animal Welfare** Charters.

(1) www.groupe-bel.com/fr/responsabilite/agriculture-durable.

(2) *Compassion In World Farming*, an international NGO that promotes husbandry practices that preserve animal welfare.

Sustainable production model

Most of the milk used in Bel products is collected directly from its partner producers every two or three days. The Group relies on this direct, regular link to develop long-lasting relations with milk producers, even in a fragile economic environment. Dairy farmers' quality of life and working conditions are a major concern for the Group, which believes that a sustainable growth model is impossible without these long-term relationships and the trust of its partners.

Bel set a target based on these convictions: 100% of the dairy producers who supply it with milk will have access to innovative social schemes to improve their quality of life and working conditions by 2025. In 2019, 38% of all the Group's milk producers, including 100% of its French producers – all members of the APBO ⁽¹⁾ – have access to such schemes. In the other supply basins, programs to support farmers are already in place for certain partner producers (Azores, Morocco) or are currently being defined to provide an appropriate response to local needs.

In France, Bel renewed its partnership with the APBO in the form of an unprecedented agreement for better milk use ⁽²⁾. This agreement, which was renewed for 2020, calls for a guaranteed average reference price for milk purchased from APBO producers: €350 per 1,000 liters. There are also monthly premiums to incentivize the implementation of differentiating farming practices. The monthly premium for feeding a GMO-free diet to dairy herds is €15 per 1,000 liters and the monthly premium for enhancing access to pasture grazing (a minimum of 150 days per year) is €6 per 1,000 liters.

To further advance the promotion and dissemination of sustainable agriculture practices, Bel continues to deploy its “**Farming For The Future**” program, coordinated with a panel of experts, including WWF France, European academics (notably from Wageningen University, Netherlands) and American and French specialists. This program collaborates with volunteer producers to identify innovative practices already in use which are suited to local realities so they can be shared and implemented more widely. The work has already identified nine innovative practices, such as methods that combine pasture grazing and automated milking systems or approaches that enhance the protein autonomy of farms.

Animal welfare

The Group has committed to promoting good practices in animal welfare and promoting strict common standards. High-quality milk production depends on good animal health and welfare. Thus, the Group addresses this sensitive issue with its partners to guarantee an environment and practices that are suited to the animals' physiological and behavioral needs.

Before it implemented the Animal Welfare Charter, the Group was already helping its producers to adopt best practices. With the definition and publication of the Charter, the Group now aims to standardize and promote all these good practices on a Group scale by making them a cornerstone of demanding common standards. To this end, in 2019 Bel began auditing certain producers located in the Azores region, through an independent third party, to check their compliance with the practices set forth in the Animal Welfare Charter. In 2020 Bel will ramp up these audits to reach its 2,600 producers, relying on existing animal welfare assessment tools or a special auditing score sheet defined with Bureau Veritas. Bel's ambitious goal is for 100% of its partner dairy farms to attain charter compliance by 2025 and to be certified by a third party.

Pasture grazing

Bel encourages grazing whenever feasible. The pastures used for grazing may help provide environmental benefits such as water quality, carbon storage and biodiversity. Pasture grazing also increases the protein autonomy of farms more than other production systems. Finally, pasture grazing in appropriate conditions can also prove beneficial to the health and well-being of dairy cows.

However, certain essential criteria need to be considered to benefit from pasture grazing. These include the climate of the various regions where Bel collects milk, the availability of pastureland and local pastoral practices.

The Group's commitment, therefore, is two-fold:

- Bel sets grazing objectives wherever this is feasible in regions with a pastoral tradition, while maintaining the flexibility dictated by local climate conditions.
Thus, Bel's partner producers must commit to a minimum of 120 days of grazing per year in the Netherlands, 150 days in France and 365 days in the Azores, since these three sourcing regions have very different climate constraints. In 2019, 87% of milk volume collected by Bel in these supply basins already complied with this commitment; and
- if grazing is not feasible due to climate, geographic or structural limitations, the Group encourages its partner producers to create housing conditions that are respectful of animal welfare. These conditions include good air quality, good building ventilation and at least one stall per cow offering enough space to lie down and rest.

Sustainable & local animal feed

Feed varies according to the farms' geographic location. On average, however, a dairy cow's diet is usually composed of 80% fresh grass and fodder and 20% other feed (grains, canola, soy, sunflower, and so on). More than 90% of the cows' feed is locally sourced.

(1) Association des Producteurs de Lait Bel Ouest, or “Bel West Producers' Association”.

(2) <https://www.groupe-bel.com/fr/newsroom/news/partenaires-pionniers-dun-modele-remunérateur-et-durable-pour-la-filière-laitière-bel-et-lapbo-sont-ils-à-perenniser-leur-accord-pour-2020-qui-incarne-pleinement-les-états-gén/>.

Since 2012, Bel and WWF France have been working together to evaluate and minimize the environmental impact of dairy cow feed. A joint study of the environmental risks related to each raw material in this feed showed that, although they account for less than 5% of a cow's diet, two ingredients have particularly high environmental impacts: imported soy meal and PKE (palm kernel expeller, a by-product of palm oil extraction). It is now acknowledged that uncontrolled soybean and palm cultivation is a major cause of deforestation, which the Group is committed to fighting (see section 3.6.2 "Fighting the risks of biodiversity loss and deforestation").

In 2014 Bel took practical action to support the creation of responsible supply chains for soy meal and PKE:

- Bel joined the Round Table on Responsible Soy (RTRS) in 2014 and the Round Table on Sustainable Palm Oil (RSPO) in 2015;
- since 2016, Bel has been buying certificates covering the full volume of soy meal (74,500 metric tons in 2019) and PKE (40,506 metric tons in 2019) used worldwide to produce the milk and raw materials used in its recipes. Purchasing these certificates supports the establishment of sustainable supply chains and helps local producers move toward responsible production methods;
- in 2019, the Group joined the responsible soy project launched in 2018 by WWF France. That initiative, which is supported by the *Alliance Pour la Préservation des Forêts*, the Duralim platform and the EarthWorm Foundation, defines a shared vision of responsible soy. It is also developing a common set of actions to build soy supply chains that do not cause the conversion of natural ecosystems; and
- with its "Farming For the Future" program, Bel supports the protein autonomy of farms. Protein autonomy enables farms to produce a significant portion – if not all – of their own animal feed. Thus, the animal feed used on these

farms is local and sustainable and does not contribute to deforestation.

In a further step, the Group has committed to ensuring that its soy meal and PKE come from sustainable, traceable and certified chains (RTRS and RSPO) by 2025.

In its Sustainable Upstream Dairy Charter, the Group also commits to sourcing milk from cows whose feed contains no GMOs. GMOs may pose a threat to biodiversity due to the risk of uncontrolled seed spreading. In 2019, all the milk purchased in France and Slovakia came from cows whose feed is free of GMOs. The transition to GMO-free feed has also begun in Poland and the Netherlands.

Environmental footprint

Fossil fuel resources are increasingly scarce and water resources are deteriorating. Thus, the Group is working with its milk producers to encourage animal husbandry practices that limit the impact of production on the environment, reduce greenhouse gas emissions and increase resilience to climate change and water stress. Bel set a goal to reduce emissions from upstream agricultural activities by 20% (compared to 2017 levels) by 2030.

The Group's objective is for all its dairy supply basins to set up action plans to increase resilience to climate change and water stress by 2025. Respect for water resources is a major challenge in two supply basins where the Group collects and processes milk: Morocco and Iran. These two regions have been designated as priority areas to deploy action plans to increase resilience to water stress. To this end, discussions are under way with WWF Morocco to compile a compendium of concrete actions for farms (see section 3.6.1 "Fighting climate change").

Detailed information on the introduction of virtuous practices and Group action plans to limit the impact of dairy production on the environment and water availability is given in section 3.6 "Fighting climate change and reducing its environmental footprint".

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Contributing to better life quality and working conditions of farmer partners	Farmer access to innovative societal schemes	34%*	38%*	30%	100%	😊
Encouraging good practices to promote animal welfare	Share of farms abiding by the Animal Welfare Charter certified by a third party	-	1%*	30%	100%	😐
Fostering non-GMO feeding of the cows providing milk	Milk collected from non-GMO fed cows	16%*	30%*	50%	100%	😊

* Excluding MOM.

3.4.2 USING VEGETABLE FAT WITHIN STRICT LIMITS

Definition of the challenge

Bel's 100% dairy product ranges sometimes present accessibility problems for many consumers, particularly in Africa. That is why new product ranges combining dairy and non-dairy fat have been developed.

As a result, the Group has developed new ranges combining dairy and non-dairy raw materials. This had led Bel to define a set of commitments governing the use of vegetable fat to bring positive innovations to its consumers.

Policies

To clarify and harmonize best practices in sourcing vegetable fats, in 2019 the Group drew up a "vegetable fats use" policy that formalizes its strict commitments to taste, nutritional value and responsible sourcing of the vegetable fats used in its products.

After enacting this policy, Bel set the goal of using vegetable fats sourced from 100% responsible and segregated agricultural supply chains starting in 2020.

Action plan

Regardless of the vegetable fat Bel uses, the criteria set forth in the RSPO certification standard form the foundation for sustainable vegetable fat procurements. These criteria include:

- environmental responsibility: biodiversity protection and no deforestation of protected forests (see section 3.6.2 "Fighting the risks of biodiversity loss and deforestation");

- responsible development of new plantations: use of sustainable agricultural practices;
- trusting relationships with local communities and consideration of induced impacts;
- fair working conditions in keeping with international labor laws; and
- transparency, identification of collection regions and traceability along the entire chain.

In 2019, vegetable fat procurements amounted to 7,373 metric tons, which included 6,720 tons of palm oil. The palm oil purchased was 100% RSPO-certified (segregated or mass balance) and one-fourth of the total volume was segregated.

The Group promotes the use of sustainable and local vegetable fats to support short supply chains and to encourage the local creation of added value. Thus, it has committed to achieve 100% responsible sourcing of vegetable fats by the end of 2020 through a three-step approach based on existing chains at the local level:

- the priority action for the Group is to procure certified vegetable fats (RSPO or equivalent) that are grown and processed locally;
- in cases where the local production is not certified (RSPO or equivalent), Bel is committed to working with producers and processors to foster the development of local chains that are sustainable and certified; and
- when there is no locally produced vegetable fat that meets the Group's specifications, Bel pledges to choose procurement solutions that optimize the positive local impact, for example by working with local processors.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Guaranteeing the responsible procurement of the vegetable fats used in products	Procurements which are certified or honor the commitments of the Vegetable Fats Charter (where there is no certification)	1.5%*	27%	100%	100%	☹️

* Excluding MOM.

3.4.3 DELIVERING THE GOODNESS OF FRUITS

Definition of the challenge

The Group, working through MOM, is aware of the importance of the sustainable, responsible sourcing of its fruits. Sourcing is a crucial stage in the value chain to produce fruit-based finished products that are tasty and healthy. Sustainable sourcing also upholds the Group's commitments to maintaining relations with its business partners and promoting sustainable agriculture practices that limit biodiversity loss.

For several years, the MOM Group has been taking many actions to help expand sustainable farming methods in the orchards supplying it.

Currently, these commitments to sustainable agriculture pertain primarily to fresh fruits from France and the United States, which are MOM's two main sourcing countries.

Commitments and action plan

Encouraging sustainable agriculture to preserve biodiversity

In 2019, the MOM Group met its goal of sourcing fresh apples exclusively from French orchards that have obtained the Vergers Ecoresponsables endorsement. These certified orchards account for 42% of all the Group's fruit procurements. This certification system gives the Group certainty that the approved orchards comply with six major commitments:

- promote orchard biodiversity;
- prioritize biological control methods;
- adopt sustainable agriculture methods;
- harvest apples by hand at optimal maturity;
- guarantee traceability from orchard to the point of sale; and

- check adherence to these good practices through certification by an independent, external third party.

In the same vein, the Group encourages the use of biological controls, which are plant protection methods based on natural mechanisms. These techniques limit the use of phytosanitary treatments by promoting more natural alternatives and thereby protecting biodiversity around the orchards. The Group thus chose to test sexual confusion for insect pests, the use of nest boxes for great tit birds that feed on insect pests and the placement of insect hotels.

To support this process, the Group tracks the Treatment Frequency Indicator (TFI) for phytosanitary products and monitors the biodiversity in its orchards via the Observatoire agricole de la biodiversité (OAB, for "Agricultural Observatory for Biodiversity").

The MOM Group also promotes organic farming practices in the United States, where procurements of certified organic fresh apples accounted for about 28% of all raw materials purchased in the country in 2019.

Tending our own orchards and developing trusting relationships with farmer partners

To get the most out of fruits requires a thorough understanding of how they are grown. This is why the Group has been tending its own orchards since 2010 at a 200-acre plot near its plant in Boué, France. Today, 25% of the French fresh apple supply comes from dedicated orchards.

Developing product lines that align with its commitments

In a further step, the Group decided to update its product portfolio. For the majority of its ranges, MOM now offers alternative products made with organic ingredients and no added sugar.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Delivering the goodness of fruits	Share of fruit purchases from orchards with <i>Vergers Écoresponsables</i> endorsement	1.5%	42.3%	100%	100%	

HIGHLIGHTS OF 2019

- Finalization and roll-out of the Group policy on animal welfare.
- Procurement of fresh apples exclusively from certified environmentally responsible orchards ("Vergers Ecoresponsables" endorsement) for production in France.
- Sourcing of 100% RSPO-certified vegetable fats (1/3 segregated and 2/3 mass balance).
- Launch of The Laughing Cow Organic.

PRIORITIES FOR 2020

- Launch farm audits in the 10 dairy supply basins as stipulated in the Group animal welfare policy.
- Finalize the study with WWF Morocco on improving resilience to water stress in Morocco.
- Interpret the results of the tests performed on milk nutritional quality.
- Continue to implement responsible and traceable vegetable fat sourcing to achieve procurement of 100% RSPO-certified segregated palm oil.

3.5 DESIGNING RESPONSIBLE PACKAGING

Definition of the challenge

For nearly a century, the individual portion has been at the heart of the Bel business model. This packaging format gives the Group many advantages in its commitment to champion healthier and responsible food for everyone:

- by guaranteeing food quality and safety (see section 3.3.1. "Offering products with optimal quality and safety");
- by offering consumers the right nutritional intake for their needs (see section 3.3.2 "Fostering better eating habits and healthier lifestyles"); and
- by helping to reduce food waste (see section 3.6.4. "Fighting food waste").

Starting in 2019, the Group began including wax in its packaging measurements even though it is not considered as waste in regulatory terms. In 2019, the Bel Group's packaging was primarily comprised of paper-based materials - including cartons (70%), with smaller proportions of plastic (13%), wax (11%) and aluminum (6%)⁽¹⁾.

Bel is aware of the challenges posed by individual packaging. Thus the Group is striving to limit the environmental impact of its packaging while improving the management of product end-of-life. In 2019, to coincide with its new identity "For All. For Good", the Group conferred greater importance on its responsible packaging commitment, making it one of its five priority challenges for 2025.

Policies

In 2019, the Group released its "Responsible Packaging" policy⁽²⁾, which was formalized in 2018. The goal of the policy is to reduce Bel's environmental impact at every stage of the product life cycle, from design to end-of-life. This policy is organized around five objectives to attain by 2025:

- reduce the volume of packaging raw materials by systematically following an eco-design process;
- always prioritize paper-based materials as part of a "plastic-free approach". If plastic cannot be avoided, use only recyclable-ready plastic and increase the proportion of recycled plastic;
- use only recycled paper/cardboard materials or certified virgin materials to ensure that its packaging does not contribute to deforestation;
- work toward 100% recyclable-ready and/or biodegradable packaging by 2025 to meet the second goal, which is especially important in countries that do not yet have waste collection solutions; and
- encourage and facilitate recycling by communicating clearly to consumers and by forging partnerships to develop packaging waste collection and recovery chains in all the countries where the Group operates.

(1) The figures presented in this section do not include MOM and only partially cover Safilait and Bel Rouzaneh.

(2) <https://www.groupe-bel.com/wp-content/uploads/2019/10/emballages-responsable.pdf>

3.5.1 ECO-DESIGNING ITS PACKAGING AND USING MORE SUSTAINABLE MATERIALS

Action plan

Eco-designing its packaging

Bel has been following an eco-design approach to packaging for several years. Whether designing new packaging or updating existing models, reducing the amount of packaging is a prerequisite for Bel. The aim for all packaging put on the market, regardless of the country, is reduction at source without compromising the essential functions of packaging.

Continuous improvement plans have already helped decrease the thickness of the aluminum sheets used for The Laughing Cow and Kiri portions, which are now a mere 10 to 12 microns thick, and to reduce the amount of plastic used in Leerdammer sliced cheese packs, saving 225 metric tons of packaging.

Prioritizing paper-based materials

Bel wants to systematically prioritize paper-based materials to limit the use of plastic as much as possible. In 2019, Bel used 70% paper-based materials.

Nevertheless, when plastic must be used, for example, for technical reasons or to maintain optimal conservation, Bel follows these guidelines:

- limit the quantities of plastic used to the strict minimum;
- use 100% recyclable-ready plastic to promote its integration in the circular economy;
- when it does not compromise product quality or safety and is technically feasible, incorporate recycled plastic to reduce the need for extracting the fossil fuels required to produce virgin plastic; and
- do not deposit any plastic from Bel plants in landfills.

In all, 60% of the plastic used by the Group in 2019 was 100% recyclable-ready.

Using recycled or sustainably sourced materials

Using paper and cardboard that do not contribute to deforestation

The Group is committed to preserving natural ecosystems and fighting deforestation through its supply chain (see section 3.6.2 "Fighting the risks of biodiversity loss and deforestation"). As a result, it is working to ensure that the paper-based materials it uses systematically incorporate recycled fibers or are certified to be harvested from sustainably managed forests (FSC, PEFC, SFI, CSA, etc.).

In 2019, Bel worked on its Boursin and Kiri cardboard packaging, which is now FSC certified.

Overall, 92% of the Group's paper and cardboard packaging now incorporates recycled and/or certified origin fibers. In 2019, 68% of the paper and cardboard Bel used contained recycled fibers and 70% was certified sustainable.

Promoting sustainable procurement sources for other materials

Aluminum accounts for just 6% of the Group's packaging by weight, but it is symbolically significant in the brand portfolio because most Bel products are wrapped in aluminum. This is why the Group is playing an active role in its sustainable management. For example, Bel is working to source aluminum certified under the Aluminum Stewardship Initiative (ASI). The Group has participated in this international program since 2017. Its objectives are to implement new standards for responsible procurement and to certify the entire chain, from extraction from bauxite quarries to recycling. The ASI certification includes biodiversity preservation requirements.

Furthermore, although wax is not considered as waste in regulatory terms, Bel's goal is to identify and develop more responsible alternatives (e.g. recycled, recyclable or biodegradable materials) by 2025.

Finally, in 2019 Bel began using cellophane from certified sustainably managed forests for Babybel packaging in France and Slovakia. The Group's objective is to roll out this initiative to all subsidiaries by the end of 2020.

3.5.2 ENCOURAGING AND FACILITATING THE RECYCLING OF ITS PRODUCTS

Action plan

Guaranteeing 100% recyclable-ready and/or biodegradable packaging

To build momentum behind the circular economy and to transform its packaging waste into new resources, the Group is working toward 100% recyclable-ready and/or biodegradable packaging by 2025. Packaging is "recyclable-

ready" if the country has at least one recycling outlet for it (collection, sorting, reuse).

To reach its goal, the Group prioritizes materials made from paper and aluminum, both of which are 100% recyclable-ready. In addition, Bel favors mono-material plastic packaging to ensure it can be recycled. In 2019, Bel developed 100% recyclable-ready plastic packaging for its Leerdammer slices in the United Kingdom, France and Germany. It plans to

expand this action plan to all countries where the product is sold by 2021.

Overall, 84% of the packaging and wax used for Bel products in 2019 was recyclable-ready and/or biodegradable. The drop versus 2018 is mainly attributable to the inclusion of wax in the scope of packaging reported in 2019.

Encouraging and facilitating recycling

By communicating clearly to consumers

Bel wants to help its customers adopt good waste sorting practices to ensure optimal conditions for packaging disposal. Therefore, sorting instructions are visible on the Group's packaging and on its brands' websites. In countries that do not yet have such disposal resources, the Group is gradually altering its packaging to explain how individuals can act responsibly and reduce litter (see section 3.2.3 "Communicating responsibly and transparently with its consumers").

By forging partnerships to develop packaging waste collection and recovery chains

Some 84% of the Group's packaging (including wax) is ready to be recycled. However, in many of the countries where its products are sold, Bel must deal with a lack of collection chains to recycle and reuse of packaging materials. This is particularly the case for small aluminum packaging and some plastic packs.

Bel is supporting the development of collection and recycling schemes. For example, since 2016 the Group has been an active member of CELAA (*Club du recyclage de l'emballage léger en aluminium et en acier*), an initiative that encourages the sorting and recycling of small aluminum and steel packaging, in partnership with Citeo. It also co-founded AREME, a similar initiative, in Belgium. Furthermore, in 2019 Bel Morocco and other agrifood players⁽¹⁾ created an "Alliance for Packaging Innovation and Recycling". The goals of the alliance are to work together on better management of packaging end-of-life, protect the public good and promote consumer education and awareness about environmental protection.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017 ^(a)	2018 ^(b)	2019 ^(b)	2020 objective	2025 objective	Progress
Work towards 100% recyclable-ready and/or biodegradable packaging	Recyclable-ready and/or biodegradable packaging	86%**	81%* 92%**	84%* 94%**	88%*	100%*	

* Including wax.

** Excluding wax.

(a) excluding MOM and Safilait.

(b) excluding MOM.

HIGHLIGHTS OF 2019

- 100% recyclable-ready plastic packaging for the Leerdammer slices range in the UK.
- Participation of Bel Morocco as co-founding member of AIRE, an alliance for packaging innovation and recycling that aims to improve the management of packaging end-of-life.

PRIORITIES FOR 2020

- Continue rolling out the objectives set forth in the "Responsible Packaging" policy.
- Meet the goal of 100% recycled or certified cardboard and paper.

(1) The other founding members are Coca-Cola Export Company, Unilever, Centrale Danone, Procter & Gamble, Les Eaux Minérales d'Oulmès and Nestlé Morocco.

3.6 FIGHTING CLIMATE CHANGE AND REDUCING ITS ENVIRONMENTAL FOOTPRINT

3.6.1 FIGHTING CLIMATE CHANGE

Definition of the challenge

Climate change is one of the biggest issues of our time. Therefore, fighting climate change is a strategic priority for the Group that calls for lasting actions to transform the Company, such as updating its product mix and improving its energy mix. In 2019, the Group's dedication to the commitments made under the Paris Agreement resulted in the definition of a 2°C road map for 2030. Bel is fully mobilized to reduce the direct and indirect emissions generated by activities along its entire value chain.

Overview of Bel's total carbon footprint

The Group's global carbon audit was conducted in 2018 in accordance with the Greenhouse Gas Protocol⁽¹⁾; it estimated the total amount of emissions generated by the Group in 2018 at 6.6 million CO₂ metric tons equivalent. It showed that 72.3% of the Group's total emissions come from the production of raw materials, followed by emissions from upstream and downstream transportation (12.1%), Scopes 1 and 2 (3.5%) and packaging (3.8%)⁽²⁾.

Distribution of Bel's greenhouse gas emissions along the entire value chain Total estimated quantity = 6.6 million metric tons CO ₂ equivalent	2017 excluding MOM ^(d)	2017 with MOM ^(a)	2018 with MOM
Scopes 1 & 2^(e)	3%	3.4%	3.5%
Scope 3^(f)	97%	96.6%	96.5%
• Of which raw material purchasing	77%	74.9%	72.3%
• Of which packaging and finished product purchasing	3%	3.4%	3.8%
• Of which sub-contracted production	3%	2.5%	3.9%
• Of which other goods and services purchasing	2%	2.0%	2.3%
• Of which capital equipment purchasing	1%	1.2%	1.2%
• Of which upstream transport (raw materials and packaging) ^(b)	4%	4.8%	4.8%
• Of which downstream transport (products sold and co-products) ^(c)	6%	7.0%	7.3%
• Of which products sold (reprocessing or product/packaging end-of-life)	1%	0.8%	0.8%

(a) With MOM, extrapolated from the quantities produced in 2017 and the impact ratios of the various MOM activities in 2018.

(b) Raw materials, packaging and other inputs.

(c) Products sold and by-products.

(d) Excluding MOM.

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

(f) Scope 3 corresponds to other indirect emissions, in particular dairy raw material purchases, finished product packaging and upstream and downstream transport. Some quantified but negligible emissions were not included in the above table (processing of waste generated by operations, business travel, commutes, etc.).

Organization and governance

Bel's climate policy is spearheaded by the Group's Environment Department, which comes under the Engineering Department and works in close collaboration with other departments:

- the Engineering Department, which helps Bel's industrial sites achieve carbon neutrality;
- the Milk Purchasing Department, which works to reduce the environmental footprint of milk production;
- the Packaging Purchasing Department and packaging developers, who are implementing the "Responsible Packaging" policy; and
- the CSR Department, which oversees coordination and promotion of the Bel Climate Policy to all internal and external stakeholders.

(1) <http://ghgprotocol.org/>

(2) This carbon audit does not include the impacts of the processing of the Group's by-products if they are sold to third parties.

RISKS RELATED TO CLIMATE CHANGE

TYPE	RISKS LINKED TO CLIMATE CHANGE	POTENTIAL FINANCIAL IMPACT	IMPACT ON GROUP STRATEGY
TRANSITION RISKS	Regulatory risks		
	Long-term risk Implementation of new regulations relating to energy, greenhouse gas emissions or carbon prices.	Such regulations could increase operational costs for Bel.	Bel defined its 2°C road map under the Science-Based Targets initiative. The Group is setting up action plans to reduce the greenhouse gas emissions generated by its direct and indirect activities (see "Action plans" section below). Financial resources are allocated in a multi-year investment plan to take into account SBTi commitments.
	Reputation risks		
	Long-term risk Consumer preference for products with lower greenhouse gas emissions.	This risk could affect Bel's sales and market shares.	Bel aspires to be a responsible company. With its new identity "For All. For Good", the Group aims to offer its customers healthier and responsible food for all. To bring that vision to life, the Group identified five priorities, which are presented throughout this document. Bel has taken stock of the need to transform its brands and products.
	Market risks		
	Long-term risk Volatility of energy prices.	This risk could boost operational costs for Bel (e.g. costs to produce and process raw materials and products, storage costs, etc.)	Bel has made strong commitments to reducing energy consumption all along its value chain (see "Action plans" section below).

TYPE	RISKS LINKED TO CLIMATE CHANGE	POTENTIAL FINANCIAL IMPACT	IMPACT ON GROUP STRATEGY
PHYSICAL RISKS	Chronic risks		
	Long-term risk - Precipitation variability could affect water reserves in or near Bel's dairy supply basins and industrial production sites. - Climate and weather variability could affect the procurement, quality and price of the agricultural raw ingredients used (e.g. fruits). - Variability of soil conditions could affect local animal feed production. - Unsuitability of region for milk production.	- Bel's dairy supply basins and production sites could experience water shortages or excessive rains, which could lead to an increase in operational expenses and production difficulties. - The price variability of raw materials could lead to an increase in Bel's costs. - The impact on the production of animal feed could increase the production costs for milk and milk products. - Difficulties in milk production could lead to decreased availability at milk production sites.	Bel is implementing actions to make agricultural production more resilient (see "Action plans" section below).
	Non-recurring risks		
	Long-term risk Risk of exposure of the Group's buildings and facilities and those of its suppliers to natural disasters (earthquake, fire, flood, etc.).	This risk could cause the loss of a strategic industrial site and result in high operational expenses and production difficulties.	Bel takes these risks into account when it builds a new site by choosing locations that are less exposed to extreme climate events and/or by designing adapted buildings. Moreover, Bel holds a "Damage to assets, operating losses and transport" insurance policy that covers the Group's facilities against the consequences of extreme natural events (e.g. earthquake, severe storm, flood, torrential rain, hurricane, etc.). The consequences for Bel if one of its suppliers were unable to meet its obligations after an extreme climate event are also covered. Finally, Bel's insurers get involved at the plant design phase and conduct periodic audits on the Group's facilities to check their level of security, identify any measures to take and adapt insurance coverage to the needs of each site.

Policies

Environmental policy

The Group has had an internal environmental policy since 2008 that was formalized in 2014; this policy lays out Bel's goals to address climate and water challenges, as well as guidelines to achieve them. After adopting this policy, the Group set the objective of reaching carbon neutrality for Scopes 1 and 2 by 2025.

Science-Based Targets program

Since 2017 the Group has participated in the Science-Based Targets initiative (SBTi) started by the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the WWF and the United Nations Global Compact. The purpose is to reduce greenhouse gas emissions along its entire value chain (Scopes 1, 2 and 3). In 2019, Bel defined the following targets, which were approved by the SBTi technical committee:

- reduce emissions for Scopes 1 and 2 by 42% versus 2017 levels (in ton CO₂ eq./ton produced) by 2030; and
- reduce Scope 3 emissions by 27% versus 2017 levels (in ton CO₂ eq./ton produced) by 2030.

Other policies

The Group has adopted several other policies that contribute indirectly to reducing Bel's greenhouse gas emissions. Examples include the "Responsible Packaging" policy (see section 3.5 "Designing responsible packaging"), the "Deforestation" policy (see chapter 3.6.2. "Fighting the risks of biodiversity loss and deforestation") and policies relating to the dairy upstream (see section 3.4.1. "Taking action for a sustainable milk supply chain").

Action plan

Reducing greenhouse gas emissions – Scope 3

Agricultural raw ingredients

Given the significant impact of agricultural raw materials on the Group's overall carbon footprint (72.3%), reducing GHG emissions from this source will be decisive in achieving the targets set in connection with the Science-Based Targets initiative.

In light of its responsibility and of the impact dairy production has on the environment, the Group has made its commitment to a sustainable dairy sector a priority within its corporate social responsibility strategy. To take practical, measurable action, Bel and WWF France signed a partnership in 2012 with a common goal to limit the environmental impacts of dairy production (see section 3.4.1 "Taking action for a sustainable milk supply chain").

Moreover, for several years Bel has been working with CNIEL (the French national dairy industry council) to create Cap2'ER, a tool to measure the environmental impact of farms and to identify new pathways. This tool has been used at over 4,000 farms in France and was deployed in several other supply basins in 2019. It has led to a compendium of 17 improvement practices. Bel will pursue this initiative in all its supply basins in 2020.

Transportation/distribution

The Group optimizes the transportation of its raw materials and finished products to reduce not just its greenhouse gas emissions, but also other nuisances (e.g. road congestion and noise). The locations of its plants and its logistics flows are designed to reduce distances both upstream (mainly for fresh milk) and downstream (as close as possible to consumer markets).

Bel works with its logistics service providers in every country to optimize truck and container fill rates, as well as transportation flows. The Group also studies alternatives to road transportation that produce fewer greenhouse gas emissions.

Packaging

As a major player on the healthy snack food market, Bel faces packaging challenges. The Group issued a "Responsible Packaging" policy to address these challenges and to reduce the environmental impact associated with its packaging (see section 3.5 "Designing responsible packaging").

Reducing greenhouse gas emissions – Scopes 1 and 2

Audit of greenhouse gas emissions – Scopes 1 and 2

Greenhouse gas emissions at the Group's industrial sites come mainly from the energy mix and the processes used to manufacture its products. Refrigerant leaks and fuel consumed by the Group's vehicle fleet also contribute to greenhouse gas emissions, but to a lesser extent.

The Group is tackling these sources of emissions to reduce the carbon intensity of its production so that it will be carbon neutral for Scopes 1 and 2 by 2025. To help meet that goal, Bel developed the Esabel ("Energy Saving At Bel") program to enable each site to monitor its consumption levels and define action plans to reduce them. Audits are carried out regularly to identify good practices and to track the progress of the action plans. In addition, 21 industrial sites have implemented an ISO 14001-certified environment management system.

The action plans at the Bel production sites follow a three-step approach:

- 1) reduce the energy footprint of plant activities;
- 2) use renewable energies; and
- 3) take actions to offset residual emissions.

Reducing energy consumption at industrial sites

The Group sets ambitious targets for reducing the energy footprints of its sites. A portion of the €10 million invested in 2019 to reduce its environmental footprint at production sites focused on this reduction. Nearly €60 million was invested between 2009 and 2019 to reduce Bel's environmental footprint.

The Esabel (Energy Saving At Bel) program, for example, allows each site to monitor its consumption levels and define action plans to reduce them. Audits are carried out regularly to identify good practices and to track the progress of the action plans.

Fossil fuels account for 96% of the emissions generated by Bel's industrial sites. Thus, it prioritizes actions to reduce energy consumption as a way to lower its dependency on fossil fuels and, in time, to limit its greenhouse gas emissions.

Producing dairy products is a highly energy-intensive activity. That is especially true for milk pasteurization, which is necessary to ensure the perfect quality of a raw material that is sensitive to bacteriological contamination, and for the cold storage of finished products.

Using renewable energy sources

The Group makes use of renewable energy sources, taking into account local factors, such as the availability of energy from renewable sources, technical feasibility and economic impact.

Bel now has two biomass boilers, which account for 12% of the energy consumed for heat production. In 2020, photovoltaic sensors will be installed at its Song Than 3 site (Vietnam).

The Group also purchases electricity from renewable sources for Vale de Cambra (Portugal) and for all its French industrial sites (excluding the MOM Group) and Dutch sites, making up 46% of the Group's total electricity consumption.

For the MOM Scope, the Chef du Pont site has a biomass boiler. It signed its first contract for renewable energy in 2014; since then, the volume of energy from certified renewable sources has grown steadily (152,260 MWh in 2019 versus 6,178 MWh in 2014).

	2008	2017	2018	2019	Change 2008-2019
Electricity consumption (in MWh) ^(a)					
Electricity not from a renewable source	247,340	182,462	189,570	180,935	-28%
Electricity from a renewable source	-	150,960	151,141	152,260	
TOTAL ELECTRICITY	247,340	333,422	340,712	333,196	+35%
<i>Of which renewable electricity</i>	-	45.3%	44.4%	46%	
Consumption of oil, gas and biomass products for heat generation and other purposes (in MWh LHV) ^(a)					
Oil and gas products	543,381	505,372	503,023	518,208	-5%
Biomass	-	79,681	71,746	70,604	
STATIONARY COMBUSTION	543,381	585,053	574,769	588,812	+8%
<i>Of which biomass</i>	-	13.6%	12.5%	12%	
Energy consumption (in MWh/metric ton produced) all B-to-C and B-to-B products ^(a)					
Electricity	0.68	0.43	0.43	0.41	-40%
Oil and gas products	1.5	0.66	0.63	0.63	-58%
Biomass	-	0.10	0.09	0.09	

(a) Group total.

Breakdown of greenhouse gas emissions*	2017	2018	2019
Scope 1			
Associated with fossil fuel and gas consumption	56.4%	55.3%	57.0%
Associated with biomass consumption	0.9%	0.8%	1.0%
Associated with refrigerant leaks	2.4%	2.8%	3.0%
Associated with fuel consumption of Group-owned vehicles	4.2%	4.2%	4.0%
Scope 2			
Associated with the generation of electricity purchased within the Group	36.1%	36.9%	35.0%

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

Greenhouse gas emissions – Scopes 1 and 2	2017	2018	2019	Change 2008-2019	Change 2017-2019
kg CO ₂ eq/metric ton produced (all B-to-B and B-to-C products) ^(a)	291	288	282	-59%	-3.1%
Metric tons CO ₂ eq. ^(a)	226,734	230,061	230,412	-8%	-

(a) Group total.

Actions to offset residual emissions

Finally, to meet its goal of carbon neutrality for Scopes 1 and 2, the Group plans to offset the residual greenhouse gas emissions of its production sites. Bel is currently working out the details of its offsetting plan.

Increasing the resilience of agricultural production

Although its dairy supply basins are affected differently by climate change, the impacts are being felt more and more all around the world. Some areas where the Group operates are experiencing water stress.

Water is a vital input for agricultural production, yet farming affects the quality and availability of water resources. Bel is pursuing two complementary tactics to increase the resilience of dairy farms: reduce water needs and introduce solutions to satisfy irreducible needs such as changing fodder, building water storage systems and planting hedges.

Bel is participating in the Climalait program, which aims to give the French dairy sector practical solutions. To extend this approach to all its production regions, the Group has set the goal of ensuring that 100% of its dairy supply basins have defined action plans to increase their resilience to climate change and water stress by 2025 (see section 3.4.1 “Taking action for a sustainable milk supply chain”).

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Make its operations carbon neutral ^(a)	Greenhouse gas emissions – Scopes 1 and 2 (kg CO ₂ eq/ton produced)	294	288	282	262	0	

(a) Scopes 1 and 2.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	Change 2017-2018	Reduction target 2017-2025	Reduction target 2017-2030	Progress
Reduce its overall carbon footprint to meet the goals of the Paris Agreement ^(a)	Overall carbon footprint (kg CO ₂ eq/ton produced)	8,653	8,198 ^(b)	-5%	-15%	-27.5% ^(c)	

(a) Scopes 1, 2 and 3.

(b) Because there is a one-year lag in determining the Scope 3 carbon footprint, the indicator can only reflect the 2018 result.

(c) This goal of -27.5% in 2030 versus 2017 for Scopes 1, 2 and 3 is aligned with the approved Science-Based Target objectives for Scopes 1 and 2 (-42%) and for Scope 3 (-27%).

3.6.2 FIGHTING THE RISKS OF BIODIVERSITY LOSS AND DEFORESTATION

Definition of the challenge

In tropical and sub-tropical countries, commercial and subsistence farming accounted for 70% of deforestation between 2000 and 2010 ⁽¹⁾. As an agri-food company, Bel is aware of its responsibility to tackle these challenges. Consequently, the Group has committed to eliminating the risk of conversion ⁽²⁾ of natural ecosystems, including deforestation, in the supply chains for its key commodities by 2025.

The key commodities whose production could contribute, directly or indirectly, to deforestation and the conversion of natural ecosystems are:

- the animal feed (soy meal and palm kernel expellers) used by its milk producing partners to feed their animals;
- the vegetable fat (palm oil) used in some current or future recipes; and
- the cardboard and paper used in its packaging and marketing materials.

Policies

In 2019, Bel formalized a policy on protecting natural ecosystems and forests, with the ambitious goal that, by 2025, none of its key raw materials contributes to deforestation or the conversion of natural ecosystems. To meet that goal, the Group prioritizes procurements sourced as locally as possible or the replacement of raw materials with

others whose environmental impact is lower. It also favors commodities obtained through traceable, certified supply chains. Bel issues guidelines for each of its key commodities.

Bel's commitment extends to all Bel products and brands in all geographic areas where it does business. The policy covers products prepared in its own plants and those produced by third parties or under co-branded product agreements. MOM's operations are also covered by the policy, whose implementation is managed by the MOM staff.

Action plan

Helping to preserve natural ecosystems and fight deforestation through its supply chain

Animal feed

The Group is prioritizing alternatives to imported soy and palm kernel meal, in particular by encouraging its farmer partners to produce their own protein or to source their feed as locally as possible to minimize the risk of conversion of natural ecosystems.

When such measures are not possible, Bel purchases certificates to offset all the soy meal (RTRS certification) and PKE (RSPO certification) used worldwide ⁽³⁾ to produce the milk used in its cheeses. This offsetting covers both the liquid milk collected and the dairy raw ingredients used by the Group (see section 3.4.1 "Taking action for a sustainable milk supply chain").

(1) FAO, 2016.

(2) Conversion is modifying a natural ecosystem to use the land for a new purpose. It includes deforestation, which is the loss of natural forests.

(3) Excluding meal from Slovakia (Danube region), because that area is no longer exposed to deforestation risk.

Vegetable fat

When vegetable fats are required in a Bel product recipe, they must adhere to strict rules (see section 3.4.2 "Using vegetable fat within strict limits"). In particular, the Group has pledged to procure palm oil from 100% responsible and traceable agricultural channels (RSPO certification, segregated supply chain) by the end of 2020. Bel also encourages the sourcing of palm oil as locally as possible.

Cardboard packaging

Bel is pursuing aggressive goals to limit the impact of paper and cardboard packaging on the environment and to protect biodiversity. For example, the Group chooses materials made from recycled fibers or certified virgin fibers whenever possible (see section 3.5 "Designing responsible packaging").

Taking action to protect biodiversity...

The diversity of natural ecosystems and of the living species that populate them is a source of irreplaceable goods and services that are indispensable to human life and to Bel's activities. Bel is committed to encouraging and developing responsible supply channels and minimizing the impact of its operations on biodiversity. The Group signed on to the Act4Nature collective in France in December 2019 ⁽¹⁾ and plans to issue a formal Biodiversity policy in 2020.

... by committing to sustainable agriculture

Encouraging responsible animal husbandry practices

Bel encourages its farmer partners to produce milk using innovative practices that respect the environment and biodiversity (see section 3.4.1 "Taking action for a sustainable milk supply chain").

Pasture grazing is a pillar of Bel's Global Sustainable Upstream Dairy Charter because it promotes biodiversity and soil conservation. This practice reduces the quantity of fodder and concentrates needed to feed the cows. It also enables farmers to prioritize more moderately sized fields separated by hedges and trees, which attracts a wide variety

of insects and birds. By grazing preferentially on certain species, the cows will also help build the plant and insect diversity necessary to the overall balance of prairies and landscapes. Finally, grazing requires fewer chemical inputs and agricultural machinery, which also helps protect the soil and its animal life.

Developing agri-ecology and organically sourced products

In 2019 Bel further expanded its portfolio of organic dairy products with the launch of two new organic lines: Fromage de Margot and The Laughing Cow Organic.

MOM has been marketing organic fruit products, including Organic Pom'Potes and Organic GoGo squeeZ, for several years. The Group will continue these endeavors in the coming years.

Bel is also working with WWF Netherlands to mitigate the impact of dairy farms on biodiversity in the Netherlands. A tool that monitors biodiversity at the farm level has already been developed and ecological thresholds will be researched and defined.

Moreover, the MOM Group promotes agri-ecology practices in the orchards of its farmer partners (see section 3.4.3 "Delivering the goodness of fruits").

... by prioritizing responsible packaging

To limit its environmental footprint and preserve biodiversity, the Group has set ambitious goals under the "Responsible Packaging" policy, focusing on three key commodities: paper/cardboard, plastic and aluminum (see section 3.5 "Designing responsible packaging").

... around its industrial sites

In line with its environmental policy and in consultation with local authorities, the Group implements action plans to protect the environment around its plants, especially from its liquid discharges (see section 3.6.3 "Using water sustainably").

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Preserve natural ecosystems and fight deforestation through its supply chain	Impact of sourcing policies (zero conversion risk land area/total cultivated land area)	-	7.1%	-	100%	

(1) <http://www.act4nature.com/>.

3.6.3 USING WATER SUSTAINABLY

Definition of the challenge

Water scarcity affects more than 40% of the world's population⁽¹⁾, a worrying proportion that could worsen due to climate change. Ensuring availability and sustainable management of water and sanitation for all by 2030 is one of the UN Sustainable Development Goals. To contribute to this essential collective effort, Bel strives to constantly reduce the water consumption required for its activities and to improve the quality of its discharges by using efficient technologies. Further upstream in its value chain, Bel also seeks out solutions to limit water consumption in agricultural production.

Policies

The Group has had a formal environmental policy since 2014. That policy lays out Bel's goals to address water and climate challenges, as well as guidelines to achieve them.

Action plan

Reducing water consumption at production sites

The Group sets ambitious targets to reduce the water footprints of its sites. A portion of the €10 million invested in 2019 to reduce its environmental footprint at production sites focused on this reduction. Nearly €60 million was invested between 2009 and 2019 to reduce Bel's environmental footprint. The Wasabel ("Water Saving At Bel") program enables each site to monitor its consumption levels and define action plans to reduce them. Audits are carried out regularly to identify good practices and to track the progress of the action plans. In addition, 21 industrial sites have implemented an ISO 14001-certified environment management system.

Most of the drinking water used in the Group's plants is managed by public utilities and is sourced from surface water bodies such as rivers and lakes or from groundwater (water tables).

The programs implemented have allowed Bel to reduce its water consumption per metric ton produced by 49% between 2008 and 2019.

Water consumption	2008	2016	2017	2018	2019	Change 2008-2019
In m ³ per metric ton produced, (all B-to-B and B-to-C products) ^(a)	12.53	N.A.	6.41	6.52	6.34	-49%
In thousands of m ³ * ^(a)	4,553	4,348	5,000	5,213	5,173	+14%

(a) Group total.

Quality of discharges from its production sites into the natural environment

By reducing their water consumption, the sites automatically reduce their discharges and improve the quality of those discharges: the lower the volume of water treated in treatment facilities, the lower the concentration of organic matter flowing out of these facilities. To limit its negative impact on the environment and protect biodiversity, the Group makes sure that the quantity of organic matter contained in discharges from sites, and the temperature of discharges, comply with applicable regulations. Most wastewater from sites is treated internally. Discharges sent to third parties for treatment are pre-treated by Bel. The Group spends over €5 million on wastewater treatment each year.

Furthermore, to avoid an accidental release directly into the environment, Bel protects water bodies and river run-off points adjoining its sites with special structures.

Finally, most of the sludge from wastewater treatment plants is recycled through appropriate channels. As the sludge is rich in nutrients, some of it is spread on agricultural land, mainly in France, in accordance with local regulations, which avoids water or soil pollution. Sludge spreading is governed by local permits that specify the obligations to be met (e.g. spreading plans, surface areas and agronomic monitoring).

(1) Source: United Nations Sustainable Development Goals.

	2017	2018	2019	Change 2017-2019
Total wastewater volume (in thousands of m ³) ^(a)	4,492 ^(b)	4,562 ^(c)	4,634 ^(c)	+3.2%
Treated internally	2,192 ^(b)	2,079 ^(c)	2,143 ^(c)	-2.2%
Treated by a third party with other effluents	2,300 ^(b)	2,483 ^(c)	2,403	+4.5%
Spread untreated	N.A.	N.A.	88	
Volume of wastewater per metric ton produced				
In m ³ per metric ton produced, All B-to-B and B-to-C products	5.8	5.7	5.75	-1.7%
Quality of treated water (in metric tons) ^(a)				
Chemical oxygen demand (COD)	80.1 ^(d)	81.2 ^(e)	81.6 ^(e)	1.9%
Suspended matter discharged	30.6 ^(d)	30.4 ^(e)	36.8 ^(e)	-20.3%
Total nitrogen discharged	14.0 ^(d)	13.0 ^(e)	12.9	-8.0%
Total phosphorous discharged	2.6 ^(d)	3.4 ^(e)	5.2	100%
Cost of wastewater treatment (in thousands of euros) ^(a)	4,491	5,561	5,731	
Spreading of sludge from wastewater treatment or untreated water ^(a)				
Total dry matter (in metric tons)	1,088 ^(f)	1,077 ^(g)	1,116	2.6%
Nitrogen (in metric tons)	96 ^(f)	90 ^(g)	96	-1.0%
Phosphorous (in metric tons)	76 ^(f)	81 ^(g)	84	10.5%

(a) Group total.

(b) Data available for 29 sites, i.e. 92% of total production for this reporting Scope.

(c) Data available for 27 sites, i.e. 74% of total production for this reporting Scope.

(d) Data available for 12 out of the 13 sites providing full treatment before discharge into the natural environment.

(e) Data available for 13 out of the 13 sites providing full treatment before discharge into the natural environment.

(f) Data available for five out of the six sites that spread their waste.

(g) Data available for five out of the seven sites that spread their waste.

Reducing water consumption linked to agricultural production

Lastly, Bel has taken action to limit the water needed for farming activities, especially for the dairy supply basins affected by water stress. The Group is participating in the Climalait French pilot program. It is also launching studies

in priority dairy supply basins such as Morocco and Iran to identify a compendium of actions to boost resilience (see section 3.6.1 "Fighting climate change").

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Reduce the water footprint of its production sites	Water consumption per ton of finished product versus 2008	-38% ^(a)	-49%	-49%	-55%	-80%	

(a) Excluding MOM and Safilait.

3.6.4 FIGHTING FOOD WASTE

Definition of the challenge

Although one out of nine people – 795 million individuals – around the world are currently undernourished⁽¹⁾, nearly 30% of the food produced in the world for human consumption is wasted, which amounts to approximately 1.3 billion metric tons per year⁽²⁾.

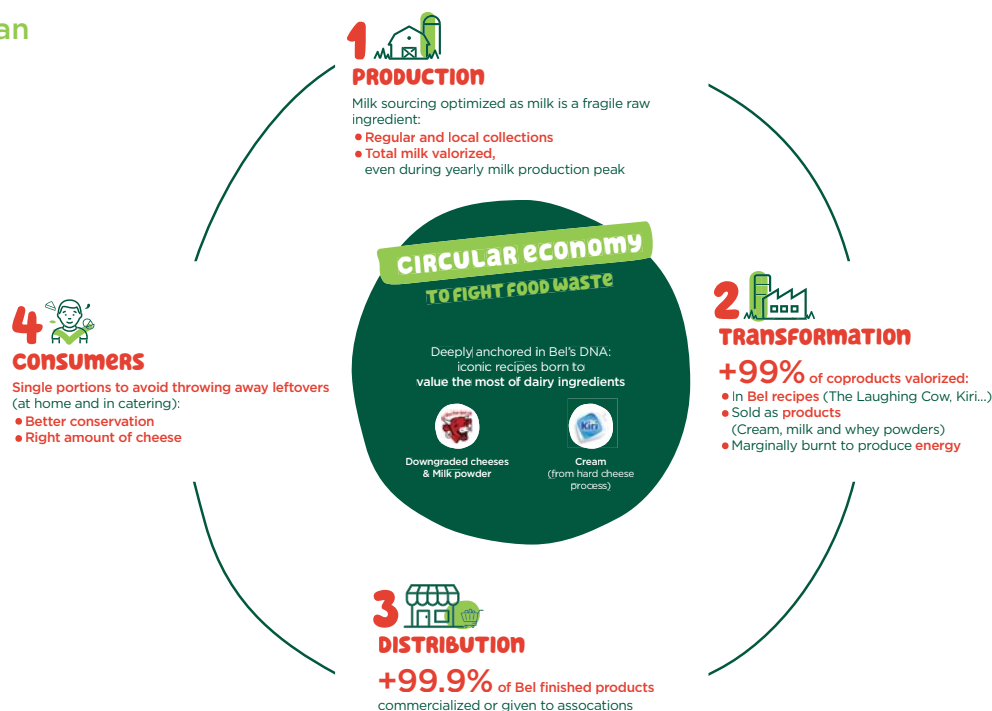
For Bel, fighting food waste is a critical issue in our society and an ethical imperative that contributes to achieving the United Nations Sustainable Development Goal (SDG) of “Zero hunger”. Minimizing waste will always be an integral part of Bel’s business model: indeed, some of its core brands were born of an effort to optimize by-products. For example, the recipe for The Laughing Cow was invented to utilize cheese surpluses and the Kiri recipe was initially developed to reuse the cream left over after producing certain cheeses.

In addition to recovering by-products to develop its brands, the Group strives to reduce food waste along its entire value chain, from the production and collection of its raw materials to the consumption of its finished products.

Policies

The Group actively participated in preparing the Anti-Waste Charter proposed by the Association nationale des industries alimentaires (“Association of Agribusinesses”, or ANIA), which is a collection of best practices to be used by Bel and all companies in the sector to reduce food waste all along the value chain.

Action plan



Production and collection

Bel minimizes the loss of raw materials during agricultural production – especially milk because it is a fragile, perishable ingredient. Thus, the Group collects milk locally and regularly (at least every three days) from its farmer partners to reduce the time elapsed between milking and processing. All the milk produced is collected, even when there are production overages.

Processing

Many efforts are made in the Group’s plants to minimize the generation of waste.

The development and manufacturing of products (formulation, thermal treatment protocols, efficient packaging design, etc.) aim to enable Bel cheeses to keep their taste and health properties over relatively long shelf lives. Finished product production runs are also adjusted

(1) <https://www.undp.org/content/undp/fr/home/sustainable-development-goals/goal-2-zero-hunger.html#targets>.

(2) <http://www.fao.org/save-food/ressources/keyfindings/fr/>.

to match sales estimates to avoid manufacturing surplus products without a sales outlet.

Bel also strives to reuse milk production overages and all components of the milk collected, including by-products of cheese production, such as cream and whey. In addition, Bel does produce substandard cheeses in all its manufacturing cycles. All these by-products and production surpluses are recovered: they are reused in the Group's own plants, resold as raw ingredients in the manufacture of other products or, to a lesser extent, reused to generate energy (methanization). In all, more than 99% of the Group's by-products are reused ⁽¹⁾.

Distribution

Logistics: Bel's combination boxes and pallet loads are specifically designed to ensure that products are properly protected during their repeated handling (in trucks, containers and warehouses) and retain their integrity until they are sold to consumers.

The Group optimizes its distribution network with routes that are defined so that transportation takes the shortest path between the production site and point of sale.

Sales and donations: The vast majority of products are sold in traditional distribution channels. Nevertheless, when the Group has excess inventory, it makes every effort not to destroy any production. The overages are sold via other channels or donated to associations.

The Group has also implemented a relabeling system for certain export products so that they bear legally mandated information in French and can thus be sold to French wholesalers rather than be destroyed.

Lastly, the Group has taken the necessary steps to enable its sites and warehouses to donate products to food banks. In

2019, Bel's warehouses in Europe ⁽²⁾ donated 214 metric tons of products to charity, including 97 metric tons in France.

Given that the most common portion size at Bel is 25 grams, this means Bel donated cheese to over 8 million meals distributed by associations in 2019.

Partnership: In 2019, Bel joined a working group with Too Good to Go in partnership with other large-scale producers and major retail players. The goal of this collaboration is to sign a pact between the various stakeholders to help limit food waste linked to consumption dates. The pact was issued in January 2020.

Consumption

At home: Food wasted by consumers accounts for a large share of overall food waste: best-before dates exceeded, leftovers in plates, etc. According to the European Commission, 42% of food waste in Europe occurs in households ⁽³⁾.

The individual portion format is a powerful tool in fighting food waste, both at home and in food service settings. Indeed, it allows for the optimum preservation of products even when a pack has been opened. The fact that these formats prevent products being thrown away is the second reason consumers buy them after convenience of use.

Highlight of 2019: Bel believes that education, information and awareness efforts aimed at consumers are powerful ways to prompt actions to reduce food waste. This is why the Group, as part of its collaboration with Too Good To Go, worked in 2019 to integrate informational and explanatory messages about the expiry date on the insert packaged with The Laughing Cow. This new insert will be incorporated starting in March 2020.

HIGHLIGHTS OF 2019

- Validation of Science-Based Target objectives.
- Launch of a partnership with Too Good To Go to fight against food waste.
- Development of a tool to measure the impact on natural ecosystems of the sustainable supply chains put in place by the Group.

PRIORITIES FOR 2020

- Deploy the pact in partnership with Too Good To Go.
- Adopt a biodiversity policy.
- Continue to implement responsible and traceable sourcing of vegetable fats, helping to meet the Group's goal to preserve natural ecosystems and fight deforestation.

(1) Data does not include MOM.

(2) Portugal, Sweden, Finland, Norway, Denmark, Czech Republic, Germany, Austria, Slovakia, Spain, Belgium, Switzerland, United Kingdom, Ireland, Ukraine, Holland.

(3) https://ec.europa.eu/environment/eussd/pdf/bio_foodwaste_report.pdf.

3.7 IMPROVING THE ACCESSIBILITY OF ITS PRODUCTS

Definition of the challenge

In light of diminishing natural resources and a growing world population, the Bel Group is cognizant of the coming challenge of feeding nine billion people, while one-fourth of the planet's population still does not have access to nutritious food. This knowledge prompted Bel to make product

accessibility one of its strategic priorities by committing to offer quality products to as many consumers as possible everywhere in the world. That commitment entails working on prices, in addition to adapting recipes to the nutritional needs of all and opening up new distribution channels so that its products are available to as many people as possible.

3.7.1 ADAPTING ITS PRODUCTS TO THE NEEDS OF EVERYONE

The Group is striving to develop new markets and offer products adapted to new consumers, particularly in emerging countries.

Some populations with less purchasing power often find themselves in complex positions of under-nutrition or malnutrition. In keeping with its mission to offer healthier and responsible products for all, including consumers with lower incomes, Bel has consulted with external nutrition experts to develop products with special nutritional properties. The priority is to enrich their vitamin and mineral content of these products to help better cover the nutritional needs of populations, such as those in sub-Saharan Africa, and to adapt ingredients to guarantee optimal food safety and quality. In this way, Bel can deliver nutritional value added (specifically researched nutrients, competitive edge) while remaining accessible to as many consumers as possible (see section 3.3 "Contributing to healthier food"). The Laughing

Cow Délice de Lait, for example, is a product with dairy and vegetable ingredients that was designed for the consumer, to address the reality of their buying power and nutritional needs. The product is enriched with calcium and vitamins A and D, making it an appealing product in Africa, where vitamin A deficiency is a public health concern. The product is currently sold in Ivory Coast and Democratic Republic of Congo, where it was just launched.

In addition, Bel wants to be an organic pioneer in the cheese market by making organic products more accessible for everyone. By launching organic Mini Babybel and The Laughing Cow products, Bel has made it a priority to offer organic versions of products intended mainly for children. By 2022, the Group aims to expand its organic offer for all its big international brands and create new brands that combine accessibility with responsibility.

3.7.2 IMPROVING THE ACCESSIBILITY OF ITS PRODUCTS BY DEVELOPING INNOVATIVE AND INCLUSIVE DISTRIBUTION MODELS

To adapt to the reality of eating and shopping habits and to offer healthy snacking products to a larger proportion of the population, Bel has been taking up positions in new distribution networks for several years.

Bel launched its "Sharing Cities" program in 2013. This innovative program supplements the traditional marketing channels used for Bel products with alternative distribution networks rooted in local buying practices, while improving the quality of life for sellers involved in the project. For example, the Group uses existing networks of street vendors to sell its products in several major cities in the emerging countries in which Bel is already present. In this way, the Group helps these vendors develop their business and revenue, while offering them access to health coverage and professional training.

As of December 31, 2019, the "Sharing Cities" program was active in six cities and more than 9,000 street vendors had partnered with Bel. Of these, over 3,200 had received access to healthcare (including their families, 4,225 received healthcare services). Since it was introduced, the program has also enabled over 1,100 street vendors to receive professional training. The program was launched in India in 2019 with the recruitment of street vendors in Mumbai.

In 2019, Bel extended the scope of this program to grocery stores, with a loyalty program open to 26,000 grocers in Morocco who are already Bel clients. The offer gives them access to health insurance services designed specifically for them and their families at preferred rates. By the end of the year, more than 5,600 people were covered.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2025 objective	Progress
Improve the accessibility of its products	Number of cities where the Sharing Cities program is active	7	6	30	

HIGHLIGHTS OF 2019

- Deployment of Sharing Cities program in India.
- Extension of the Sharing Cities program to grocery stores in Morocco.

PRIORITIES FOR 2020

- Continue actions to improve the accessibility of products in all the countries where the Group operates.

3.8 METHODOLOGICAL NOTE

Choice of indicators

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

The Group's non-financial reporting satisfies the requirements of Decree No. 2017-1265 of August 9, 2017, implementing Ordinance No. 2017-1180 of July 19, 2017, relating to the publication of non-financial information. Bel's CSR program is modeled on two international frameworks: the United Nations Global Compact and the Global Reporting Initiative's G4 Sustainability Reporting Guidelines.

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

Reporting procedure and guidelines

The non-financial reporting procedure describes the methods to be used to collect and calculate the Group's non-financial key performance indicators. It is circulated, read and applied at every data compilation and reporting level. This procedure is supplemented by a non-financial reporting protocol. This defines all the Group's performance indicators.

Organization of reporting

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

The business line CSR Leaders coordinate the collection of CSR indicators in their respective areas of expertise. They rely on their network of local experts to contribute data.

Consolidation and internal control

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

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

Reporting tools

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

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

The bulk of the data on employee-related KPIs is collected through SIRH, a tool developed by the Human Resources Department.

Some data is collected from Group information systems (e.g. SAP and Magdalena) or specific software (e.g. EcoVadis and Acciline).

Reporting scope and period

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

If an indicator is calculated for a specific scope, it is systematically mentioned to avoid a biased understanding of the data.

The data collected covers the period from January 1 to December 31, 2019⁽¹⁾. Depending on the indicators, the figures are taken from:

- an annual data consolidation from January 1, 2019 to December 31, 2019; or
- data measured on Tuesday, December 31, 2019.

If historical data is available, it is provided for the last three financial years. For items relating to water, energy and greenhouse gas emissions, the areas of progress are reported over the long term: Bel has provided data since 2008, which is the Group's base year for these areas.

Workforce

Bel's employee-related reporting covers all its industrial sites and subsidiaries (in France and abroad) that had at least one employee under a fixed-term contract or permanent contract during the period from January 1 to December 31, 2019, with the exception of the Syrian subsidiary, in the "Middle East, Greater Africa" area, which has been excluded from the reporting scope since the suspension of its production activities in 2012.

Environment

Environmental reporting includes all the Group's industrial and research sites.

Environmental reporting also includes the Group's collection centers, warehouses and head office. It does not, however, cover the exclusively tertiary sites of subsidiaries: the impacts of the corporate headquarters account for a negligible share of the Group's total environmental footprint.

Some environmental indicators are reported in metric tons produced (e.g. water consumption and GHG emissions). Since 2015, the metric tons produced have included manufactured products to be reprocessed within the Group. Products that result from a main manufacturing process are considered by-products.

Safilait produces pasteurized and UHT milk, while the MOM Group produces dairy creams and apple compote, which generates significant production volumes. In addition, their consumption, emissions and waste are included in the reported volumes.

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

The emission factors used for the consumption of electricity, fuel oil, gas, chlorofluorocarbons, gasoline and diesel are taken from the French Environment and Energy Management Agency (ADEME). All emission factors are updated annually based on data published by the International Energy Agency (IEA) for the international scope and by the ADEME for France.

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

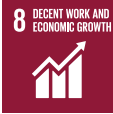
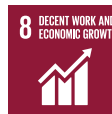
The classification of water availability risk is based on data from the FAO and a risk analysis using the "Water Risk Filter" tool provided by the WWF. This classification is updated every year.

3.9 APPENDIX 1: CORRELATION TABLE WITH THE 2018 NFPR

2019 NFPR		2018 NFPR	
3.1	Bel: a growth model to champion healthier and responsible food for all	-	
3.1.1	Business model	1.1	Group presentation
3.1.2	Analysis of primary non-financial risks	3.1	Introduction chapter 3 A policy with a central place in the Group's strategy
3.1.3	Governance of CSR issues at every level of the Company	3.1	A policy with a central place in the Group's strategy
3.1.4	Ethics: a common foundation for conducting business	3.2.1	Placing ethics and vigilance at the heart of Group activities
3.1.5	Vigilance plan	3.2.2	Establishing stronger monitoring in the fight against corruption and violations of human rights while protecting individual health and safety and the environment
3.2	A model that creates value for all its stakeholders	3.2	Working for the well-being of all
3.2.1	Building a sustainable future with its employees	3.2.6	Building an inclusive employment model for our employees
3.2.1.1	Guaranteeing health, safety and well-being at work	3.2.7	Guaranteeing health, safety and well-being at work
3.2.1.2	Promoting equal opportunity and diversity	3.2.8	Promoting equal opportunity and diversity within the Group
3.2.1.3	Develop its employees' talent	3.2.9	Developing our employees' talent
3.2.1.4	Promoting a positive dialogue	3.2.10	Maintaining a positive company climate
3.2.2	Promoting responsible practices with its business partners	3.2.3	Promoting good social and environmental practices with partners
3.2.3	Communicating responsibly and transparently with its consumers	3.2.4	Providing fair and helpful information to consumers
3.3	Contributing to healthier food	3.4	Promoting caring nutrition
3.3.1	Offering products with optimal quality and safety	3.4.1	Guaranteeing optimal food quality and safety
3.3.2	Promoting better eating habits and encouraging healthier lifestyles	3.4.2	Guaranteeing the nutritional quality of products
3.3.3	Guaranteeing the nutritional quality of its products	3.4.3	Fostering better eating habits and healthier lifestyles
		3.2.5	Contributing to the vitality of host regions ("Helping children in all of the Group's host regions")
3.4	Promoting sustainable farming	3.3	Committing to sustainable agriculture
3.4.1	Taking action for a sustainable milk supply chain	3.3.1	Taking action for a sustainable dairy upstream
3.4.2	Using vegetable fat within strict limits	3.3.2	Using vegetable fat within strict limits
3.4.3	Delivering the goodness of fruits	3.3.3	Delivering the goodness of fruits

2019 NFPR		2018 NFPR	
3.5	Designing responsible packaging	3.5.6	Making packaging part of the circular economy
3.5.1	Eco-designing its packaging and using more sustainable materials	3.5.6	Making packaging part of the circular economy
3.5.2	Encouraging and facilitating the recycling of its products	3.5.6	Making packaging part of the circular economy
3.6	Fighting climate change and reducing its environmental footprint	3.5	Reducing the environmental footprint
3.6.1	Fighting climate change	3.5.2	Reducing greenhouse gas emissions
		3.5.3	Using water sustainably ("Increasing the resilience of agricultural production")
3.6.2	Fighting the risks of biodiversity loss and deforestation	3.5.4	Limiting the risks of negative biodiversity impact and deforestation
3.6.3	Using water sustainably	3.5.3	Using water sustainably
3.6.4	Fighting food waste	3.5.5	Fighting food waste
3.7	Improving the accessibility of its products	-	
3.7.1	Adapting its products to the needs of everyone	3.4.2	Guaranteeing the nutritional quality of products ("Developing products combining nutritional quality with accessibility for emerging countries")
3.7.2	Improving the accessibility of its products by developing innovative and inclusive distribution models	3.2.5	Contributing to the vitality of host regions ("Developing innovative and inclusive distribution models")

3.10 APPENDIX 2: CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

Document section(s)	The Sustainable Development Goals
3.2 A model that creates value for all its stakeholders 3.2.1 Building a sustainable future with its employees 3.2.2 Promoting responsible practices with its business partners 3.2.3 Communicating responsibly and transparently with its consumers	    
3.3 Contributing to healthier food 3.3.1 Offering products with optimal quality and safety 3.3.2 Promoting better eating habits and encouraging healthier lifestyles 3.3.3 Improving the nutritional quality of its products	  
3.4 Promoting sustainable agriculture 3.4.1 Taking action for a sustainable dairy upstream 3.4.2 Using vegetable fat within strict limits 3.4.3 Delivering the goodness of fruits	     
3.5 Designing responsible packaging 3.5.1 Eco-designing its packaging and using more sustainable materials 3.5.2 Encouraging and facilitating the recycling of its products	 
3.6 Fighting climate change and reducing its environmental footprint 3.6.1 Fighting climate change 3.6.2 Fighting the risks of biodiversity loss and deforestation 3.6.3 Using water sustainably 3.6.4 Fighting food waste	   
3.7 Improving the accessibility of its products 3.7.1 Adapting its products to the needs of everyone 3.7.2 Improving the accessibility of its products by developing innovative and inclusive distribution models	   

3.11 APPENDIX 3: SUMMARY OF ENVIRONMENTAL DATA

Bel Group with MOM and Safilait	Units	2017	2018	2019
Circular economy				
Recovered by-products (excluding MOM)				
Substandard cheeses or similar recovered internally or externally	mt	17,138	17,693	16,025
Dry whey extract recovered internally or externally	mt	83,391	80,548	107,205
Cream recovered internally (production site or within the Group) or externally	mt	47,838	48,981	52,655
<i>Quantity of recovered by-products*</i>	<i>mt</i>	<i>148,367</i>	<i>147,222</i>	<i>175,855</i>
Water consumption				
Water consumption in vulnerable zone	m ³	1,933,485	818,654	1,625,749
Water consumption in stress zone	m ³	659,945	301,910	241,258
Water consumption in water shortage zone	m ³	969,795	1,056,359	870,305
Water consumption in non-vulnerable region	m ³	1,436,860	3,036,555	2,435,742
<i>Total water quantity*</i>	<i>m³</i>	<i>5,000,085</i>	<i>5,213,478</i>	<i>5,173,054</i>
Energy				
Electricity				
Consumption of grid electricity from non-renewable source	MWh	181,942	189,570	180,612
Consumption of self-generated electricity from fuel oil or gas	MWh	520	460	323
Electricity consumption from a certified renewable energy source	MWh	150,960	151,141	152,218
<i>Total electricity consumption</i>	<i>MWh</i>	<i>333,422</i>	<i>340,712</i>	<i>333,196</i>
Fuels				
Fuel oil	MWh_LHV	86,858	85,834	87,551
Gas	MWh_LHV	418,514	417,189	430,657
Biomass	MWh_LHV	79,681	71,746	70,604
Total stationary combustion*	MWh_LHV	585,053	574,769	588,812
Greenhouse gas emissions				
GHG				
GHG emissions linked to electricity consumption	tCO ₂ e	81,888	84,881	80,730
GHG emissions linked to fuel oil and gas consumption	tCO ₂ e	127,939	127,262	131,450
GHG emissions linked to biomass consumption	tCO ₂ e	1,944	1,751	1,723
GHG emissions linked to refrigerants	tCO ₂ e	5,348	6,573	7,004
GHG emissions linked to the Group's own vehicle fleet	tCO ₂ e	9,614	9,593	9,505
GHG emissions, Scopes 1 and 2	tCO ₂ e	226,734	230,060	230,412

Bel Group with MOM and Safilait	Units	2017	2018	2019
Discharges into water				
Discharge into the natural environment				
Volume of water purified internally with discharges into the natural environment	m ³	2,191,714	2,078,832	2,143,434
Discharged chemical oxygen demand	kg	80,131	82,728	81,580
Discharged phosphorous	kg	2,571	3,719	5,211
Discharged suspended matter	kg	30,605	30,625	36,761
Discharged nitrogen	kg	14,028	13,104	12,854
Discharged to an urban wastewater treatment facility				
Volume of water treated by a third party with other effluents	m ³	2,299,966	2,483,266	2,403,209
Discharges into soil				
Spreading of untreated water				
Volume	m ³	N.A.	N.A.	87,557
Agricultural recovery of sludge from wastewater treatment facilities				
Nitrogen	mt	96	90	96
Phosphorous	mt	76	81	84
Dry matter	mt	1,088	1,077	1,116
Discharges into water and soil				
Total volume of discharges	m ³	4,491,680	4,562,098	4,634,200
Total cost of treatment of these discharges	EUR	4,491,235	5,560,745	5,730,606
Other emissions into the air				
Nitrous oxide, nitrogen dioxide	mt	204	197	200
Sulfur dioxide	mt	194	196	198
Noise pollution				
Percentage of sites whose noise level at their boundaries and emergence level for the most at-risk residents is compliant	%	83	83	77
Environmental damage				
Number of incidents	unit	67	158	107
Corrective actions	unit	67	150	106
Production of waste				
Quantity of non-hazardous waste sorted and sent for recovery	mt	21,947	28,299	28,439
Quantity of hazardous waste sorted and sent to appropriate treatment channels	mt	534	569	888
Waste incinerated to generate energy	mt	3,077	5,485	2,842
Waste incinerated without energy generation	mt	490	1,033	131
Waste deposited in landfills	mt	6,327	4,147	7,192
Total quantity of waste	mt	32,375	39,533	39,492
Cost of treatment	EUR	2,039,290	3,187,658	3,657,956
Income from sale	EUR	684,973	1,053,150	813,823

3.12 REPORT BY ONE OF THE STATUTORY AUDITORS ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE REPORT INCLUDED IN THE MANAGEMENT REPORT

For the year ended December 31, 2019

To the General Meeting of Shareholders,

In our capacity as Statutory Auditor of the company BEL SA, we hereby present our report on the consolidated non-financial performance report for the financial year ended December 31, 2019 (hereafter the "Report") presented voluntarily in the Management Report, in accordance with the legal and regulatory requirements set forth in Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Board of Directors wished to prepare a Report in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied to address these risks and the results of said policies, along with key performance indicators. The Report was prepared in accordance with the protocol used by the Company (hereafter the "Reference Guide"), a summary of which can be found in the Report.

Independence and quality control

Our independence is defined by the provisions set forth in Article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*). Furthermore, we established a quality control system consisting of documented policies and procedures designed to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

Our responsibility, based on our work, is to formulate a reasoned opinion expressing moderate assurance regarding:

- the Report's compliance with the provisions set forth in Article R. 225-105 of the French Commercial Code (*Code de commerce*);
- the fair presentation of the information provided in accordance with paragraph 3 of section I and section II of Article R. 225-105 of the French Commercial Code (*Code de commerce*), namely the results of the Group's policies, including key performance indicators, and actions to address the main risks (hereafter the "Information").

However, it is not our responsibility to form an opinion on:

- the Company's compliance with other applicable legal and regulatory provisions, for instance with respect to the vigilance plan, combating corruption or taxation;
- the compliance of its products and services with applicable regulations.

Nature and scope of procedures

Our work described below was carried out in accordance with the provisions set forth from Article A. 225-1 onwards of the French Commercial Code (*Code de commerce*) determining the methodology according to which independent third parties must conduct assignments, and in line with the international standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

The work we carried out enabled us to assess the Report's compliance with regulatory provisions and the fair presentation of the Information:

- we familiarized ourselves with the activities of all the undertakings included in the consolidation scope and the presentation of the main social and environmental risks inherent in these activities;
- we assessed the suitability of the Reference Guide with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration the sector's best practices where relevant;
- we verified that the Report includes the information stipulated in section II of Article R. 225-105, where relevant in light of the main risks, and that it includes, as applicable, an explanation of the reasons which support the absence of the information required by the second paragraph of section III of Article L. 225-102-1;
- we verified that the Report presents the business model and the main risks inherent to the activities of all the undertakings included in the consolidation scope, including, where relevant and proportionate, the risks stemming from its business relations, its products or its services, as well as its policies, actions and results, including key performance indicators;
- we consulted documentary sources and conducted interviews to:
 - assess the process for selecting and validating the main risks, as well as ensure that the results, including key performance indicators used, are consistent with the main risks and policies presented, and

- confirm the qualitative information (actions and results) we considered most important⁽¹⁾;
- we verified that the Report covers the consolidated scope, namely all the entities included in the consolidation scope, in accordance with Article L. 233-16;
- we familiarized ourselves with the internal control and risk management procedures put in place by the entity and assessed the collection process devised to ensure the completeness and fair presentation of the Information;
- for the key performance indicators and other quantitative results which we considered most important⁽²⁾, we performed:
 - analytical procedures consisting in verifying that the data collected was consolidated correctly and that variations in the data are consistent;
 - detailed tests based on sampling, consisting in verifying that the definitions and procedures had been applied correctly and in reconciling the data with the supporting documents. This work was carried out at a selection of contributing undertakings⁽³⁾ and covered between 22% and 100% of the consolidated data selected for these tests;
- we assessed the Report's overall consistency with our knowledge of all the entities included in the consolidation scope.

Based on our professional judgment, we believe that the work we carried out enabled us to reach a conclusion of

moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work required the expertise of three people and was carried out between October 2019 and March 2020. We consulted our sustainable development and corporate social responsibility experts to assist us with our work. We conducted interviews with the persons responsible for producing the Report.

Conclusion

Based on our work, we found no material misstatements that might cause us to doubt whether the non-financial performance report is compliant with applicable regulatory provisions and that the Information, taken as a whole, is presented fairly, in accordance with the Reference Guide.

Comments

Notwithstanding the conclusion expressed above, and in accordance with the provisions set forth in Article A. 225-3 of the French Commercial Code (Code de commerce), we express the following comment: as indicated in the Report, the reporting scope for certain indicators is limited (such as those relating to packaging, which do not include MOM).

Neuilly-sur-Seine, March 31, 2020

One of the Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Virginie Palethorpe
Partner

Tristan Mourre
Director

(1) *Promotion of best social and environmental practices among its producers, suppliers, subcontractors and retailers; Programs to fight the risk of deforestation; Implementation of actions to make dairy supply basin more resilient to water stress; Approach to achieve carbon neutrality; Roll-out of the Sustainable Upstream Dairy Charter.*

(2) **Quantitative employee-related information:** total workforce; number of new hires and departures; percentage of employees who attended at least one training course during the year; Bel accident frequency rate: Accident frequency rate with and without lost time for all persons present on Bel sites; AFR1: accident frequency rate with lost time for Bel employees; accident severity rate for Bel employees; share of women in top management.

Quantitative environmental information: quantity of recovered by-products; water consumption by metric ton produced; energy consumption by metric ton produced; Scope 1 and Scope 2 greenhouse gas emissions per metric ton produced; distribution of greenhouse gas emissions along the entire value chain (Scopes 1, 2 and 3); share of recyclable and/or biodegradable packaging.

Quantitative social information: number of countries having introduced a nutritional education program for consumers.

(3) **For employee-related information:** Bel France, Bel Polska.

For environmental information: Chorzele, Evron, Michalovce, Nampa, Vale de Cambra.

3.13 STATUTORY AUDITORS' REASONABLE ASSURANCE REPORT ON A SELECTION OF CONSOLIDATED NON-FINANCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended December 31, 2019

To the General Meeting of Shareholders,

In our capacity as Statutory Auditors of Bel SA (hereinafter the "Company"), we hereby present our reasonable assurance report on a selection of consolidated non-financial

information (hereinafter the "Information") for the financial year ended December 31, 2019 presented in the Management Report, on which we conducted specific work, at the Company's request.

The Company selected the following Information:

Employee-related information	• Total employees • Accidents with and without lost time for all persons present on Bel sites (Bel AFR) • Accidents with lost time for Bel employees (AFR1) • Accident severity rate for Bel employees
Environmental information	• Quantity of recovered by-products • Water consumption by metric ton produced • Energy consumption by metric ton produced • greenhouse gas emissions scopes 1 and 2 per metric ton produced
Social information	• Number of countries having introduced a nutritional education program for consumers • Roll-out of the dairy upstream program

Corporate Responsibility

This Information was prepared under the responsibility of the Board of Directors in accordance with the Company's procedures (hereinafter the "Reference Guide"), a summary of which can be found in the Management Report and obtained by request from the Company's head office.

However, it is not our responsibility to form an opinion on the entity's compliance with applicable legal and regulatory provisions, for instance with respect to due diligence, nor on the compliance of its products and services with applicable regulations.

Independence and quality control

Our independence is defined by the provisions set forth in Article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*). Furthermore, we established a quality control system consisting of documented policies and procedures designed to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

Nature and scope of procedures

Our work described below was carried out in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) in this respect and in line with the international standard ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

The work we carried out enabled us to assess the fair presentation of the Information:

- We assessed the suitability of the Reference Guide with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration the sector's best practices where relevant.
- We verified that the Information covers the consolidated scope, namely all the companies included in the consolidation scope, subject to the limits set forth in the Management Report.

Responsibility of the Statutory Auditors

At the Company's request, it is our responsibility, based on our work, to express reasonable assurance that the Information selected by the Company and presented in the Management Report was produced in all its material aspects in accordance with the Reference Guide.

Statutory Auditors' reasonable assurance report on a selection of consolidated non-financial information included in the Management Report

- We familiarized ourselves with the internal control and risk management procedures put in place by the entity and assessed the collection process put in place by the entity to ensure the completeness and fair presentation of the Information.
- For the quantitative Information selected, we performed:
 - analytical procedures consisting in verifying that the data collected had been consolidated correctly and that variations in the data are consistent;
 - detailed tests based on sampling, consisting in verifying that the definitions and procedures had been applied correctly and in reconciling the data with the supporting documents. This work was carried out at a selection of contributing undertakings⁽¹⁾ and covered between 30% and 100% of the consolidated data corresponding to the Information selected for these tests.

- We consulted documentary sources and conducted interviews to confirm the qualitative information selected - for these, the work was carried out at the level of the consolidating entity.

We believe that this work allows us to reach a conclusion of reasonable assurance.

Means and resources

We called on our sustainable development and corporate social responsibility experts to assist us with our work.

Conclusion

In our opinion, the Information was produced in all its material aspects in accordance with the Reference Guide.

Paris-La Défense and Neuilly-Sur-Seine, March 31, 2020

The Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Virginie PALETHORPE

Deloitte & Associés

Jean-Pierre AGAZZI

⁽¹⁾ **For employee-related information:** *Bel France, Bel Polska, Bel Egypt, MOM France.*

For environmental information: *Chef du Pont, Chorzele, Evron, Cairo, Michalovce, Nampa, Schoonrewoerd, Vale de Cambra, Wageningen.*





CORPORATE GOVERNANCE

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4

This chapter forms an integral part of the Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code.

Factors likely to have an impact in the event of a public offering, as well as the rules of participation in Annual General Meetings, appear in chapter 6 and in the brochure of the Combined General Meeting of Thursday, May 14, 2020.

4.1 GOVERNANCE PRINCIPLES

4.1.1 ADHERENCE TO THE MIDDLENEXT CODE

Since 2010, the Company has followed the Middelenext Corporate Governance Code, available for consultation at the Company's head office and on <http://www.middelenext.com>. The Board of Directors considered that the Middelenext Code was well suited to the Company, which has had a majority family shareholding since 1922. As of December 31, 2019 71.13% of the share capital and 72.97% of the voting rights were owned by family shareholders and by the holding company Unibel.

Pursuant to its recommendations, the Board of Directors meetings held on December 13, 2019 and March 11, 2020 reviewed the key issues updated by the Middelenext Code. These key issues refer to the main questions that the Board "must ask to ensure effective and quality governance". They relate to executive power (top-tier managers), supervisory power (Directors) and sovereign power (shareholders).

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

4.1.2 COMPOSITION, TERMS OF OFFICE AND EXPERTISE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Composition of the Board of Directors and Senior Management

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

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

Moreover, the Company's Internal Regulations require that a Lead Independent Director be appointed for a term that may not exceed his or her term of office as Director. The main role of the Lead Independent Director is to offer assistance to the Board of Directors and its Chairman to ensure that the Company's governance bodies are properly run, both within the Board and its specialized Committees. He additionally

acts as a liaison between the governance bodies, the Senior Management of the Company and the Executive Committee.

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

The Board of Directors may also nominate one or several censors. The censors take part in the Board of Directors' meeting and their deliberations and have a consultative voice.

At the date of this Universal Registration Document, the Board of Directors had seven members, including two women and a Director representing employees appointed by the Central Works Council pursuant to Article 13-2 of the Articles of Association and the law of June 14, 2013.

In accordance with the terms set out in the Company's Articles of Association, Philippe Perche was appointed Board member representing the employees, by a decision of the Central Works Council of June 21, 2018 with effect from July 1, 2018.

General management is ensured by Antoine Fiévet, who combines the roles of Chairman of the Board and CEO since May 14, 2009. Thierry Billot was appointed as Lead Independent Director on July 29, 2015.

MEMBERS OF THE BOARD OF DIRECTORS, COMMITTEES AND SENIOR MANAGEMENT ON MARCH 11, 2020

Name	Current position within the Company	First appointed	Last reappointed	End of term of office	Audit Committee	Appointments and Compensation Committee
Antoine Fiévet	Board member	4/25/2001	5/14/2018	OAGM* 2022		Member
	Chairman and Chief Executive Officer	5/14/2009	5/14/2018	BoDM 2022		
Thierry Billot ^(a)	Lead Independent Director	5/14/2014	5/14/2018	OAGM* 2022	Chairman	Chairman
Fatine Layt ^(a)	Board member	5/10/2012	5/12/2016	OAGM* 2020	Member	
Florian Sauvin	Board member	7/26/2018		OAGM* 2020		
Nathalie Roos ^(a)	Board member	5/14/2014	5/14/2018	OAGM* 2022		
Unibel SA ^(b) represented by Bruno Schoch	Board member	6/16/1972	5/11/2017	OAGM* 2021		
Philippe Perche ^(c)	Director representing employees	7/1/2018		2022		Member
Luc Luyten ^(d)						Member
Ernst Pankert						Member

* Ordinary Annual General Meeting.

(a) Independent Director.

(b) Bruno Schoch was appointed by Unibel's Management Board as the permanent representative of Unibel on the Company's Board of Directors with effect from July 26, 2018, replacing Florian Sauvin.

(c) Philippe Perche was appointed as Board member representing employees in replacement of Antonio Maria, by the Group Works Council on June 21, 2018, with effect from July 1, 2018. Philippe Perche has been a member of the Compensation Committee since December 11, 2018 and as such attends meetings convened for compensation matters.

(d) Luc Luyten currently serves as Chairman of the Supervisory Board at Unibel

Diversity policy applicable to members of the Board of Directors

The Board of Directors meeting on March 11, 2020 examined the make-up of the Board of Directors and after an analysis in terms of the average age of the Directors, gender equality, diversity of professional skills and experience, of nationality and independence, reached the following conclusions:

- age of Directors: on December 31, 2019, the Directors were aged between 41 and 65 with an average at 55 years. The Board considered that the average age was satisfactory especially in view of the statutory rule by which the number of Directors aged over 72 may not exceed half of the amount of Directors in place, at December 31, 2020;
- gender equality: on December 31, 2019, the Board of Directors had seven members, of which two women. The Director representing employees is not included in the calculation of gender equality in the Board. The Board noted that the difference between the number of male and female Directors is not higher than two in compliance with the stipulations of article L. 225-18-1 of the French Code of Commerce. In the event of a change in composition, the Board of Directors will pay specific attention to the diversity of its make-up;
- diversity of professional skills and experience: the Board of Directors considers that the Directors have a variety of professional experience in a variety of business sectors and with top-level positions. These also have Director and executive officer functions in other companies and provide particularly complementary expertise as a whole. The Board of Directors also has one employee Director, given the Company's operating reality;
- diversity in terms of nationality: on December 31, 2019, the Board of Directors had one dual-nationality member (French/Moroccan). The Board of Directors considers this point an area of improvement to work on in the future in a bid to reflect the Group's international dimension;
- independence of Directors: on December 31, 2019, the proportion of independent Directors stood at 43% with three Directors qualified as independent in view of the criteria set by the Middlednext Code. The Board of Directors considers the percentage was respectable since it was higher than the ratio recommended by the reference Middlednext Code.

Independence of Directors

At its meeting of December 13, 2019, the Board of Directors examined the individual situation of each Director in relation to the independence criteria set out by the Middennext Code.

In view of this criteria and the date on which this Universal Registration Document is closed, the Board of Directors includes seven members, three of whom are independent Board members. The independent Board members have no business dealing with the Company. The immateriality of the business relationship is assessed by the Board of Directors on a case-by-case basis using the independence criteria laid down in the Middennext Code.

Fatine Layt, Nathalie Roos and Thierry Billot are qualified as independent in the terms of the Middennext Code. Philippe Perche, the Board member representing the Group's employees, is not independent. Similarly, three Board members represent the family shareholders and in this respect are not independent in the terms of the Code: Antoine Fiévet and Florian Sauvin and the organizing holding company Unibel.

Information on conflicts of interest and agreements involving corporate officers can be found in paragraphs 4.1.3 and 4.4.1.

TABLE: SITUATION OF BOARD MEMBERS IN RELATION TO THE MIDDENNEXT CODE INDEPENDENCE CRITERIA

Middennext Recommendation (R3)

The Company adheres to the Middennext Code recommendation (R3), that at least two members are independent.

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

GENERAL AND PERSONAL INFORMATION ON THE CORPORATE OFFICERS AND THEIR EXPERTISE

Biography and information on current corporate officers



Born in 1964

French citizen

Business address:

2, allée de Longchamp
92150 Suresnes

ANTOINE FIÉVET

Director, Chairman and Chief Executive Officer

Term of office and expiry date

Antoine Fiévet was coopted to the Board of Directors on April 25, 2001, a decision ratified by the Annual General Meeting of April 25, 2001. He was appointed as Chairman and Chief Executive Officer by the Board of Directors on May 14, 2009. His term of office was renewed by the Annual General Meeting of May 14, 2018 for four years, *i.e.* until the end of the Annual General Meeting to be held in 2022.

Biography, relevant management expertise and experience

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

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

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

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

- Chairman of the Unibel Management Board (listed company)
- Chairman and Chief Executive Officer and member of the Bel Appointments and Compensation Committee
- Chairman of SICOPA SAS
- Chairman of the Bel corporate foundation

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

- Managing Director of SCI MORI
- Member of the Board of Directors and Compensation Committee of Bonduelle (listed company)
- Managing Director of RFE
- Director of CGFF
- Managing Director of GINKGO
- Managing Director of Groupement Forestier de la Croix d'Urbay

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

- Chairman and Chief Executive Officer of Bel Africa
- Chairman of the Board of Directors of Bel Belgium
- Chairman of the Board of Directors of SIEPF
- Chairman of the Board of Directors and Board member of Fromageries Bel Maroc
- Chairman of the Board of Directors and Board member of Safilait
- Chairman of the Management Board and representative of Bel on the Management Board of Bel Vietnam Co. Ltd

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

- Permanent representative of Fromageries Bel Maroc on the Board of Bel Africa
- Representative of SICOPA on the Board of Directors of Fromageries Bel Maroc SABel Africa
- Director of SOFICO
- Chairman and Chief Executive Officer of Fromageries Picon
- Chairman and CEO then Chairman of SICOPA SA
- Director and Chairman of the Board of Directors of Fromagerie Bel Algérie

Restriction on disposal of issuer shares held

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



Born in 1955

French citizen

Business address:

6, avenue de Camoëns
75016 Paris

THIERRY BILLOT

Lead Independent Director

Term of office and expiry date

Thierry Billot was appointed by the Annual General Meeting of May 14, 2014 for a four-year period, and then renewed by the Annual General Meeting of May 14, 2018, namely until the Annual General Meeting due to be held in 2022. He was appointed as Lead Independent Director, effective July 29, 2015, for a maximum period equal to that of his term of office as Director.

Biography, relevant management expertise and experience

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

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

None.

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

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

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

- Chairman of THB Conseil

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

- None

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

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

Restriction on disposal of issuer shares held

None.



Born in 1965

French citizen

Business address:

L'Oréal
62, quai Charles-Pasqua,
92300 Levallois-Perret

NATHALIE ROOS

Board member

Term of office and expiry date

Nathalie Roos was appointed by the Annual General Meeting of May 14, 2014 for a four-year period, and then renewed by the Annual General Meeting of May 14, 2018, namely until the Annual General Meeting due to be held in 2022.

Biography, relevant management expertise and experience

Nathalie Roos joined the L'Oréal group in October 2012. Since August 2013, she has been Country Manager for Germany, L'Oréal's fourth-largest global market with sales in excess of €1 billion. Nathalie Roos was nominated Managing Director of the Professional Products divisions and therefore joined the L'Oréal Executive Committee. She officially took up her positions in April 2016. Previously, after her first professional stint as Head of Sales at Kraft Jacobs Suchard (1987-1989), she spent a large portion of her career at the Mars Group. Between 1989 and 2000, she held various positions at Mars France. From head of sales promotion, she worked her way up the Marketing and Sales Departments to become National Key Account Manager and then head of the retail network of Brasseries Kronenbourg (2000-2004). Nathalie Roos became Chairwoman and Chief Executive Officer of Mars Chocolat France in 2004, then Chairwoman of Mars Inc. Group's European markets from 2009 to 2012. She is a graduate of the École supérieure de commerce de Reims. In 2012, she was named a Knight of the Legion of Honor, France's highest civil order of merit.

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

None.

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

- Director of Bel

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

- Member of "Les Cigognes" (a French association supporting single mothers)
- Member of the Board of Directors of Clinique Rhena in Strasbourg
- Director of NEOMA Business School

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

- Country Manager of L'Oréal Germany

Restriction on disposal of issuer shares held

None.



Born in 1967

French citizen

Business address:

LionTree Advisors –
7, rue Rouget-de-l'Isle
75001 Paris

FATINE LAYT

Board member

Term of office and expiry date

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

Biography, relevant management expertise and experience

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

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

None.

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

- Director and member of Bel's Audit Committee

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

- Director of the Renault foundation
- Director of Mobiliz SA
- Managing Director of Intermezzo SARL
- Managing Partner of LionTree Advisors

Terms of office and current positions, held abroad

- Managing Director of Intermezzo International Co Ltd

Terms of office held having expired in the last five years

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

Restriction on disposal of issuer shares held

None.



Born in 1979

French citizen

Business address:

2, allée de Longchamp
92150 Suresnes

FLORIAN SAUVIN

Board member

Term of office and expiry date

Florian Sauvin was a Director of Bel from August 26, 2009 to May 12, 2015, when he was appointed as Unibel' permanent representative on Bel's Board of Directors, replacing Pascal Viénot. Florian Sauvin was coopted as Board member to replace James Lightburn on July 28, 2018. This cooptation was approved by the Annual General Meeting held on May 22, 2019.

Biography, relevant management expertise and experience

Florian Sauvin, an EPFL engineer, joined the Group in 2006 as a management controller for two years. He has also been a member of Unibel's Management Board since August 2009. He was responsible for the Bel Access Department, our business model incubator that aims to develop a sustainable approach to low-revenue consumption markets taking social impact and economic viability factors into account. He completed the PLD program at Harvard Business School in 2015. He was then the Group's Chief Digital Officer. Since May 2019, he has been member of the Bel Executive Committee and is Executive Vice-Chairman responsible for the transformation.

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

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

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

- Member of Unibel's Management Board
- Director of Bel
- Joint Managing Director of SOPAIC
- Treasurer of Bel Corporate foundation

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

- Director and CEO of CGFF
- Director of CIANAS
- Chairman of SAS Lobster Investment Company
- Joint Managing Director of SAUFII SARL
- Managing Director of SCI La Tuilerie
- Managing Director of SARL Fiévet Frères
- Managing Director of SCP HPFFS
- Managing Director of Groupement Forestier de la Boissière
- Managing Director of Groupe Forestier du Bois des Dames

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

- Director of Biomass Holding SAL

Terms of office held having expired in the last five years

- Director of SICOPA SA
- Permanent representative of SICOPA on the Board of Directors of ATAD

Restriction on disposal of issuer shares held

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



Born in 1965

French citizen

Business address:

2, allée de Longchamp
92150 Suresnes

BRUNO SCHOCH

Permanent representative of Unibel, Director

Term of office and expiry date

Bruno Schoch was appointed Deputy General Manager by the Board of Directors of 17 December 2008, renewed by the Board of Directors decisions of May 14, 2019 and May 14, 2014 for the duration of the term of office of the CEO, until the Annual General Meeting of May 14, 2018. On July 27, 2018, Bruno Schoch took up new functions within Unibel, where he was named Chairman of the Management Board. Consequently, he stepped down from his position as Deputy General Manager of Bel and was appointed permanent representative of Unibel on the Board of Directors of Bel, in replacement of Florian Sauvin, as of July 26, 2018.

Biography, relevant management expertise and experience

Part of the Group since 2003, he has held the posts of Financial Director and then Director of Strategy and Development at Unibel SA. Between 2008 and 2018, Bruno Schoch was Deputy General Manager responsible for the Group's financial and legal affairs and IT systems. From 1993 to 2003, he held several posts in auditing at Deloitte & Touche (Paris) and mergers and acquisitions at Chase Manhattan Bank (London) and Schweizerischer Bankverein (Frankfurt). He holds a DESS (master's degree) in Finance and Management from Paris Dauphine University and is a qualified chartered accountant and Statutory Auditor. Since November 2013, Bruno Schoch has been a member of the extended bureau and the Board of METI (an association of medium-sized enterprises).

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

None.

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

- Chairman of Unibel's Management Board
- Permanent representative of Unibel, member of Bel Board of Directors

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

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

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

None

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

- Director of Bel Belgium
- Deputy General Manager, not a Director of Bel
- Permanent representative of Bel on the Board of Directors of ATAD
- Director of Bel Rouzaneh Dairy Products Company
- Joint Managing Director of Bel Deutschland
- Permanent representative of Bel on Fromageries Picon's Board of Directors
- Permanent representative of Bel on the Board of Directors of SASFR
- Permanent representative of SICOPA on the Board of Directors of SOFICO
- Director of Bel UK
- Member of Bel Leerdammer BV's Supervisory Board
- Permanent representative of SICOPA on Grupo Bel España's Board of Directors
- Chairman of the Board of Directors and Board member of Bel Brands USA
- Permanent representative of Bel on Fromagerie Bel Algérie's Board of Directors
- Member of Syraren Bel Slovensko's Supervisory Board
- Member of Bel Shotska Ukraine's Supervisory Board
- Member of Bel SYRY Cesko's Supervisory Board
- Director of Bel Karper
- Permanent representative of SICOPA on Bel Maroc's Board of Directors
- Member of Bel Shotska Ukraine's Board of Directors
- Member of Bel Cheese Korea's Board of Directors
- Permanent Representative of SICOPA on Bel Africa's Board of Directors
- Permanent representative of SICOPA on the Board of Directors of SIEPF
- Director of BEI LAO ZI

Restriction on disposal of issuer shares held

None.



Born in 1962

French citizen

Business address:

2, allée de Longchamp
92150 Suresnes

PHILIPPE PERCHE

Director (representing employees)

Term of office and expiry date

Philippe Perche was appointed as Director representing the Group's employees by a decision of the Central Works Council on June 21, 2018, effective July 1, 2018, for a period of four years, i.e. until the end of the Annual General Meeting to be held in 2022.

Biography, relevant management expertise and experience

Philippe Perche joined the Group as manufacturing line conductor in 1990. Thereafter, he was fresh manufacturing pilot and head of the Kiri manufacturing team at the Sablé-sur-Sarthe site. During his career, Philippe Perche has also occupied various trade union positions representing workers (employee representative, representative for the Works Council, member of the Health and Safety Committee).

After being appointed Board member representing Group employees on June 21, 2019, Philippe Perche resigned from all of his trade union mandates, in compliance with applicable legislative measures. He also did training on How to Be an Employee Board member with the IFA in November 2018.

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

None.

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

Director representing employees

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

None

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

None

Terms of office held having expired in the last five years

None

Restriction on disposal of issuer shares held

None.

4.1.3 DISCLOSURES RELATING TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

To the knowledge of the Company and as of the date of this document, no person belonging to an administrative, management or supervisory body has been, over the past five years, the object of a sentencing for fraud, or concerned by a bankruptcy, sequestration, liquidation, or placing of companies in receivership, or the object of an official accusation and/or public sanction pronounced by a statutory or regulatory authority (including designated professional bodies) or stripped by a court of the right to exercise the function of member of an administrative, management or supervisory body, or to intervene in the management or conduct of a Company's business.

To the knowledge of the Company, SCI Belfran, where Florian Sauvin was Manager, has been liquidated on good terms, distinct from all settlement and prevent procedures for struggling companies, during the past five years.

Service contracts

To the knowledge of the Company and as of the date of this document, and subject to the following paragraph, there is no advantage granted at the end of the service contracts between a corporate officer and the Company or anyone of its subsidiaries.

The Company is related to the parent company Unibel by a cash agreement, authorized by the Board of Directors on October 11, 2007, and a service agreement dated December 14, 2001, authorized by the Board of Directors on December 12, 2001, the terms and conditions of which are detailed in section 4.4.1 "Statutory Auditors' Special Report on regulated agreements and commitments" of this Universal Registration Document. These agreements were subjected to the control procedures for regulatory agreements set out by Articles L. 225-38 *et seq.* of the French Commercial Code.

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

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

Information on conflicts of interest and agreements involving corporate officers can be found in section 4.4.1 "Statutory Auditors' Special Report on Related Party Agreements".

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

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

To the knowledge of the Company and as of the date of this document, no arrangement or understanding exists with major shareholders, customers, suppliers or others, pursuant to which any person belonging to an administrative, management or supervisory body was selected as a member of the administrative, management or supervisory bodies or member of executive management.

Restrictions relating to the transfer of shares

Under the French General Tax Code, notably Articles 787 B, 885 I bis and 885 I quater, collective or individual lock-up agreements relating to Bel shares may exist. Those known to the Company – mainly concerning Antoine Fiévet and Florian Sauvin and Unibel – are described in section 6.1 "Shareholding and share capital".

To the knowledge of the Company, at the date of this document there were no other restrictions accepted by members of the administrative, management or supervisory bodies relating to the transfer over a certain period of time of their holdings in the Company's capital.

4.1.4 BOARD AND COMMITTEE ORGANIZATION AND WORKINGS

Board of Directors organization and workings

Company management structure

The Company is run by a Board of Directors whose Chairman, Antoine Fiévet, is also Chief Executive Officer. At its meeting of May 14, 2009, the Board decided to combine the roles of Chairman of the Board and Chief Executive Officer of the Company to better suit the management structure and running of the Company, and to facilitate and streamline decision-making and liability.

Antoine Fiévet has been Chairman of the Board of Directors and Chief Executive Officer since May 14, 2009 and was reappointed as such on May 14, 2018.

In his capacity as Chairman of the Board, Antoine Fiévet organizes and directs its work, reporting on it to the Annual General Meeting. He ensures that the Company bodies function properly and makes sure, in particular, that the Directors are able to carry out their duties.

In his capacity as Chief Executive Officer, Antoine Fiévet has the broadest powers to act on behalf of the Company in any circumstances. He exercises his powers within the scope of the Company's objectives and is subject to those powers that the law expressly allocates to Shareholders' Meetings and the Board of Directors.

Lead Independent Director

Since 2015, following a proposal from the Chairman and Chief Executive Officer, the Board has decided to appoint one of the Independent Directors as Lead Independent Director. Thierry Billot has held this position since July 29, 2015. His term was renewed on May 14, 2018 for a maximum duration equal to his term on the Board of Directors, i.e. until the 2022 General Shareholders' Meeting. He is responsible for ensuring the proper running of the Company's governance bodies within both the Board and the specialized Committees. He additionally acts as a liaison between the governance bodies, the Senior Management of the Company and the Executive Committee. He is also the specific point of contact for Directors on the issue of conflicts of interest.

Duties of the Board of Directors

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

At each Board meeting, the Chairman informs the Directors of the main facts and significant events relating to the Group that have occurred since the last Board meeting. Each Board meeting also provides a debriefing of the Company's business.

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

However, a meeting of the Board of Directors can be convened on any other subject of significant importance. The Board of Directors is then regularly informed of the state of progress of cases. The work and decisions of the Board are formalized in the minutes of the meeting.

Internal Regulations of the Board of Directors

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

The Internal Regulations also state the rights and duties of Directors during their terms of office. In 2013, the Audit Committee and the Appointments and Compensation Committee both drew up a charter defining each of their workings, roles and responsibilities.

The Internal Regulations of the Board of Directors was amended on July 29, 2015 in order to set the terms and conditions of the lead Board member's functions as well as the duties entrusted. The Internal Regulations were again amended and adopted by the Board of Directors on July 28, 2017 in compliance with the latest Middennext Code guidelines, particularly those covering the succession plan for Senior Management. Finally, this Regulation was the object of a revision concerning the measures of the Pacte law. This revised version was adopted by the Board of Directors on Wednesday, March 11, 2020.

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

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

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

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

The following are particularly concerned:

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

Work of the Board of Directors during 2019 and since the start of 2020

During 2019 and since the start of 2020, the Board met ten times with an attendance rate of 91.43% on the part of its members.

In 2019, as part of its duties the Board reviewed the quarterly, half-yearly and annual financial information, the annual financial statements and the consolidated financial statements, the half-yearly consolidated financial statements, and the processes used to prepare this information. Each Board meeting called to approve the financial statements was preceded by a meeting of the Audit Committee. The Directors systematically reviewed the press releases relating to this information before their release.

The state of business was assessed at each meeting. Regular attention was given to the economic and geopolitical situation of the markets and its impact on the Group's business.

The administrators have regularly discussed the Group's industrial investments and financing. The Board of Directors also approved the evaluation process for its work, in accordance with the recommendations of the Middennext Code.

The Board of Directors has met three times since the beginning of 2020. Apart from reviewing the annual financial statements and consolidated financial statements for 2019, and convening the Annual General Meeting as well as approving its agenda, the Board reviewed the acquisition of French start-up company All in Food, which develops a wide range of alternatives to cheese products.

Composition, workings and activities of the Board of Directors' Committees

The Board of Directors has two specialized Committees, an Audit Committee and an Appointments and Compensation Committee.

These Committees issue proposals, recommendations and opinions on matters within their remit, depending on the case in question. They have an advisory capacity and act under the authority of the Board. They report on their work to the Board whenever necessary.

Audit Committee

In 2013, the Audit Committee drew up a charter governing its workings, role and responsibilities. This charter was amended by the Board on December 13, 2017 to take into consideration the modifications ushered in by French ordinance 2016-315 of March 17, 2016 that transposes EU Directive 2014/56/EU of April 16, 2014.

The Audit Committee meets two to four times a year and as many times as necessary at the request of its Chairman or the Chairman of the Board to ensure that matters relating to the drafting and checking of periodic and annual accounting and financial information are monitored. In 2019, the Committee met four times with a 100% attendance rate.

The Audit Committee consists of at least three members appointed by the Board from among Directors who do not perform management roles. At least two thirds of the Committee members must be independent and possess specialist financial, accounting or auditing skills. The Board appoints the Committee Chairman who directs the Committee's work.

At the date of this Universal Registration Document, the Audit Committee had three members: Thierry Billot (Chairman), Bruno Schoch and Fatine Layt. Two of the three members of the Audit Committee are independent, according to the criteria set out by the Middelnext Governance Code to which the Company refers. Thierry Billot, Bruno Schoch and Fatine Layt have special expertise in finance (for more information, see section 4.1.2 "Composition, *terms of office* and expertise of the Board of Directors and Senior Management").

The Audit Committee interviews the General Manager responsible for financial and legal affairs and information systems, the Consolidation, Financial Control and Internal Control Director, the Treasury Director, the Legal and Risk Director, the Tax Director, the Information Systems Director, the Communication and CSR Director, and the Internal Audit Director. The members of the Committee communicate with the Statutory Auditors without the Group's management being present.

The Audit Committee reports its duties to the Board of Directors, particularly for its duty to certify the accounts by the Auditors, and informs it immediately of all difficulties encountered.

Duties

In accordance with the provisions of Article L. 823-19 of the French Commercial Code, the Audit Committee is responsible for assisting the Board of Directors and more generally for (i) monitoring the process for preparing financial information (and making recommendations to guarantee its integrity as needed) and regular and provisional accounting information, and reviewing the annual accounts and consolidated accounts of the Company; (ii) monitoring the effectiveness of the internal control and risk management systems, as well as internal audit where appropriate, as regards the procedures for preparing and processing accounting and financial information, without harming the independence of internal audit; (iii) monitoring the statutory audit of the Company's annual accounts and consolidated accounts, taking into account the findings and conclusions of the French High Council for the Audit Profession (H3C) following the audit in application of Articles L. 821-9 *et seq.* of the Commercial Code, and (iv) supervising the selection of the Statutory Auditors and issuing a recommendation to the Board of Directors on the Auditors proposed for appointment or renewal by the Annual General Meeting.

As such, the Audit Committee:

- ensures the relevance and permanence of the accounting rules and methods used to establish the consolidated and parent company financial statements as well as the appropriate accounting treatment of significant transactions by the Group;
- examines any questions of a financial or accounting nature submitted to it;
- reviews the development and dissemination process for communication and financials;
- examines the Group's annual internal audit plan and the Statutory Auditors' work plan and examines the Group's internal audit reports on a quarterly basis;
- ensures the relevance of the internal control procedures;
- ensures there is a process for identifying and analyzing financial and non-financial risks likely to have a material impact on the Company's accounting and financial information and particularly on the Company's assets, regardless of the time period. It also examines the financial situation of the Group and its debt and financing structure;
- ensures that any weaknesses identified in the internal control and risk management systems result in corrective actions;
- provides the Board with an opinion on the appointment or reappointment of the Statutory Auditors;
- examines the risks threatening the independence of the Statutory Auditors, with input from the latter.

The Committee ensures the respect of the conditions of independence by the Statutory Auditors and takes the necessary measures for the application of the provisions relating to the economic independence of the Statutory Auditors referred to in Article 4 (3) of Regulation (EU) 537/2014 and compliance with the conditions referred to in Article 6 of the same Regulation.

The Committee approves the provision of services other than the certification of accounts by the Statutory Auditors or the members of their networks, provided such services are not prohibited. The Audit Committee meets to approve each of these services. During these meetings, it examines the absence of a threat to independence and the eventual safeguard measures implemented by the relevant Statutory Auditors. By delegation of the Committee, its Chairman is also authorized to approve these services when the amount of said services is less than €20,000.

To perform its duties, it has access to all the documents and information it seeks to verify. To this end, it has the right to obtain any information it deems necessary to complete its assignment from any manager in the Company. The Audit Committee may also consult third parties that may be useful in its work and use external experts.

Work of the Committee since January 2019

Since January 2019 the Audit Committee has chiefly worked on the following points:

- examining the Group's half-yearly and annual consolidated financial statements with the Group's Finance Department and the Statutory Auditors in order to analyze the accounting and financial statements for the entire Group. Each time the consolidated financial statements are presented (half-yearly and annual), the Statutory Auditors present a summary of their work and their conclusions. At the meeting of March 10, 2020, Committee members met with the Statutory Auditors without the Group's management being present;
- reviewing half-yearly and annual draft press releases on the Group's financial results;
- monitoring cash positions, the foreign exchange and interest rate hedging policy and Group financing;
- examining non-financial reporting, especially in view of the so-called "Sapin II" law;
- examining the internal audit reports. The Committee examined the conclusions and specific check points from the internal control reported from various auditing tasks. It examined how the implementation of audit recommendations issued in prior reports was monitored. The Group's internal audit plan for 2020 was presented during the Committee's meeting on December 11, 2019, at the same time as the assessment of the 2019 audit plan;
- monitoring risk management. As part of the Audit Committee's risk management tasks, the results of the updated Group risk map and measures planned for 2020 were presented during the year-end Committee meeting;
- examining internal control procedures. The Committee reviewed certain procedures both as part of the Statutory Auditors' annual work and when receiving feedback from internal audit assignments.

Appointments and Compensation Committee

On the recommendation of the Committee, the Board adopted a charter at its meeting of March 21, 2013, defining its composition, areas of competence and workings. Before then, the Appointments and Compensation Committee had been governed by the Board's Internal Regulations. This charter was revised by the Board of Directors on July 26, 2018.

The Appointments and Compensation Committee meets at least four times a year and whenever necessary at the call of its chair or the request of the Chairman of the Board. In 2019, the Appointments and Compensation Committee met four times with an attendance rate of 100%.

The Appointments and Compensation Committee is made up of three members at least, whether they are Board members or not, with at least one member chosen among the independent Board members. The Chairman of the Committee is designated among the Company's Board members and cannot be one of the Company's Corporate Executive Officers. To conduct its work, the Appointments and Compensation Committee may seek the advice of external experts and consult the Group's internal specialists – especially the Human Resources Director – for any matters it deals with.

At the date of this Universal Registration Document, the Appointments and Compensation Committee had five members: Thierry Billot, Chairman of the Committee, qualified as independent according to the Middlednext Code, Antoine Fiévet, Luc Luyten and Ernst Pankert, non-Board members, as well as Philippe Perche, Board member representing the employees.

On December 11, 2018, the Board appointed Philippe Perche as a member of the Committee effective but only when it meets to consider compensation.

Ernst Pankert was appointed member of the Appointments and Compensation Committee on July 26, 2018.

Duties

When acting as the Appointments Committee, the Committee's chief duties are to make proposals and recommendations on the selection and reappointment of Directors, the manner in which Senior Management operates, the appointment or dismissal of the Chairman of the Board, Chief Executive Officer and/or Deputy General Managers, the implementation of succession plans, and the workings and regular assessment of the Board. It also expresses an opinion on the appointment of members of the Executive Committee.

When acting as the Compensation Committee, the Committee makes recommendations on the setting and distribution of compensation allocated to the Directors (previously known as attendance fees) and on all aspects of executive compensation including retirement arrangements, variable compensation factors and compensation factors linked to share capital. Setting performance targets is part of setting variable compensation. The Committee makes decisions on the Company's policy on stock option plans and the general policy on employee shareholding plans. Lastly, it advises Senior Management on the overall consistency of the compensation policy for key senior managers and members of the Executive Committee. It is kept informed of the Company's general compensation policy.

Work of the Appointments and Compensation Committee since January 2019

The Appointments and Compensation Committee mainly examined the following points:

- the position of Board member mandates due to expire in 2020;
- the determination of performance targets for executive compensation, and the conditions for meeting those targets;
- the consistency of the compensation policy for the Group's senior executives;
- the policy for awarding performance shares to Company and subsidiary employees and/or corporate officers and, as such, the recommendation for implementing a plan to allocate performance shares to employees;
- the assessment process for the workings of the Board of Directors.

Unibel Strategic Committee

The Management Committee of Unibel, active holding company of Bel, consults the Unibel Committee for its analyses and considerations. In addition to the three members of the Management Committee, its members are Thierry Billot, Fatine Layt, Luc Luyten and Nathalie Roos, members of the Board of Directors or Supervisory Board of Bel or Unibel. This Committee met five times in 2019 to discuss strategy, major investments, business prospects and Group organization. The Committee's composition may change to include at any given meeting participants who have specific expertise and sensitivity suited to the topics on its agenda.

4.2 COMPENSATION AND BENEFITS

We present hereafter, in accordance with the provisions of Articles L. 225-37-2 and L. 225-100 of the French Commercial Code:

- the compensation policy applicable to the Chairman and Chief Executive Officer and the directors of the Company;
- the information mentioned in paragraph I, Article L. 225-37-3 of the French Commercial Code on the Company's corporate officers;
- the fixed, variable and non-recurring elements of the total compensation and benefits off all types paid or granted to the Chairman and Chief Executive Officer for the fiscal period under review, in accordance with the principles and criteria approved by the Annual General Meeting of May 22, 2019, in its eighth ordinary resolution.

The Chairman and Chief Executive Officer, Antoine Fiévet, is the executive corporate officer. Antoine Fiévet is also a member of the Management Board of Unibel. Antoine Fiévet does not receive any compensation for his role as Chairman and Chief Executive Officer but is paid by Unibel. Unibel is the Group's lead holding company. Antoine Fiévet plays an essential role in this leadership. Unibel's leadership services are covered by a service agreement approved within the framework of regulated agreements.

The compensation policy and principles and criteria of compensation of the executive corporate officer and Chairman and Chief Executive Officer of Bel presented below shall remain valid if there is a change in the term of office.

The duration of the terms of office of the Chairman and Chief Executive Officer and the directors is indicated on page 103 of the Corporate Governance Report in Chapter 4 of the 2019 Universal Registration Document.

4.2.1 COMPENSATION POLICY APPLICABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND THE DIRECTORS

The principles of compensation of Bel as presented hereafter have been approved following consultation of and on the recommendations of the Appointments and Compensation Committee in its role as Compensation Committee.

When issuing its recommendations, the Compensation Committee bases its analysis on a regular examination of the practices adopted by similar companies. It ensures that the compensation policy upholds the best interests of the company and its strategy, is founded on a responsible business model and incorporates non-financial criteria.

It takes into account the compensation and employment conditions of the employed staff of the Company on the basis of factors assessed relative to the equity ratio, as shown in paragraph 4.2.2 below.

The Committee thus issues recommendations on all components of the compensation of the Chairman and Chief Executive Officer, including retirement provisions, variable compensation and equity-based compensation. It proposes the performance criteria, evaluation methods and targets based on which the variable compensation is calculated.

The Chairman of the Committee examines situations that may pose a conflict of interest and issues recommendations to the Board in cases where a conflict of interest is found to exist. He ensures that the other directors inform the Board of any situation that may pose a conflict of interest, in accordance with the Board's internal regulations.

In the event of a change of governance, the compensation policy presented herein shall apply to the new corporate officers.

Compensation policy applicable to the members of the Board of Directors

The Annual General Meeting of May 14, 2009 set the compensation of the members of the Board (formerly referred to as "directors' fees") at an annual amount of €300,000. This amount remains unchanged.

The Compensation Committee issues recommendations on the amount to be set and the breakdown of the compensation between the directors.

The Board decides on the criteria based on which the annual amount set by the Annual General Meeting is broken down between its members as follows:

This compensation includes a fixed component for each director and a variable component based on conditions of presence, which may be higher for committee chairs. The Lead Independent Director is also paid a higher fixed and variable component.

Additional compensation may be paid to directors in consideration of certain specific assignments.

A director may hold an employment contract with the Company or another company in the Group, under the conditions set out in the regulations and, in this respect, may receive compensation. The Board of Directors includes one director representing the employees who also holds a permanent employment contract requiring resignation notice of two months.

Compensation policy applicable to the Chairman and Chief Executive Officer

The compensation policy applicable to the Chairman and Chief Executive Officer is as follows:

- a fixed component payable over 13 months and governance compensation for leadership of Bel's governance bodies;
- a target variable annual component set at 85% of the fixed annual component and the governance compensation. The level of achievement of this component may vary between 0%-150% based on actual performance. The variable annual compensation is calculated on the basis of performance conditions that are determined in advance based on the following elements:
 - organic sales growth,
 - productivity in relation to the cost of goods sold,
 - free cash flow,
 - security in the workplace,
 - strategic achievements.

The target variable annual compensation may not surpass 127.5% of the fixed component and the governance compensation;

a multi-year variable compensation paid in respect of a fiscal period, subject to performance conditions over three years on the basis of quantifiable economic criteria and a criterion relating to environmental responsibility, in accordance with the objectives of the compensation policy mentioned in section 4.2 of this Universal Registration Document. This multi-year variable compensation is set at 100% of the fixed annual component and the governance compensation. It is calculated on the basis of performance conditions that are determined in advance based on the following elements:

- free cash flow (FCF),
- the rate of innovation,
- the Group's carbon footprint.

The multi-year variable compensation may not surpass 100% of the fixed component and the governance compensation;

- a company car.

Assisted by expert consultants, the Unibel Supervisory Board regularly compares these remuneration conditions against prevailing practices in the industry.

Quantified performance targets are not published for reasons of confidentiality. The level of achievement of the performance targets linked to the annual and multi-year variable compensation is approved each year by the Unibel Supervisory Board following examination by its Appointment and Compensation Committee.

The executive corporate officer was not awarded bonus shares or stock options or warrants and receives no compensation in respect of his role as director of the Company.

The Board may decide to grant an exceptional compensation to executive corporate officers in very specific circumstances, which may not surpass 50% of the annual fixed compensation of the corporate officer(s) concerned.

Moreover, in exceptional circumstances, the Board of Directors may waive the application of the compensation policy on a temporary basis if it is in the interest of the company and is necessary to guarantee the continuity or viability of the company. The Board will make such a decision based on the recommendations of the Compensation Committee and will verify that this waiver is in the interest of the company and necessary to guarantee the continuity or viability of the company. The shareholders must be informed of these verifications in the next corporate governance report. The Chief Executive Officer may not participate in the deliberations and voting of the Board in relation to these matters.

The compensation policy set out above will be submitted for the approval of the Annual General Meeting of May 14, 2020.

4.2.2 INFORMATION MENTIONED IN PARAGRAPH I, ARTICLE L. 225-37-3 OF THE FRENCH COMMERCIAL CODE CONCERNING EACH OF THE COMPANY'S CORPORATE OFFICERS

The total compensation of each corporate officer must comply with the compensation policy approved by the Annual General Meeting of May 22, 2019.

Information relating to the Chairman and Chief Executive Officer

(in euros)	2019		2018		2017	
	Awarded	Paid	Awarded	Paid	Awarded	Paid
Fixed annual compensation awarded in respect of the fiscal year and paid during the fiscal year ^(a)	624,988	622,855	615,745	613,645	606,645	602,568
Governance compensation awarded in respect of the fiscal year and paid during the fiscal year ^(b)	108,900	53,100	102,500	152,900	100,800	
Target variable annual compensation awarded in respect of the fiscal year ^(c)	623,805		611,358		527,526	
Variable annual compensation awarded in respect of the previous fiscal year and paid during the fiscal year ^(d)		346,028		421,814		496,640
Target variable multi-year compensation awarded in respect of the fiscal year ^(e)	623,805		1,222,717		517,333	
Variable multi-year compensation paid during the fiscal year		234,342		306,147		411,253
Benefits in kind awarded in respect of the fiscal year ^(f)	4,697	4,697	4,697	4,697	4,697	4,697
TOTAL	1,986,195	1,261,022	2,557,017	1,499,203	1,757,001	1,515,158

(a) From April 1, 2019, payable over thirteen months. As compensation in January, February and March 2019 was paid based on 2018 figures, the amounts actually paid between January 1 and December 31 is slightly lower. Based on a decision by the Unibel Supervisory Board, the fixed monthly salary paid over 13 months will be increased to €638,196 from April 1, 2020.

(b) In respect of the leadership of the governance bodies of Bel. The governance compensation in respect of the second half of 2019 (€55,800) was paid in January 2020.

(c) The target amount of variable annual compensation representing 85% of the fixed annual compensation and the governance compensation corresponds to €623,805. This amount may increase to 127.5% if the objectives are surpassed. The performance criteria were based on revenue, operating income, free cash flow, the implementation of the strategic project and security in the workplace. Following recognition by the Unibel Supervisory Board of the achievement of the 2019 performance targets to the tune of 103%, the amount payable is €642,519. For further details, see Table II (1) below.

(d) Following recognition by the Supervisory Board of the achievement of the 2018 performance targets to the tune of 56.6%, the amount payable was €346,028. The performance criteria were based on revenue, operating income, free cash flow and security in the workplace. These elements will be paid after the Annual General Meeting if approved by vote. For more details, see Table II (1) below.

(e) This is the amount awarded in respect of the multi-year variable compensation for 2019. This variable compensation is calculated based on EBITDA (earnings before interest, taxes, depreciation and amortization) and ROCE (return on capital employed), the share of innovation in revenue and organic sales growth. It covers the 2019, 2020 and 2021 fiscal years. The rate of achievement of this plan will be recognized in 2022. This multi-year variable compensation target is set at 85% of the fixed annual component and the governance compensation. The rate may be 100% if the objectives are surpassed. The annual variable compensation awarded in 2018 for 2018 and 2019 after recognition by the Supervisory Board of a performance level of 75% giving rise to the payment in 2020 of €464,742. This amount will be paid after the Annual General Meeting if approved by vote. For more details, see Table II (2) below.

(f) Company vehicle.

II (1) VARIABLE ANNUAL COMPENSATION - AMOUNTS AWARDED FOR THE FISCAL YEAR AND PAST AMOUNTS

Year of award	2019	2018	2017
Target amount	€ 623,805	€ 611,358	€ 527,526
Maximum amount	€ 888,922	€ 917,037	€ 791,289
Year of payment	2020	2019	2018
Amount paid or payable	€642,519	€ 346,028	€ 421,814

II (2) MULTI-YEAR COMPENSATION AND LONG-TERM COMPENSATION - AMOUNTS AWARDED FOR THE FISCAL YEAR AND PAST AMOUNTS

Year of award	2019	2018	2018	2017
Applicable years	2019-2021	2018-2020	2018-2019	2017-2018
Target amount	€ 623,805	€ 611,358	€ 611,358	€ 527,526
Year of payment	2022	2021	2020	2019
Amount paid or payable			€ 464,742	€ 234,342

There are no other commitments in favor of the executive corporate officer involving compensation, allowances or benefits.

Information on the fairness ratio between the level of compensation of the Chairman and Chief Executive Officer and the average and median compensation paid to employees of the Company

The fairness ratio was calculated based on the compensation paid in respect of the scope comprising the Bel companies, Fromagerie Bel Production France (FBPF) and Fromagerie Boursin.

	2019	2018	2017	2016	2015
Ratio in relation to the average compensation	26.99	31.99	32.61	35.84	26.12
Ratio in relation to the median compensation	36.38	42.89	44.40	48.05	34.69

The table below shows the annual change in the average compensation and median compensation of the employees of Bel, Fromagerie Boursin and FBPF over the last five fiscal years:

Bel (Bel + FBPF + Boursin)	2015	2016	2017	2018	2019
Average compensation paid (in euros)	44,994	45,563	46,457	46,864	46,713
Change Y/Y-1		+1%	+2%	+1%	0%
Median compensation paid (in euros)	33,882	33,977	34,123	34,958	34,661
Change Y/Y-1		0%	0%	+2%	-1%

The table below shows the change in the Company's performance over the last five years:

Bel (in millions of euros)	2015	2016	2017	2018	2019
Revenue	2,949	2,936	3,346	3,312	3,403
Change Y/Y-1		-0.4%	+14%	-1%	+2.7%
Recurring operating income	293	327	226	204	239
Change Y/Y-1		+11.6%	-30.9%	-9.7%	+17.2%
Net profit from consolidated entities	188	217	186	100	124
Change Y/Y-1		+15.4%	-14.3%	-46.2%	+24%

Information on non-executive corporate officers

Non-executive corporate officers	Amounts awarded during 2019	Amounts paid during 2019	Amounts paid during 2018	Amounts paid during 2017
Thierry Billot				
Compensation ^(b)	€95,000	€95,000	€85,000	€85,000
Other compensation (services to Unibel) ^(b)	€28,800	€28,800	€6,000	€18,000
Fatine Layt				
Compensation ^(b)	€28,800	€28,800	€28,800	€28,800
Other compensation (services to Unibel) ^(b)	€21,600	€21,600	€6,000	€21,000
Luc Luyten				
Compensation ^(b)	€18,900	€18,900	€13,500	-
Other compensation (Chairman of Unibel's Supervisory Board)	€87,000	€75,000	€75,000	€69,350
Ernst Pankert				
Compensation ^(b) (excluding that paid by Unibel)	€16,200	€16,200	€5,400	-
Philippe Perche				
Compensation ^(b)	€31,500	€31,500	€16,400	-
Other compensation (employee of Fromageries Bel Production France)	€41,436	€41,436	-	-
Nathalie Roos				
Compensation ^(b)	€14,000	€14,000	€18,000	€20,000
Florian Sauvin				
Compensation ^(b)	-€	-€		
Other compensation (member of Unibel's Management Board) ^(c)	€335,143	€193,896	€194,971	€138,854
Bruno Schoch, permanent representative for Unibel				
Compensation ^(b)	-€	-€		
Other compensation (Chairman of Unibel's Management Board) ^(c)	€795,368	€870,426	€1,223,276	-€
Unibel ^(a)				
Compensation	-€	-€	-€	-€

(a) Unibel, no directors' fees as provided for in Article L. 225-45 of the French Commercial Code.

(b) Gross compensation as provided for in Article L. 225-45 of the French Commercial Code.

(c) Compensation in respect of the management of Unibel's governance bodies.

Since the 2012 fiscal year, the fixed annual portion of compensation paid to directors has been set at €10,000 and the variable portion at €2,000 per Board meeting, subject to actual attendance. The compensation awarded to the Lead Independent Director is set at €20,000 for the fixed

portion and €4,000 per meeting for the variable portion. Compensation for Board committee members is as follows: the committee chair receives €5,000 per meeting and the committee members receive €2,700 per meeting attended.

4.2.3 ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ALL TYPES PAID DURING OR AWARDED IN RESPECT OF THE FISCAL YEAR UNDER REVIEW TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the principles and criteria of compensation approved by the Combined General Meeting of May 22, 2019 in its eighth ordinary resolution, the elements comprising the compensation and benefits of all types paid during or awarded in respect of 2019 to the Chairman and Chief Executive Officer are set out below.

(in euros)	2019	
	Awarded	Paid
Fixed annual compensation awarded in respect of the fiscal year and paid during the fiscal year ^(a)	624,988	622,855
Governance compensation awarded in respect of and paid during 2019 ^(b)	108,900	53,100
Target variable annual compensation awarded in respect of 2019 ^(c)	623,805	
Variable annual compensation awarded in respect of 2018 and paid in 2019 ^(d)		346,028
Target variable multi-year compensation awarded in 2019 ^(e)	623,805	
Variable multi-year compensation paid in 2019 ^(f)		234,342
Benefits in kind awarded in respect of 2019 ^(f)	4,697	4,697
TOTAL	1,986,195	1,261,022

(a) From April 1, 2019, payable over thirteen months. As compensation in January, February and March 2019 was paid based on 2018 figures, the amounts actually paid between January 1 and December 31 are slightly lower.

Based on a decision by the Unibel Supervisory Board, the fixed monthly salary paid over 13 months will be increased to €638,196 from April 1, 2020.

(b) In respect of the leadership of the governance bodies of Bel. The governance compensation in respect of the second half of 2019 (€55,800) was paid in January 2020.

(c) The target amount of variable annual compensation representing 85% of the fixed annual compensation and the governance compensation corresponds to €623,805. This amount may increase to 127.5% if the objectives are surpassed. The performance criteria were based on revenue, operating income, free cash flow, the implementation of the strategic project and security in the workplace. Following recognition by the Unibel Supervisory Board of the achievement of the 2019 performance targets to the tune of 103%, the amount payable is €642,519. For further details, see Table II (1) above.

(d) Following recognition by the Supervisory Board of the achievement of the 2018 performance targets to the tune of 56.6%, the amount payable was €346,028. The performance criteria were based on revenue, operating income, free cash flow and security in the workplace. These elements will be paid after the Annual General Meeting if approved by vote. For more details, see Table II (1) above.

(e) This is the amount awarded in respect of the multi-year variable compensation for 2019. This variable compensation is calculated based on EBITDA (earnings before interest, taxes, depreciation and amortization) and ROCE (return on capital employed), the share of innovation in revenue and organic sales growth. It covers the 2019, 2020 and 2021 fiscal years. The rate of achievement of this plan will be recognized in 2022. This variable multi-year compensation target is set at 85% of the fixed annual component and the governance compensation. This amount may be 100% if the objectives are surpassed.

This does not include the variable multi-year compensation awarded in 2018 in respect of 2018 and 2019. Following recognition by the Supervisory Board of a performance achievement level of 75%, the amount payable in 2020 in respect of this variable multi-year compensation will be €464,742. This amount will be paid after the Annual General Meeting if approved by vote. For more details, see Table II (2) above.

(f) Company vehicle.

4.2.4 PROVISIONS BOOKED FOR PAYING PENSIONS, RETIREMENT OR OTHER BENEFITS TO MEMBERS OF THE EXECUTIVE COMMITTEE

Executive corporate officers and members of the Executive Committee have access to the same retirement and health plans as the Group's senior managers. Apart from that stated in the previous section, there are no Company or Group obligations on their behalf with regard to paying pensions, retirements or other benefits. Executive Committee members

may receive the end-of-career allocation established by labor law, collective agreements and company agreements. These end-of-career payments are set aside under the conditions detailed in Note 4.11 to the consolidated financial statements, "Employee benefits", found in section 5.5.1, "Consolidated financial statements".

4.3 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

4.3.1 DEFINITIONS AND OBJECTIVES

Internal control is a set of resources, behaviors, procedures and actions adapted to the Company's specific characteristics which:

- must enable it to counteract the major risks that it may encounter, whether these are operational, financial or compliance-based;
- thereby promote efficient resource use and operations.

In accordance with the definition of the reference framework published by the AMF, the current internal control in the Group aims specifically to ensure that:

- targets set by the Board of Directors are effectively reached;

- management and production actions in industrial and commercial operations comply with laws and regulations and with the internal rules applicable to the Group;
- the Group's material and intellectual property are protected;
- fraud and errors are prevented and detected;
- the financial and accounting information detailing the Group's activity and prospects is of the requisite quality and is produced in due time.

The internal control process currently operates within the entire Group comprising Bel and its French and foreign subsidiaries.

As is the case with any control system, the internal control process cannot offer an absolute guarantee that all risks of error or fraud are completely eliminated or fully controlled.

4.3.2 INTERNAL CONTROL ENVIRONMENT OF THE COMPANY

Board of Directors

The Board of Directors takes all decisions relating to the Company's major strategic, economic, labor-related, corporate, environmental, financial and industrial objectives, and ensures they are implemented by Senior Management. It is regularly informed, either directly or through its Committees, of any significant event affecting the conduct of the Company's business. At each Board meeting, the Chairman informs the Directors of the main facts and significant events relating to the Group that have occurred since the last Board meeting. Each Board meeting is also an opportunity to take stock of the Company's business and prospects.

Senior Management

Internal control is implemented within the Group under the impetus of the Chairman and Chief Executive Officer. They rely on an Executive Committee which is in charge of the operational coordination required for the correct running of the Group's strategy and policies.

Operating Departments and Support Functions

Everyone at the Group is involved in the internal control process. All managers and employees at their respective levels within the organization play a role in controlling activities. Line and staff managers ensure efficient mitigation of the risks associated with their areas.

Within the various business lines, a cross-departmental structure supports local industrial activities, purchasing, supply chain, research and innovation, product regulation, marketing, commercial strategy and cross-departmental networks. The support functions – namely Finance (Group and regional), IT, Human Resources and Organization (Group and regional), Communications, Legal and CSR (corporate social responsibility and the Risk Management Department) – reinforce this structure.

Risk Management Department

The Risk Management Department reports to the Group's Legal Department. This Department is responsible for developing and deploying a global risk management strategy, identifying and assessing risks with Group and regional departments and following up on the action plans put in place to address them.

It provides a process and tools to develop and regularly update risk mapping at the Group, business and local levels. It coordinates action plans to mitigate Group risks with a network of risk owners and provides an overview of risk management to the Executive Committee and Audit Committee.

Moreover, it leads and coordinates the crisis management system for the Group, the aim of which is to prevent crises as far as possible, and to reduce their impact on people, reputation, the environment and assets. It ensures that operating entities are properly prepared for crisis management.

Internal Control Department

A coordination unit for updating Group procedures, attached to the Group's Financial Control Department, ensures these procedures are appropriate for the internal control rules as and when changes occur in the corporate structures. All the Group's procedures, as well as a description of the main processes and user guides for information systems, are available in French and English on its intranet site. Respect of segregation of tasks and access to transactions in the systems are the object of specific monitoring. Moreover, each Group subsidiary carries out an annual diagnosis of its maturity in terms of internal control under the responsibility of its head of operations. This self-assessment is carried out based on an internally defined control protocol. All the work of the subsidiaries is formalized in a tool that centralizes and monitors the work carried out, in particular by internal auditors.

Internal Audit Department

The Internal Audit Department reports to the Chair of the Audit Committee. The purpose of the Internal Audit Department is to provide reasonable assurance on the level of controls for risks that would threaten:

- effective, efficient operations;
- asset protection;
- the reliability and integrity of financial and operational information;
- compliance with laws, regulations and contracts.

Internal audit is an independent, objective activity that provides advice to Senior Management and the Audit Committee to improve and reinforce security and operational effectiveness and efficiency. It helps the organization meet its targets by assessing its risk, control and corporate governance processes, using a systematic, methodical approach.

The Internal Audit Department reports to the chair of the Audit Committee and the Group Finance Director. It works closely with Senior Management.

The Internal Audit Director reports regularly to the Audit Committee and Senior Management on the overall level of operational control and significant anomalies affecting the risk management, control and corporate governance processes of the organization and its subsidiaries and recommends improvements to these processes.

The scope of operation of the Internal Audit Department extends to the entire organization and its subsidiaries. It encompasses all administrative, accounting and financial, functional and operational areas and processes within the Group.

Operational structure of the Company

To provide a tailored response to customer needs, since April 1, 2019, the Group has been led by two Vice-Presidents in charge of the following segments: "mature markets" and "new territories" for which industrial operations are to be steered by a product platform organization. Responsibility for this organization of industrial operations is also led by a Group Vice-President

Limits and delegation of power

In its Internal Regulations, the Company's Board of Directors establishes internal limits on the powers of the Chief Executive Officer and Deputy General Manager (for further information, see section 4.1.4, "Board and Committee organization and workings"). Furthermore, the Company has implemented delegations of power (delegations of liability) adapted to its structure and to the level of responsibility of the employees for whom they are intended. The Legal Department monitors this in conjunction with the Human Resources Department.

4.3.3 MANAGING MAJOR RISKS

The Group regularly assesses the external and internal risks to which it is exposed, particularly those incurred by the production and marketing of food products.

Thanks to the overall risk management system and to the specific procedures accompanying it, the Company's supervisory bodies ensure that risks are properly dealt with and do not compromise the achievement of the Company's objectives.

Risks inherent to the Group's businesses are taken into account when drawing up the budgets and setting targets for the Group and its subsidiaries.

Some internal control procedures implemented by the Company are based on the balance between the level of control and the Group's specific challenges and targets. For further information, see section 2.1 "General risk management policy".

4.3.4 PROCEDURES FOR PREPARING AND PROCESSING THE COMPANY'S ACCOUNTING AND FINANCIAL INFORMATION

Organization of Accounting, Finance, Legal, Information Systems and Risk Management Departments

The Group's Finance Department, the Legal and Risks Department and the IT Department report to the Vice-President.

It is organized in the following way:

- Financial Control Department;
- Treasury and Insurance Department;
- Tax Department;
- regional finance departments, which became "market", "operations" and "growth strategy" finance departments starting on April 1, 2019;
- Legal, Risks and Real Estate Department;
- Internal Audit Department.

Finance Department

The Finance Department is responsible for the monthly production of all the Group's consolidated financial information, encompassing both statutory and management data.

It prepares and reports monthly to the Executive Committee on the Group's management performance indicators in an in-house format specifically designed for the Group's business.

It is also responsible for steering the Group budget process and the various estimates performed over the year.

It coordinates and updates financial procedures uploaded to the intranet and ensures that these procedures are consistent with the internal control rules. It is responsible for the various charts of accounts deployed in the Group's financial reporting tools (statutory and management).

It presents the main issues to be addressed in the consolidated financial information to the Audit Committee at least twice a year and coordinates operations with the external auditor's subsidiaries. It participates in organizing the reporting and consolidation process of non-financial performance indicators.

Treasury and Insurance Department

This Department is responsible for managing all liquidity and insurance operations carried out within the Bel Group.

It is specifically responsible for:

- setting up Group financing with banks and investors such as commercial paper, bank financing and debt financing;
- interest rate and foreign exchange hedging required to cover the exposure of Group entities. This activity is centralized within the Treasury Department;
- overseeing the Group's cash management. Cash management includes cash pooling (at the Bel level), netting (payment of inter-company invoices), and the payment factory (a centralized payment solution for all entities that share a common convertible currency). The payment factory pays suppliers, wages and taxes through secure payment systems;
- managing relationships with banks;
- taking out Group insurance.

The Treasury Department has the teams and tools necessary to manage its operations. It reports on its activities to the Finance Department on a monthly basis. It regularly reports on the status of exchange rate and interest rate hedging as well as the Group's liquidity status to the Audit Committee.

Tax Department

This Department is responsible for defining and applying the procedures linked to the regulations and fiscal strategies of the Bel Group.

Its scope of operation has as much to do with Group issues as successfully controlling fiscal procedures and potential risks in the various countries in which the Bel Group operates. Its activities are coordinated with those of Financial Directors of subsidiaries.

Information Systems Department

Information systems are centralized and managed for the Bel Group by the Information Systems Department reporting to the VP.

The Bel Group has implemented an integrated information system based for the most part on SAP tools. The Information Systems Department ensures system maintenance, updating and security.

Legal, Risk and Real Estate Department

This Department is responsible for the legal certainty of the transactions carried out by the Group. It is responsible for monitoring the legal certainty of all of the Group's obligations in France and abroad. It relies, where necessary, on the expertise of external consultants for specific legal

issues or issues linked to local regulations. As part of its responsibilities, it acts upstream in an advisory capacity to Senior Management and the various departments of the Group's subsidiaries. It is responsible for managing any potential disputes. It also monitors the legal protection of the Group's brands and compliance with economic and financial regulations.

This Department also ensures, through its overall risk management system, that risks are correctly identified and addressed and do not compromise the Company's objectives. It helps to control and reduce the exposure of tangible and intangible assets to guarantee a secure future for the Company.

Yearly and half-yearly Group consolidated financial statements

The Group approves half-yearly and annual consolidated financial statements on June 30 and December 31 every year.

The subsidiaries issue restated financial statements for consolidation purposes in accordance with the Group's accounting rules and following the instructions issued by the Finance Department.

The main options and significant accounting estimates are anticipated and presented to the Audit Committee. A precise documentation is kept of the options retained.

4.4 RELATED PARTY TRANSACTIONS

4.4.1 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS

Year ending 31 December 2019

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby present our report on related party agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the principal terms and conditions of, and the reasons for the Company's interest in, the agreements brought to our attention or of which we may have become aware during the course of our audit. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other such agreements exist. In accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), you are responsible for assessing the merit of these agreements for the purpose of approving them.

We are also responsible, under Article R. 225-31 of the French Commercial Code, for informing you, where appropriate, of the agreements already approved by the Annual General Meeting that were implemented over the course of the year.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) applicable to this engagement. These procedures entailed verifying that the information provided is in agreement with the relevant source documents.

Agreements submitted for approval at the Annual General Meeting

Agreements authorized during the past financial year

Pursuant to Article L. 225-38 of the French Commercial Code, we have not been asked to comment on any agreement authorized during the financial year and submitted for approval at the Annual General Meeting.

Agreements previously approved by the Annual General Meeting

Agreements authorized in previous years and remaining in force during the financial year just ended

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements were approved by Annual General Meetings in previous years and remained in force in 2019.

Cash management agreement with Unibel

At its meeting on October 11, 2007, the Board of Directors authorized an agreement between the companies Bel and Unibel. According to this agreement, Unibel granted cash facilities to the Company up to a ceiling of €15,000,000.

By an amendment authorized by the Board of Directors on May 14, 2008 and signed on the same day, this amount was increased to €25,000,000.

In a second rider authorized by your Board of Directors on December 17, 2008, and signed by your Board on December 18, 2008, the parties agreed to eliminate the ceiling on the cash facility granted by Unibel to Bel.

In a third rider authorized by your Board of Directors on August 26, 2009, and signed by your Board on August 28, 2009, the rate of interest, based on the EONIA daily rate, was changed. With retroactive effect from July 1, 2009, the rate was set at the EONIA rate plus 80 basis points, up from 20 basis points previously.

A fourth rider authorized by your Board of Directors on March 22, 2012, changed the rate of interest. With retroactive effect from January 1, 2012, the rate was set at the EONIA rate plus 120 basis points, up from 80 basis points previously.

On November 12, 2014 the Board of Directors decided to increase the interest rate applied to the cash facility granted, based on the EONIA daily rate, to 100 basis points, effective as of January 1, 2015, given the stabilizing effect on liquidity this represents for the Company. The other clauses of the original agreement between the parties remain unchanged.

On December 31, 2019, the amount of interest expense recognized for the period totaled €518,575.76, while the cash facility granted by Unibel totaled €78,529,497.22.

This agreement involves Antoine Fiévet, Bel's Chairman and CEO, Florian Sauvin, Bel Board Director and member of Unibel's Management Board, and Bruno Schoch, permanent representative of Unibel, Bel Board Director and Chairman of Unibel's Management Board.

Service agreement with Unibel

At its meeting of December 12, 2001, your Board of Directors authorized a service provision agreement between your Company and Unibel.

In a rider authorized by your Board of Directors on November 13, 2012, the automatic renewal clause was changed to cover an indefinite period, while the notes related to the nature of the services rendered and the nature of the costs incurred by Unibel were updated.

For the 2019 financial year, the amount invoiced by Unibel to your Company totaled €6,505,450, net of tax.

This agreement involves Antoine Fiévet, Bel's Chairman and CEO, Florian Sauvin, Bel Board Director and member of Unibel's Management Board, and Bruno Schoch, permanent representative of Unibel, Bel Board Director and Chairman of Unibel's Management Board.

Neuilly-sur-Seine et Paris-La Défense, March 31, 2020

The Statutory Auditors

Grant Thornton

Membre français de Grant Thornton International

Virginie PALETHORPE

Deloitte & Associés

Pierre-Marie MARTIN

4.4.2 RELATED PARTIES

Information covering related parties is presented in Note 8 to the consolidated financial statements presented in section 5.5.1, "Consolidated financial statements as of December 31, 2019", of this Universal Registration Document.

Unibel, the Fiévet-Bel family company, owns more than two thirds of the share capital and voting rights of Bel. Unibel is the Group's coordinating holding company. It discusses and defines strategic guidelines for the Group as a whole; its management team draws up and develops economic, political and financial strategic scenarios; and it oversees their implementation. Unibel also renders specific services. These services, which are mainly composed of personnel expenses, are billed at cost to Bel, plus a fixed margin of 10%, in application of the contract dated December 14, 2001 and its amendment of November 13, 2012. The compensation of Unibel's corporate officers, who are also managers of Bel, is undertaken by Unibel alone.

As of December 31, 2019, the amount of related-party transactions included €6.4 million paid to Unibel (holding company), of which €5.9 million in personnel expenses billed back to Bel SA under the service agreement signed on December 14, 2001, and €11.6 million in operating expenses billed back to Bel SA by unconsolidated Group entities (Bel Proche et Moyen-Orient Beyrouth, Bel Middle East, and others).

Related parties' associated payables and current accounts mainly concerned Unibel (holding company) with a €79.7 million current account versus €88.4 million at December 31, 2018 (see Note 4.14 in the Appendix to the consolidated financial statements).

Unibel shares held by SOFICO were valued at €113.9 million based on the closing share price on December 31, 2019.

The Group had no significant off-balance sheet commitments with related parties.





FINANCIAL AND ACCOUNTING INFORMATION

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5.1 HISTORICAL FINANCIAL INFORMATION

Pursuant to Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No. 1606/2002 of July 19, 2002, this Universal Registration Document incorporates the following information for reference:

- the consolidated financial statements for the fiscal year ended December 31, 2018 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Statutory Auditors' report on the consolidated financial statements for the fiscal year ended December 31, 2018, on pages 127 and subsequent of the Registration Document filed with the AMF on April 3, 2019, under filing number D. 19-0257;
- the consolidated financial statements for the fiscal year ended December 31, 2017 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Statutory Auditors' report on the consolidated financial statements for the fiscal year ended December 31, 2017, on pages 120

and subsequent of the Registration Document filed with the AMF on March 29, 2018, under filing number D. 18-0217;

- the Company's annual financial statements for the fiscal year ended December 31, 2018, and the Statutory Auditors' report on the annual financial statements for the fiscal year ended December 31, 2018, on pages 177 and subsequent of the Registration Document filed with the AMF on April 3, 2019, under number D. 19-0257;
- the Company's annual financial statements for the fiscal year ended December 31, 2017, and the Statutory Auditors' report on the annual financial statements for the fiscal year ended Sunday, December 31, 2017, on pages 171 and subsequent of the Registration Document filed with the AMF on March 29, 2018, under number D. 18-0217;

These two Registration Documents are available on the websites of the AMF (www.amf-france.org) and the Company (www.groupe-bel.com).

5.2 PRO FORMA FINANCIAL INFORMATION

This paragraph is not applicable.

5.3 REVIEW OF FINANCIAL POSITION AND RESULTS

5.3.1 FINANCIAL POSITION

In 2019, the Group issued a new bond loan for €125 million, maturing in 2027 and 2029 and indexed to performances

in terms of environmental and social responsibility, and redeemed €140 million in Euro PP bonds at maturity.

The change in the Group's financial position as of December 31, 2019 can be summarized as follows:

(in thousands of euros)	2019	2018	2017
Total equity	1,810	1,740	1,714
Net financial debt excluding debt for right of use *	582	654	632
Net financial debt/total equity	0.32	0.38	0.37

* See detail of financial net debt in Note 4.14

The Group's balance sheet remains solid: total share capital totaled €1,810 million on December 31, 2019 vs. €1,740 million on December 31, 2018, while net financial debt totaled €684 million at the end of the period including debt accounted for in application of IFRS16 for an amount of €102 million.

Further information about the financial position of the Company and the Group is disclosed in section 5.4.2 and section 5.5 "Financial statements" of this Universal Registration Document.

5.3.2 REVENUE AND OPERATING INCOME

In 2019, the Bel Group reported consolidated sales of €3,403 million, up 2.8% on a published basis and up 1.0% organically⁽¹⁾. Excluding the negative impact of sharply contracting markets in the Levant region, particularly in the second half of the year, organic growth would have been 2.0%. The growth in full year consolidated sales also includes a positive 1.8%, or €59 million, foreign exchange effect, mainly as a result of the U.S. dollar's appreciation against the euro.

Organic sales growth for the year was driven by branded products, up 1.7%, in particular Mini Babybel®, Boursin® and GoGo Squeeze®. Bel consolidated its competitive positions across all its products lines. Sales of industrial and unbranded products decreased 6.6%, penalized by low prices for surplus cream.

The 31.9% improvement in operating income reflects efforts to boost industrial productivity and cut costs, in line with the transformation plan unveiled in 2018, while raw material prices and main currencies were relatively stable.

Operating income improved significantly in global (mature) markets, underscoring the first positive effects of Bel's transformation plan. This good performance, however, was weighed down by difficulties encountered in major Bel markets, such as the Levant region, Morocco, Algeria and France.

The very sound operating performance achieved in new territories⁽²⁾ helped to underpin development plans in those markets.

Operating cash flow⁽³⁾ improved by nearly €60 million to €310 million at the end of 2019, buoyed by the good operating performance.

(1) Organic growth corresponds to reported sales growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis. The organic growth rate is calculated by applying the exchange rate of the prior year period to revenue of the current year period.

(2) Including the MOM (Mont-Blanc, Materne), Sub-Saharan African and Latin American markets, China and India.

(3) Operating cash flow corresponds to cash flow generated by operating activities.

5.4 CASH AND CASH EQUIVALENTS AND CAPITAL SOURCES

5.4.1 INFORMATION ABOUT THE ISSUER'S EQUITY

Information pertaining to the Group's equity is disclosed in paragraph 5.5.1 of the present Universal Registration Document.

5.4.2 SOURCES AND AMOUNTS OF THE GROUP'S CONSOLIDATED CASH FLOW

Information relating to cash flow is disclosed in paragraph 5.5.1 of this Universal Registration Document. It can be summarized as follows:

(in thousands of euros)	2019	2018	2017
Cash from operations before changes in WCR	336,015	309,233	322,610
Income taxes paid	(45,224)	(24,888)	(70,693)
Change in operating WCR	18,768	(33,632)	28,963
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	309,559	250,713	280,880
Cash flows from (used in) operating activities	309,559	250,713	280,880
Cash flows from (used in) investing activities	(150,471)	(173,320)	(129,793)
Cash flows from (used in) financing activities	(77,189)	(212,249)	16,790
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,899	(134,856)	167,877
Effect of foreign exchange rate fluctuations	(6,319)	(5,578)	(4,520)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,580	(140,434)	163,357
Net cash and cash equivalents at the beginning of the period	327,784	468,218	304,861
Net cash and cash equivalents at the end of the period	403,364	327,784	468,218
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,580	(140,434)	163,357
Gross financial debt	1,090,734	1,083,531	1,100,658
Current used banking facilities	2,305	9,414	1,991
Cash and cash equivalents	(405,669)	(337,198)	(470,209)
Other financial assets	(3,144)	(872)	(55)
NET FINANCIAL DEBT	684,226	754,875	632,385

Overall net financial debt includes, on December 31, 2019 and December 31, 2018, debt, debt for right of use for respectively €102 million and €101 million.

5.4.3 BORROWING TERMS AND CONDITIONS AND FUNDING STRUCTURE

Detailed information relating to the Group's financing activities is disclosed in Notes 4.14 and 4.15 to the consolidated financial statements.

5.4.4 RESTRICTIONS ON THE USE OF CAPITAL RESOURCES

At December 31, 2019, the Group possessed the financing capacity to meet its funding needs for internal or external growth. For certain financing lines (syndicated credit lines, EURO PP loan, Schuldschein loan), Bel has pledged to respect a financial leverage ratio of less than 3.5× throughout the duration of its loans. The ratio is tested twice a year. The financial leverage ratio is determined by dividing consolidated net debt ⁽¹⁾ by the Group's consolidated EBITDA on a on a R.O.C basis (recurring operating income) ⁽²⁾. Failure to meet the ratio could trigger the repayment of a significant part of the debt.

At December 31, 2019, the financial leverage ratio was 1.67 compared with 2.11 a year earlier (see Note 4.15 to the consolidated financial statements, as presented in paragraph 5.5.1 of this document).

At December 31, 2019, the Group had a €343 million cash position at Bel.

For information, available cash in North African and Middle Eastern countries amounted to €36 million on December 31, 2019 and represented the majority of the non-centralizable cash available.

5.4.5 EXPECTED SOURCES OF FINANCING

Investments are financed, either by operating cash flows generated by the Group, or by use of bank financing, including factoring, NEU CP (New European Commercial

Paper) and NEU MTN (New EUropean Medium Term Note) or private placements such as EURO PP, *Schuldschein*, and public bond issues.

(1) Net financial debt is described in Note 4.14 to the consolidated financial statements. It consists of long- and short-term borrowings, long- and short-term liabilities related to assets held under finance lease, current used banking facilities, and cash and cash equivalents. Finance lease liabilities were excluded when calculating the covenant.

(2) EBITDA is defined as current operating income plus provisions and reversals of provisions and amortization, charged to current operating income.

5.5 FINANCIAL STATEMENTS

5.5.1 CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

INCOME STATEMENT

(in thousands of euros, except for earnings per share)	Notes	2019	2018
SALES	3.1	3,403,179	3,311,667
Cost of goods and services sold	3.2	(2,433,719)	(2,402,316)
GROSS MARGIN		969,460	909,351
Sales and marketing expense	3.2	(437,985)	(432,782)
Research and development expense	3.2	(26,720)	(23,734)
Administrative and general overhead expense	3.2	(266,608)	(249,868)
Other operating income and expense	3.2	705	659
RECURRING OPERATING INCOME		238,852	203,626
Other non-recurring income and expense	3.3	(28,077)	(43,873)
OPERATING INCOME		210,775	159,753
Income from cash and cash equivalents	3.4	1,568	864
Cost of gross financial debt	3.4	(28,482)	(28,980)
NET COST OF FINANCIAL DEBT		(26,914)	(28,116)
Other financial income and expense	3.4	(1,250)	(2,150)
PRE-TAX PROFIT		124,199	129,487
Income tax expense	3.5	(58,412)	(29,429)
NET PROFIT FROM CONSOLIDATED ENTITIES		124,199	100,058
Non-controlling interests		(2,820)	(3,590)
CONSOLIDATED NET PROFIT - GROUP SHARE		121,379	96,468
Earnings per share	3.6	17.88	14.21
Diluted earnings per share	3.6	17.88	14.21

The notes to the financial statements form an integral part of the consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2019	2018
Net profit/(loss) for the period		124,199	100,058
OTHER ITEMS OF COMPREHENSIVE INCOME			
Non-reclassifiable items			
Actuarial gains and losses arising from retirement obligations	4.11	(6,871)	3,705
Income tax impact		1,782	(1,200)
Actuarial gains and losses arising on financial assets	4.9.1	(30,479)	(30,479)
Income tax impact		7,612	7,617
Reclassifiable items			
Translation difference		12,420	6,142
Cash flow hedging	4.15		
Amounts recognized in equity		(2,273)	(15,004)
Income tax impact		(370)	5,275
TOTAL RECOGNIZED TO EQUITY		(18,159)	(23,944)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		106,040	76,114
Group share		101,742	69,258
Non-controlling interests		4,298	6,856

The notes to the financial statements form an integral part of the consolidated financial statements.

Consolidated balance sheet

ASSETS

(in thousands of euros)	Notes	December 31, 2019	December 31, 2018
NON-CURRENT ASSETS			
Goodwill	4.1	786,283	796,052
Other intangible assets	4.2	649,397	647,241
Property, plant and equipment	4.3.1	992,199	959,689
Property, plant and equipment – right of use	4.3.2	99,761	99,057
Financial investments	4.4 and 4.5	123,594	153,270
Other financial assets	4.4	9,967	4,712
Loans & advances	4.4	11,765	11,509
Trade and other receivables	4.7	1,452	1,119
Deferred tax assets	4.8	20,907	26,775
TOTAL		2,695,325	2,699,424
CURRENT ASSETS			
Inventories and work-in-progress	4.6	372,587	364,979
Trade and other receivables	4.7	506,346	488,115
Other financial assets	4.4	5,849	1,128
Loans & advances	4.4	1,265	2,022
Current tax assets	4.4	34,365	34,924
Cash and cash equivalents	4.14	405,669	337,198
TOTAL		1,326,081	1,228,366
TOTAL ASSETS		4,021,406	3,927,790

The notes to the financial statements form an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	December 31, 2019	December 31, 2018
Share capital		10,308	10,308
Additional paid-in capital		21,967	21,967
Reserves		1,707,405	1,638,815
Treasury shares		(23,318)	(23,362)
EQUITY - GROUP SHARE		1,716,362	1,647,728
NON CONTROLLING INTERESTS		93,743	91,902
EQUITY		1,810,105	1,739,630
NON CURRENT LIABILITIES			
Provisions	4.10	6,480	19,997
Employee benefits	4.11	78,748	77,211
Deferred tax liabilities	4.8	257,263	250,705
Lease liabilities - over one year	4.14	83,123	84,588
Long term borrowings and financial liabilities	4.14	816,442	714,358
Other liabilities	4.12	61,028	54,839
TOTAL		1,303,084	1,201,698
CURRENT LIABILITIES			
Provisions	4.10	5,064	26,417
Employee benefits	4.11	6,310	4,715
Lease liabilities - less than one year	4.14	19,168	16,047
Short term borrowings and financial liabilities	4.14	172,001	268,538
Other financial liabilities	4.15	4,325	2,703
Trade payables and other liabilities	4.13	667,950	626,949
Tax payable liabilities		31,094	31,679
Current bank facilities and other borrowings	4.14	2,305	9,414
TOTAL		908,217	986,462
TOTAL EQUITY AND LIABILITIES		4,021,406	3,927,790

The notes to the financial statements form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Note	Number of shares out standing	Share capital	Addi- tional paid in capital	Translation differences	Treasury shares	Conso- lidated income	Reserves and accu- mulated consoli- dated profit (loss)	Equity - Group share	Non controlling interests	Total conso- lidated equity
BALANCE AT DECEMBER 31, 2017		6,792,138	10,308	21,967	(135,650)	(21,012)	179,970	1,573,083	1,628,666	85,423	1,714,089
Appropriation of earnings from prior year							(179,970)	179,970			
Dividends paid								(47,519)	(47,519)	(2,978)	(50,497)
Profit (loss) for the period							96,468		96,468	3,590	100,058
Other items of comprehensive income	4.9				2,960			(30,170)	(27,210)	3,266	(23,944)
Other changes in value directly recognized in equity								(327)	(327)	2,601	2,274
Purchase of treasury shares		(4,765)				(2,350)			(2,350)		(2,350)
Treasury shares distributed											
BALANCE AT DECEMBER 31, 2018		6,787,373	10,308	21,967	(132,690)	(23,362)	96,468	1,675,037	1,647,728	91,902	1,739,630
Appropriation of earnings from prior year							(96,468)	96,468			
Dividends paid								(33,595)	(33,595)	(2,460)	(36,055)
Profit (loss) for the period							121,379		121,379	2,820	124,199
Other items of comprehensive income	4.9				10,883			(30,522)	(19,639)	1,480	(18,159)
Other changes in value directly recognized in equity								445	445	1	446
Purchase of treasury shares		(1,123)				(340)			(340)		(340)
Treasury shares distributed		2,085				384			384		384
BALANCE AT DECEMBER 31, 2019		6,788,335	10,308	21,967	(121,807)	(23,318)	121,379	1,707,833	1,716,362	93,743	1,810,105

The notes to the financial statements form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	Notes	2019	2018
Cash flow from (used in) operating activities			
Pre-tax profit		182,611	129,487
Adjustments for:			
Depreciation, amortization and write-downs		108,408	131,750
Depreciation and amortization - right of use		13,754	14,216
Capital gains (losses) on disposal		874	1,722
Reclassification of net financial income and expenses		25,349	26,048
Reclassification of net financial income and expenses - right of use		4,629	4,024
Other non-cash items on the income statement		390	1,986
Cash flow from operations before changes in WCR		336,015	309,233
(Increase) decrease in inventories, receivables and payables	5.1	14,464	(38,283)
(Increase) decrease in non-current receivables and payables		4,304	4,651
Income taxes paid		(45,224)	(24,888)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	(1)	309,559	250,713
Cash flow from (used in) investing activities			
Acquisitions of activities		(5,223)	15
Disposals of activities			5
Acquisitions of tangible and intangible assets	5.2	(153,036)	(176,937)
Disposals of tangible and intangible assets	5.2	854	1,357
Investment grant received		3,713	125
Acquisitions of financial assets		(7,606)	(5,134)
Disposals of financial assets		8,559	4,766
Dividends received		2,268	2,483
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(2)	(150,471)	(173,320)
Cash flow from (used in) financing activities			
Dividends paid		(36,053)	(50,495)
Interest paid		(22,285)	(24,093)
Financial interests - right of use		(4,629)	(4,024)
Change in debt resulting from lease contracts		(12,759)	(12,747)
(Increase) decrease in current accounts with entities outside the scope of consolidation	5.3.1	(12,931)	7,645
Purchase/(sale) of treasury shares		(340)	(2,350)
Borrowings and financial liabilities issued	5.3.2	242,629	72,261
Repayments of borrowings and financial liabilities	5.3.2	(230,821)	(198,446)
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(3)	(77,189)	(212,249)
NET (INCREASE) DECREASE IN CASH FLOW AND CASH EQUIVALENTS	(1)+(2)+(3)	81,899	(134,856)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		327,784	468,218
Effect of foreign exchange rate fluctuations		(6,319)	(5,578)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4.14	403,364	327,784
At the closing date net cash and cash equivalents comprised the following:			
Marketable securities and money market instruments	4.14	90,922	90,910
Cash on hand and balance with banks	4.14	314,747	246,288
Current used bank facilities including overdrafts and accrued interest	4.14	(2,305)	(9,414)
TOTAL		403,364	327,784

The notes to the financial statements form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 Accounting principles, rules and methods

1.1 PRESENTATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No. 1606/2002 of July 19, 2002, Bel's consolidated financial statements for the 2019 financial year were prepared in accordance with IFRS as adopted by the European Union and published by the International Accounting Standards Board (IASB) at the date these financial statements were prepared. Closed on December 31, 2019, the financial statements were approved on March 11, 2020 by the Board of Directors.

International accounting standards comprise the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as well as the interpretations of those standards by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

Standards, amendments and interpretations effective and mandatory from January 1, 2019

IFRS 16

The Group recalls that it applied IFRS 16 – Leases early as of January 1, 2018, by using the simplified retrospective method.

IFRIC 23

The effects of the application as of January 1, 2019 of IFRIC 23 – Uncertainty over income tax treatments have been identified and assessed. They have no significant impact on the Group's consolidated financial statements and accounting rules for tax risks remain unchanged.

Other amendments and interpretations issued and applicable from January 1, 2019 had no impact on the Group's consolidated financial statements.

Standards, amendments and interpretations for which application is not mandatory from January 1, 2019 but applied early

The Group has not applied early any standard or interpretation that was not mandatory from January 1, 2019.

Standards, amendments and interpretations not yet adopted by the European Union on January 1, 2019

The Group has not applied any standard or amendment not yet adopted by the European Union.

1.2 VALUATION BASIS USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared according to historical cost with the exception of certain categories of assets and liabilities in accordance with IFRS rules. These categories are mentioned in the following notes.

1.3 USE OF ESTIMATES

In preparing the consolidated financial statements, Group management and fully consolidated companies management may be required to make estimates and retain underlying assumptions that affect the value of assets and liabilities, expenses and income, as well as the information provided in the notes to the Group's financial statements.

These estimates and underlying assumptions are made on the basis of information and positions known at the balance sheet date and may vary significantly from actual values.

The assumptions notably concern the impairment testing of assets, obligations to employees, deferred tax assets, and provisions.

1.4 CONSOLIDATION METHODS

Subsidiaries controlled exclusively by the Group, whether directly or indirectly, are fully consolidated. This means that the Group has the power to guide the financial and operating strategies of these subsidiaries so that it may obtain the resulting benefits.

Participating interests in entities other than subsidiaries and associates are not consolidated. They are recorded at fair value under "Financial investments".

Newly acquired entities are consolidated at the date when control was effectively transferred to the Group in accordance with the acquisition method described in IFRS 3. Income and expenses from subsidiaries acquired or sold during the year are posted to the consolidated income statement from the date of acquisition or until the date of disposal.

The Group's consolidated financial statements are prepared on the basis of the financial statements of its consolidated entities prepared in accordance with the accounting rules in force in their respective countries and restated beforehand to bring them into compliance with international accounting standards.

All significant transactions between fully consolidated entities as well as gains and losses arising from internal operations within the Group are eliminated.

All Group entities close their financial statements on December 31. A list of consolidated entities as of December 31, 2019, is presented in Note 10.

1.5 OTHER SIGNIFICANT ACCOUNTING POLICIES AND RULES

Translation of financial statements of foreign companies

Subsidiaries outside the euro zone use the local currency as their functional currency and translate their financial statements into euros based on:

- the average rate for the year for income statement and cash flow items, unless there has been a strong fluctuation in the local currency. In this case, the average rate for the financial year is replaced by distinct average rates for each uniform currency period;
- the year-end closing exchange rate for balance sheet items.

The share of the resulting foreign exchange differences attributable to the Group is recorded in equity under "Translation differences" until the investments from which they arise are sold or disposed of. The translation gains or losses are then recognized in the income statement.

The share attributable to non-controlling interests is recorded under "Non-controlling interests".

Foreign currency transactions

Transactions denominated in foreign currency are converted into the subsidiary's functional currency at the exchange rate applicable at the transaction date.

At year end, receivables, cash and debts denominated in foreign currency are translated at the closing exchange rate or hedging rate, as the case may be, and the resulting translation differences are recorded under one of the following items on the income statement:

- "Gross margin" for sales transactions;
- "Other financial income and expenses" for cash flow operations.

Assets and liabilities held for sale

Assets and liabilities immediately available for sale, and for which the sale is highly probable within a period of 12 months, are classified as assets and liabilities held for sale. When several assets are held for sale in a single transaction, the assets and all related liabilities are recognized as a whole.

A sale is considered highly probable when the appropriate level of management has committed to a plan to sell the asset or group of assets and an active program to find a buyer has been launched.

Assets and liabilities held for sale are classified, respectively, as "Assets held for sale" or "Liabilities held for sale" in the consolidated balance sheet. They are measured at the lower of their carrying amount or fair value less any disposal costs and are no longer depreciated or amortized once classified as assets or liabilities held for sale.

Goodwill

Goodwill is the excess of the acquisition cost of shares over the Group's share of identifiable acquired assets and assumed liabilities measured at fair value after taking into account any deferred taxes at the acquisition date. If the acquisition costs exceed the fair value of the identifiable acquired assets and assumed liabilities, the excess is recognized in profit and loss for the year when the acquisition is made.

In accordance with IFRS 3 and IAS 36, goodwill is not amortized but is instead subject to annual impairment testing and more frequently in case of unfavorable change of certain indicators (see Note "Impairment of assets").

Goodwill relating to entities over which the Group exercises control is recorded as an asset under "Goodwill".

Other intangible assets

Other intangible assets include:

- acquired patents;
- acquired, well-known and readily identifiable brands whose value growth can be verified;
- computer software.

Acquired patents and computer software were recognized on the balance sheet at acquisition cost and are amortized over their useful lives. Computer software is amortized over a period of one to eight years.

Brands that are not amortized, are subject to annual impairment testing (also see the "Impairment of assets" note), and brands with definite useful lives are amortized on a straight-line basis over their estimated economic useful life.

All Research and Development costs are expensed in the year in which they are incurred. Development costs are not capitalized since the recognition criteria set by IAS 38 - Intangible Assets are generally not fulfilled before the products are launched on the market.

Property, plant and equipment

Property, plant and equipment is measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition) or production cost (excluding financial charges) except for fixed assets legally revalued before January 1, 2000, in accordance with the exception under IFRS 1, or reassessed at fair value at the date of control for business combinations.

The Group applies the component approach when certain parts of an acquired fixed asset have different useful lives, and the component parts are depreciated and recorded separately.

Replacement or renewal expenses of the component part of an asset are recognized as a distinct asset and the replaced asset is written off.

Interest on borrowings used to acquire fixed assets is treated as a financial expense and is not capitalized in the cost of the asset.

The Group decided against taking the residual values of property, plant and equipment into account because such assets are expected to be used throughout their useful lives and, as a general rule, are not to be sold.

Depreciation is calculated on a straight-line basis over the economic useful life of the property, plant or equipment:

• Constructions:	
– industrial	30/40 years
– administrative and commercial	40 years
– property fittings and fixtures	10 years
• Machinery and equipment	5 to 10 years – 15/20 years
• Vehicles	4/10/15 years
• Office furniture and equipment	4 to 15 years

Investment grants

Investment grants received by the Group are recorded on the balance sheet under "Other liabilities" (current/non-current) and apportioned to the income statement in keeping with the depreciation schedule of the assets they financed.

Impairment of assets

In accordance with IAS 36 "Impairment of Assets", goodwill and intangible assets are grouped into CGUs and are subject to impairment testing at least once a year, or more frequently if events or circumstances indicate a loss of value. Annual impairment testing is carried out in the fourth quarter of the year.

Other capitalized assets are also subject to impairment testing whenever events or changed circumstances indicate that carrying amounts might not be recoverable.

Impairment testing consists of comparing the net carrying amount of the asset to its recoverable amount, which is the higher of the asset's fair value or its value in use.

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset, or group of assets, and terminal value of cash flows.

The after-tax cash flows used to determine value in use are derived from CGU business plans. Revenue and terminal cash flow projections are based on reasonable and supportable assumptions in line with market data available for each CGU.

Fair value is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable, willing parties.

Impairment losses are recognized when testing shows a loss of value to ensure that the net carrying amount of the assets does not exceed their recoverable value.

Property, plant and equipment is subject to impairment testing as soon as indications of impairment arise.

When the recoverable amount of an asset or group of assets is less than its carrying amount, the impairment loss is recorded in profit or loss and first posted against goodwill.

Impairment losses relating to goodwill may not be reversed.

Inventories and work-in-progress

Inventories are valued at the lower of their cost price and their net realizable value. Cost price is calculated using the "weighted average cost" or the "first-in, first-out" method.

The cost of materials and supplies is stated at purchase price plus incidental expenses such as transport, commissions and transit.

Manufactured goods are valued at production cost including the cost of materials consumed, the depreciation of production assets, and direct or indirect production costs, excluding financial expense.

An impairment charge for inventories is recognized when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

Financial assets and liabilities

Financial assets

In accordance with IFRS 9, the Group distinguishes between several types of financial assets the classification of which depends on the management model and the contractual characteristics of the asset at the time of the acquisition. These criteria determine the accounting treatment applied to these instruments.

Financial assets measured at amortized cost

These are assets for which the Group expects to collect contractual cash flows and for which cash flows are made up solely of the principle and interest. This type of asset includes loans and receivables.

Bills for collection are recorded in "Trade and other receivables".

Since losses on unrecoverable receivables historically shouldered by the Group are virtually zero in value, the depreciation model recommended by IFRS 9 prompts the Group not to depreciate these receivables.

Financial assets measured at fair value through other comprehensive income (non-recyclable)

These are financial assets not held for trading purposes. This category includes non-consolidated equity investments. These assets are valued at fair value on the closing date and changes in fair value of these assets are recorded in "unrealized gains and losses on financial assets" under other comprehensive income (non-recyclable). As prescribed by the standard, only dividends received from those equity investments are booked to the income statement, gains and losses from disposal of these assets cannot be recognized in the income statement when the instrument is derecognized. No impairment is recognized for these equity investments.

For listed shares, fair value is deemed to be the market price of the shares at the designated closing date.

Financial assets recorded at fair value through the income statement

These assets, held for trading purposes, are expected to be sold in the near term. This category includes marketable securities and derivative instruments other than hedging instruments. Financial assets that meet none of the criteria in the other two types described above are also treated by default in this category (measured at amortized cost or at fair value through non-recyclable other comprehensive income).

These assets are valued at fair value and changes in fair value are recorded in the income statement. Underlying gains and losses recognized in OCI on December 31, 2017 are to be transferred to the income statement when they are derecognized.

Financial liabilities

In accordance with IFRS 9, the Group distinguishes two categories of financial liabilities, each of which is subject to a specific accounting treatment:

Financial liabilities valued and measured at fair value

These are primarily derivative instruments. In accordance with IFRS 9, derivative instruments are recognized in the

balance sheet at their market value on the closing date. Changes in the value of these instruments, for the effective part, are recorded as follows:

- for hedging instruments documented as hedging of future flows:
 - as cost of sales for hedging of receivables and debts in the balance sheet on the closing date,
 - as equity, for hedging of future cash flows, this amount is transferred to the cost of sales when the receivables and debts covered by the hedge are recognized;
- for hedging instruments documented as hedging of fair value, in equity;
- for financial hedging instruments, in financial income or loss.

The ineffective part is recorded in financial income or loss.

If there is no hedging relation, changes in market value of derivatives instruments are recognized under financial income or loss.

Financial liabilities measured at amortized cost

These are mainly borrowings and financial debt and trade payables.

The standard establishes a third category for financial liabilities measured and classified at fair value in the income statement on option. At the end of 2019, the Group did not apply this option.

Net cash and cash equivalents

Cash and cash equivalents include current bank account cash balances, term deposits that may be sold or used at very short notice (under three months) with no significant risk of losing value should interest rates change, and marketable securities. These are made up of money-market fund units that are highly liquid and carry a very low risk of change in value.

The Group's net cash consists of marketable securities and money market instruments, cash and cash equivalents, net of current bank facilities, including overdrafts, and of any corresponding interest recorded in current financial liabilities. Changes in the Group's net cash are presented in the cash flow statement.

Financial debt excluding leases

Financial debt is recorded at amortized cost, namely at face value net of issue premiums and fees that are recorded gradually under financial items until maturity.

In the event of hedging of the risk of change in the future interest expense, the financial debt for which flows are hedged remains recognized under amortized cost, since the change in value of the effective part of the hedging instrument is recorded in equity.

Leases

IFRS 16 concerns both previous lease contracts and operating leases. A lease contract is a contract, or part of a contract, that provides the right-of-use of an asset for a set period of time and fixed payments agreed. Assets held under

lease contracts are recorded under right-of-use assets when the contracts meet the criteria set out in the standard. The corresponding liability, net of interest expense, is recorded on the balance sheet. The Group applies the exemptions authorized by the standard, meaning that contracts with a duration shorter than 12 months and contracts of low value are excluded. However, these must be recorded under off balance sheet commitments for an amount equal to the expenses for the years during which they will be incurred.

The durations retained to value the contracts are contractual durations with the assumption of only one renewal for each asset, with this assumption having been retained after analysis of the historical lifespan of the main contracts concluded by the Group.

The discount rate corresponds to the marginal debt rate of the subsidiary, considered as being equal to the sum of the risk-free rate for the currency of the lease, in reference to its duration, and of the Group's credit risk for this same currency and duration reference.

On the date the lease contract starts, the asset is recorded as a right-of-use asset in the balance sheet for an amount equal to the discounted amount of future payments for the lease.

Right-of-use assets are depreciated under the straight-line method over the duration of the contract. Any free amount or franchise included in the contract is also spread over the duration of the contract.

Treasury shares

Bel shares repurchased by the consolidating company in accordance with law 98-546 of July 2, 1998 are posted directly against consolidated shareholders' equity in an amount corresponding to their acquisition costs, including direct costs linked to the acquisition, net of corresponding tax savings.

Employee benefits

Independent actuaries assess the main employee benefit obligations.

For defined benefit plans, obligations are measured on a discounted basis using the "projected unit credit" method and taking into account assumptions about salary growth, turnover rates, retirement age and mortality rates. The economic conditions specific to each monetary zone are factored into the assumptions used.

The fair value of plan assets, if applicable, is deducted from the calculated obligations, and provisions are recognized on the balance sheet.

Actuarial gains and losses arise from changes in actuarial assumptions in the valuation of obligations and funds from year to year and what actually occurs in terms of market conditions and real data.

For post-employment benefits, actuarial gains and losses are recognized in equity under "Other Comprehensive Income" in accordance with IAS 19. Actuarial gains and losses on other long-term benefits are expensed for the year.

Expected proceeds from plan assets that give rise to an expense are calculated using the discount rate.

For basic and other defined contribution plans, the obligation is charged to income as determined by the amounts to be contributed for the period.

Share-based payments

Stock option plans are equity-settled share-based payment systems under IFRS 2. The grant component is measured on the basis of the Bel share price at the grant date and, taking into account the non-payment of dividends during the vesting period, the stock options are recorded as personnel expenses with a corresponding increase in equity. The expense is recognized over the length of the vesting period.

Provisions

A provision is booked when the Group has a legal or implicit obligation to a third party that can be reliably estimated and is likely to result in the outflow of resources. If the amount or settlement date cannot be reliably estimated, the obligation is deemed to be a contingent liability and recognized as an off-balance sheet item.

Restructuring provisions are booked only after the announcement and establishment of a detailed restructuring plan or if the start of a restructuring undertaking gave rise to a constructive obligation.

Purchase commitments with minority shareholders

The Group has obligations to purchase interests held by the minority shareholders of some consolidated subsidiaries. For the Group, these purchase obligations are optional, relating to put options.

In accordance with IAS 32 – Financial Instruments: Disclosure and Presentation, firm or conditional obligations to buy non-controlling interests are recognized as liabilities in amounts equal to their purchase price.

Any differences in the purchase price of a non-controlling interest and the share of the net equity acquired are recognized in equity without reassessing the value of the acquired assets and liabilities. Subsequent variations in the value of the liability are offset in equity.

Income taxes

Income tax expenses correspond to the income tax due by each tax-consolidated entity, adjusted for deferred income taxes.

In France, Bel heads a tax consolidation group that includes the following entities: SAS FR, Fromageries Picon, Fromageries Bel Production France, Fromageries Boursin, Société des Produits Latiers, SOFICO, SICOPA, SOPAIC, and ATAD.

France's 2010 budget law, approved in December 2009, introduced the CET (*contribution économique territoriale*), a local tax that supplanted the *taxe professionnelle* business tax. The Group qualifies the CET tax as an operating expense rather than an income tax. Accordingly, CET payable from 2010 falls under operating income.

Taxes payable for the period but not yet paid are recognized on the balance sheet under current payables. Overpaid income tax vs. income tax owed is recorded on the balance sheet under current receivables.

In accordance with IAS 12, deferred taxes and liabilities are recorded on the temporary differences between the tax and carrying amounts of the assets and liabilities. Based on the balance sheet liability method, they are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities settled and are classified as non-current assets and liabilities. Changes in the tax rate from year to year are recorded in the profit or loss for the year in which the change was recognized.

Deferred tax assets resulting from deductible temporary differences, unused tax losses and unused tax credits are limited to the estimated amount of recoverable tax. The latter is assessed at the balance sheet date based on the earnings forecasts of the related tax entities. Deferred tax assets and liabilities are not discounted.

Deferred taxes are recognized as income or expenses in the income statement except when they are associated with items directly credited or charged to equity. In this case, deferred taxes are also recognized in equity.

Revenue

Revenue from sales of goods, merchandise and other goods and services rendered in the course of the ordinary activities of consolidated Group entities is recorded net of discounts or commercial rewards and sales tax once the ownership is transferred to the customer or the service is rendered. These amounts are estimated at the time revenue is recognized, on the basis of agreements and commitments with the customers concerned. It is recognized in the income statement when the products are transferred.

Other non-recurring income and expense

Other non-recurring income and expenses primarily include:

- allowances and reversals of provisions for contingencies and losses, including restructuring costs incurred when assets are sold or operations discontinued, and costs arising from commitments made to employees affected by lay-off plans;
- capital gains and losses;
- impairment of non-current assets;
- provisions arising from tests for impairment loss on intangible assets;
- amortization of intangible assets with definite useful life;
- any unusual, material gains or losses not linked to recurring operating performance.

Earnings per share

Basic earnings per share before dilution is calculated by dividing net profit (Group share) by the weighted average number of ordinary shares outstanding during the year minus the weighted average number of treasury shares held by Group entities.

Diluted earnings per share is calculated by taking into account the effects of all outstanding potential dilutive instruments minus the weighted average number of treasury shares. Net profit is adjusted to factor in the after-tax impact of dilutive instruments.

NOTE 2**Changes in the scope of consolidation and changes in the ownership interest of consolidated entities**

In 2019, Bel Shostka Ukraine absorbed Bel Shostka Service.

NOTE 3**Income statement****3.1 BUSINESS SEGMENT INFORMATION AND SIGNIFICANT EVENTS OF THE YEAR**

Revenue and operating income by segment are the two key performance indicators used by Group General Management, the main operating decision-maker. Results are prepared by target market on a monthly basis to help monitor and offset the effects of raw material price and foreign exchange

volatility on margins as soon as they occur across all production entities.

Conversely, cash flow and balance sheet items are not tracked by market. They are instead prepared and tracked on a Group-wide basis.

The breakdown of total revenue and operating income by region was as follows:

(in thousands of euros)	2019		2018	
	Sales	Operating income	Sales	Operating income
Global (mature) markets	2,871,267	163,149	2,823,409	119,837
New territories	531,912	47,626	488,258	39,916
TOTAL	3,403,179	210,775	3,311,667	159,753

The 31.9% improvement in operating income reflects efforts to boost industrial productivity and cut costs, in line with the transformation plan unveiled in 2018, while raw material prices and main currencies were relatively stable.

Operating income improved significantly in global (mature) markets, underscoring the first positive effects of Bel's transformation plan. This good performance, however, was weighed down by difficulties encountered in major Bel markets, such as the Levant region, Morocco, Algeria and France.

The very sound operating performance achieved in new territories helped to underpin development plans in those markets.

Global markets

Global (mature) markets were up by 1.7% in 2019. Excluding the positive currency effect, organic growth was stable with a more robust fourth quarter up 2.1%.

In Europe, sales edged down 0.2% in 2019. Positive momentum in northern and southern European countries offset the tough sales environment in France.

Sales in the Middle East and Greater Africa region increased a slight 0.7%. The steep contraction in Levant region markets accelerated throughout the year, while sales performances were mixed in several North African and Middle Eastern countries.

In North America, sales growth was strong, fuelled by momentum in the Canadian market.

New territories

In 2019, sales in New Territories were up a hefty 8.9% thanks to MOM's strong momentum, particularly in North America, while the Group continued to achieve future development milestones in other new territories.

(in thousands of euros)	2019		2018	
	Sales by destination	Tangible and intangible assets by geographic region	Sales by destination	Tangible and intangible assets by geographic region
Europe	1,823,321	1,639,545	1,827,214	1,650,944
Middle East - Greater Africa	724,395	210,117	719,021	216,427
Americas - Asia Pacific	855,464	677,978	765,432	634,668
TOTAL	3,403,179	2,527,640	3,311,667	2,502,039

3.2 OPERATING EXPENSES BY NATURE

Operating expenses by nature break down as follows:

(in thousands of euros)	2019	2018
Personnel expense	627,311	560,162
Depreciation and amortization expense	132,700	122,390
Other operating expense	2,404,316	2,425,490
TOTAL OPERATING EXPENSES	3,164,327	3,108,042

Other operating expenses include manufacturing raw materials and consumables used to make products sold, as well as other costs of goods and services sold.

3.3 OTHER NON-RECURRING INCOME AND EXPENSES

Other non-recurring income and expenses break down as follows:

(in thousands of euros)	2019	2018
Impairment and gain or loss from disposal of fixed assets	(22,699)	(7,749)
Restructuring costs	(6,647)	(34,667)
Other non-recurring income and expense	1,269	(1,457)
TOTAL OTHER NON-RECURRING INCOME AND EXPENSE	(28,077)	(43,873)

In 2019, impairment tests led to an impairment loss of €12.5 million on goodwill for Moroccan company Safilait, recorded in the "Impairment and gains or losses on disposal of fixed assets" line item. This line item also includes depreciation for the brands acquired from MOM Group, with a defined useful life, for €2.1 million.

In 2018, restructuring costs primarily included salary expenses and costs for the Group's transformation, including costs for the voluntary departure plan in France, announced on September 20, 2018, for €29 million. The other amounts correspond to non-replaced departure costs, primarily in Morocco and France.

3.4 FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

(in thousands of euros)	2019	2018
Income from cash and cash equivalents	1,568	864
Cost of gross financial debt	(28,482)	(28,980)
Net costs of financial debt	(26,914)	(28,116)
Net cost from discounting	(1,228)	(1,726)
Foreign currency gains (losses)	(2,099)	(1,588)
Other	2,077	1,164
Other financial income and expense	(1,250)	(2,150)
TOTAL NET FINANCIAL EXPENSE	(28,164)	(30,266)

The cost of gross financial debt for the Group included the financial expenses caused by the reimbursement of the right-of-use debt associated with application of IFRS 16 for €4.6 million.

Foreign exchange expenses concerned mainly the impact of the depreciation of currencies at the subsidiaries in Turkey (-€0.6 million) and Egypt (-€1.9 million) on their foreign currency debts. In 2018, this stemmed mainly from the

impact of the depreciation of currencies from the Group's Turkish (-€2.4 million) and Iranian (€-1.2 million) subsidiaries.

The "other" line-item included dividends received in 2019 for €2.3 million from non-consolidated companies and an impairment charge for participations held for capital gains purposes and measured at fair value through Profit or Loss.

3.5 INCOME TAX EXPENSE

Income tax expenses break down as follows:

(in thousands of euros)	2019	2018
Current tax, including withholding tax	(39,325)	(42,755)
Deferred tax	(19,087)	13,326
TOTAL INCOME TAX EXPENSE	(58,412)	(29,429)

In 2019, the applicable corporate tax rate in France was 33.33%, to which a social security tax of 3.3% is added, bringing the total rate to 34.43%.

In 2019, the Group's effective tax rate was 32.0%. The difference between the applicable and effective income tax rates is summarized below:

(in %)	2019	2018
Standard tax rate (including additional contributions)	34.4%	34.4%
Impact of the difference in the current tax rates of foreign subsidiaries	-8.4%	-10.2%
Impact of change in tax rate in foreign companies	2.8%	-4.4%
Tax credits	-1.1%	-2.0%
Prior period carryforwards used during the year	-1.2%	-1.2%
Unused tax losses carryforwards from the period	0%	0.1%
Alternative minimum tax and non-creditable withholding tax	2.2%	1.9%
Permanent differences	7.4%	3.1%
Deferred tax limitation	-0.7%	-0.9%
Other items	-3.5%	1.8%
EFFECTIVE INCOME TAX RATE	32.0%	22.6%

The share of earnings in countries with tax rates below French levels accounts for most of the "Impact of the difference in the current tax rates of foreign subsidiaries". The "Impact of changes in tax rates" line stemmed primarily from the disadvantageous tax rate change in the United States.

The permanent differences in 2019 primarily concerned the effects related to non-deductible financial expenses (that are unused tax loss carryforwards) and the effect of the impairment charge for Safilait.

3.6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing attributable net profit by the number of ordinary shares (6,872,335 at December 31, 2019) less the weighted average number of treasury shares (84,000 at December 31, 2019).

Diluted earnings per share is identical to basic earnings per share as the bonus shares awarded during the period were not dilutive.

NOTE 4 Balance sheet**4.1 GOODWILL**

Changes in goodwill for 2019 break down as follows:

(In thousands of euros)	2019	2018
GROSS VALUE AT OPENING	847,870	844,770
Translation differences	3,149	3,100
GROSS VALUE AT CLOSING	851,019	847,870
Accumulated amortization and impairment at opening	(51,818)	(52,630)
Amortization and impairment	(12,497)	-
Translation differences	(421)	812
Accumulated amortization and impairment at closing	(64,736)	(51,818)
NET CARRYING AMOUNT OF GOODWILL FROM CONTINUING OPERATIONS	786,283	796,052

The main goodwill items recorded by the Group were those of the Boursin (€337 million) and MOM (€384 million) CGUs.

In 2019, impairment tests implemented on cash generating units led to an impairment charge of €12.5 million for Moroccan company Safilait.

The following assumptions and parameters were used in the impairment testing of CGUs to determine their value in use:

- an explicit horizon for forecasts of 5-years;
- Weighted Average Cost of Capital: country risk rates established by Coface were used to revise the discount rates determined for each country to take into account the notions of risk and time according to each CGU's profile and country risk.

The following economic assumptions were therefore adopted after this review:

	Long-term growth rate		Discount rate	
	2019	2018	2019	2018
Europe	1%-2%	1%-2%	6.50%	6.50%
Americas, Asia-Pacific	0,5%-2%	0,5%-2%	8%	8%
Middle East, Greater Africa	2%-2,5%	2%-2,5%	10,5%	11%

The Group tested the sensitivity of its CGUs to the following two factors:

- a 1% increase in the discount rate;
- a 0.5% decline in the long-term growth rate;

A 1% increase in the discount rate would result in the Group recognizing an additional impairment of €17 million.

A 0.5 point decline in the long-term growth rate would result in the Group recognizing additional impairment of around €11 million.

4.2 OTHER INTANGIBLE ASSETS

Changes in other intangible assets during the year were as follows:

(in thousands of euros)	2019	2018
Net carrying amount at January 1	647,241	641,495
Acquisitions	11,330	12,518
Disposals, assets disposed of	(207)	(20)
Translation differences	4,958	9,969
Depreciation and write-downs	(14,161)	(17,213)
Reclassifications	236	492
NET CARRYING AMOUNT AT DECEMBER 31	649,397	647,241

As in 2018, acquisitions of other intangible assets in 2019 were primarily related to the Group's IT projects.

Property, plant and equipment break down as follows:

(In thousands of euros)	December 31, 2019			December 31, 2018
	Gross value	Accumulated amortization and impairment	Net carrying amount	Net carrying amount
Concessions and patents	34,666	(18,682)	15,984	16,566
Brands	608,287	(16,227)	592,060	589,710
Software	207,786	(166,604)	41,182	40,774
Other	1,332	(1,161)	171	191
TOTAL	852,071	(202,674)	649,397	647,241

The main Group brands recorded under intangible assets stem from the acquisitions of Leerdammer (€88 million), Boursin (€92 million) and MOM Group (€361 million).

4.3 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

4.3.1 Property, plant and equipment

Changes in property, plant and equipment during the year were as follows:

(in thousands of euros)	2019	2018
Net carrying amount at January 1	959,689	903,264
Impact of change in consolidation scope	-	338
Acquisitions	140,227	157,871
Disposals, assets disposed of	(2,951)	(3,059)
Translation differences	7,345	(1,620)
Depreciation and write-downs	(109,849)	(95,390)
Reclassifications	(2,262)	(1,715)
NET CARRYING AMOUNT AT DECEMBER 31	992,199	959,689

A breakdown of property, plant and equipment by nature is presented in the following table:

(in thousands of euros)	December 31, 2019			December 31, 2018
	Gross value	Accumulated depreciation	Net carrying amount	Net carrying amount
Land	32,105	(6,990)	25,115	25,409
Constructions	494,361	(254,531)	239,830	234,529
Technical installations, fixtures, machinery and equipment	1,506,491	(920,713)	585,778	564,294
Other tangible assets	67,790	(46,716)	21,074	23,386
Assets under construction	121,158	(756)	120,402	112,071
TOTAL	2,221,905	(1,229,706)	992,199	959,689

The main acquisitions over the year concerned an increase in production capacities in France, the Netherlands, Canada and in the MOM Group companies.

Property, plant and equipment in progress include the construction of a plant in Canada as well as the increase in production capacities in the US.

4.3.2 Right-of-use assets

Right-of-use assets break down as follows:

(in thousands of euros)	2019	2018
Net carrying amount at January 1	99,057	-
Acquisitions	5,654	111,204
Disposals, abandoned assets	(1,484)	(147)
Translation differences	893	658
Depreciation and write-downs	(13,754)	(13,869)
Other movements	9,395	1,211
NET CARRYING AMOUNT AT DECEMBER 31	99,761	99,057

Right-of-use assets correspond to all contracts recognized in view of application of IFRS 16. Lease assets owned by the Group to carry out its activities are primarily buildings used for offices, the largest of which is the head office in Suresnes.

Other contracts concern industrial assets such as refrigerated storage equipment, plant cleaning machines, lifting trucks, and fleets of vehicles for sales staff and refrigerated trucks used to deliver the Group's products.

(in thousands of euros)	December 31, 2019			December 31, 2018
	Gross value	Accumulated depreciation	Net carrying amount	Net carrying amount
Land	259	(181)	78	86
Constructions	105,663	(26,921)	78,742	87,847
Technical installations, fixtures, machinery and equipment	552	(358)	194	1,491
Shipping	27,671	(7,094)	20,577	9,491
Other tangible assets	170	-	170	142
TOTAL	134,315	(34,554)	99,761	99,057

The most significant contracts concern office buildings leased for around €79 million vs. €87 million in 2018.

4.4 FINANCIAL ASSETS AND LIABILITIES

Financial assets break down as follows:

(in thousands of euros)	December 31, 2019				December 31, 2018
	Amortised costs	Fair value through OCI	Fair value through P&L	Balance sheet amount	Balance sheet amount
Assets					
Financial investments	321	114,295	8,978	123,594	153,270
Other non-current financial assets		9,967		9,967	4,712
Non-current loans and advances	11,765			11,765	11,509
Non-current trade and other receivables	1,452			1,452	1,119
Current trade and other receivables	506,346			506,346	488,115
Other current financial assets	5,849			5,849	1,128
Current loans and advances	1,265			1,265	2,022
Current tax assets	34,365			34,365	34,924
Cash and cash equivalents	90,922		314,747	405,669	337,198

Financial liabilities recognizable under IFRS 7 are recorded in full at amortized cost with the exception of financial instrument liabilities, which are measured at fair value. They are detailed in Note 4.15.

Financial investments include various receivables, Unibel shares owned by SOFICO as well as non-consolidated securities valued at their fair value according to the share price for the Unibel shares and to available financial statement, for the others.

4.5 FINANCIAL INVESTMENTS

Financial investments (excluding deferred taxes) were as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Financial investments at beginning of period	153,270	181,149
Change in fair value recognized in OCI	(30,442)	(30,479)
Other changes	766	2,600
FINANCIAL INVESTMENTS AT END OF PERIOD	123,594	153,270

Financial investments included 196,350 Unibel shares held by SOFICO and acquired at an average price of €14.25 per share. As of December 31, 2019, these shares were valued at €113.9 million based on the December 31, 2019 closing price.

On December 31, 2018, these shares were valued at €144.3 million based on the December 31, 2018 closing price.

4.6 INVENTORIES AND WORK-IN-PROGRESS

Inventories and work-in-progress break down as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Raw materials and other supplies	149,409	152,651
Work-in-progress, goods and services	1,306	1,704
Merchandise, finished goods and intermediate goods	229,095	217,691
GROSS VALUE	379,810	372,046
Inventory write-downs	(7,223)	(7,067)
NET CARRYING AMOUNT	372,587	364,979

The change in net inventories for the years presented breaks down as follows:

(in thousands of euros)	2019			2018
	Gross amounts	Write-downs	Net amounts	Net amounts
At January 1	372,046	(7,067)	364,979	351,667
Change in gross inventory	3,110	-	3,110	429
Change in write-downs	-	(51)	(51)	10,887
Reclassification	7	(11)	(4)	-
Translation differences	4,647	(94)	4,553	1,996
AT DECEMBER 31	379,810	(7,223)	372,587	364,979

4.7 TRADE AND OTHER RECEIVABLES

Trade and other receivables break down as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Trade and other receivables	512,051	493,285
Write-downs	(5,705)	(5,170)
NET CARRYING AMOUNT	506,346	488,115

The change in trade and other receivables for the years presented breaks down as follows:

(in thousands of euros)	2019			2018
	Gross amount	Write-downs	Net amounts	Net amounts
At January 1	493,285	(5,170)	488,115	501,898
Changes in WCR	12,476	-	12,476	(15,830)
Impact of change in consolidation scope	-	-	-	147
Change in write-downs	-	(475)	(475)	1,652
Reclassifications	(236)	-	(236)	(6)
Translation differences	6,526	(60)	6,466	254
AT DECEMBER 31	512,051	(5,705)	506,346	488,115

At December 31, 2019, net current trade receivables represented 87% of total trade and other receivables, with trade receivables under 60 days due accounting for 11% and trade receivables over 60 days due accounting for 1.48%. Receivables older than 120 days and not covered by credit insurance are fully impaired.

At December 31, 2019, trade receivables of €48.5 million were sold non-recourse to third parties with a transfer of risks in line with the criteria set out in IFRS 9 and hence were de-consolidated.

4.8 NET DEFERRED TAXES

Net deferred tax liabilities as of December 31, 2019 and changes in the net deferred tax position for the last two financial years were recorded as follows:

(in thousands of euros)	2019	2018
At January 1	(223,930)	(244,820)
Impact of change in consolidation scope	-	35
Changes recognized in equity	8,993	11,456
Changes recognized in the P&L	(19,087)	13,326
Translation differences	(2,133)	(3,688)
Reclassifications	(199)	(238)
AT DECEMBER 31	(236,356)	(223,930)

Basis for deferred tax assets and liabilities

(in thousands of euros)	December 31, 2019	December 31, 2018
Goodwill from business	(32,876)	(29,918)
Fixed assets	(98,901)	(95,848)
Brands and concessions	(143,632)	(139,756)
Derivative financial instruments	4,084	3,035
Valuation of Unibel shares	(27,771)	(35,380)
Pensions and similar employee benefits	19,822	20,036
Tax loss carryforwards	21,555	25,350
Other	21,364	28,551
NET DEFERRED TAXES	(236,356)	(223,930)
of which:		
<i>Deferred tax assets</i>	<i>20,907</i>	<i>26,775</i>
<i>Deferred tax liabilities</i>	<i>(257,263)</i>	<i>(250,705)</i>

The "Other" line mainly concerns temporary items that are not tax-deductible.

Tax loss carryforwards

The Group has tax loss carryforwards that offer potential tax savings.

A deferred tax asset is recognized when the recovery of tax loss carryforwards is more likely than not to arise for either of the following reasons:

- either the deferred tax assets can be offset against tax liabilities set to mature during the period in which they are "deductible"; or
- taxable profits are expected during the recovery period.

Income tax assets related to tax loss carryforwards mainly concern MOM Group, amounting to €16.2 million, and the Grupo Fromageries Bel España subsidiary, amounting to €5 million.

Deferred tax assets that were unrecognized owing to uncertainties about the probability of recovering the corresponding tax loss carryforwards were as follows:

(in thousands of euros)	December 31, 2019		December 31, 2018	
	Tax loss basis	Unrecognized deferred tax assets	Tax loss basis	Unrecognized deferred tax assets
Expires in				
Less than one year	-		45	8
One to five years	3,056	583	2,261	447
More than five years	23	7	-	-
May be carried forward indefinitely	39,694	11,569	13,324	3,362
TOTAL	42,773	12,159	15,630	3,817

Of the total unrecognized deferred tax assets at December 31, 2019, €1.7 million concerned the Grupo Fromageries Bel España subsidiary.

Changes in Spain's tax policy in 2014, 2016 and 2017 capped the deductibility of tax losses from previous years, and instead offered the possibility of carrying forward tax losses indefinitely.

4.9 SHARE CAPITAL INFORMATION

4.9.1 Non-recyclable elements

Application of IFRS 9 on January 1, 2018 led the Group to assess the management models of the equity interests it holds.

The main equity investments owned by the Group concern Unibel, for a value of €113.9 million on December 31, 2018 and are owned by the SOFICO subsidiary. These shares are measured at fair value on the closing date and the Group deems that these shares, which are not held for trading purposes, would be marked to market through other

comprehensive income. As such, and in application of the standard, all changes in fair value for these shares are recognized in non-recyclable reserves in the Group's equity.

4.9.2 Capital

The number of shares in Bel's capital amounted to 6,872,335.

In 2019, the Group's equity changed primarily due to income from the fiscal year and due to the dividend paid in May for the previous fiscal year and the impact from elements posted in the "Other Comprehensive Income".

Items recognized in the statement of comprehensive income are presented in the following table:

(thousands of euros) Group Share		At December 31, 2019			At December 31, 2018
		Minority interest share	Total	Total	
Cash flow hedging	Gross amounts	(2,273)	-	(2,273)	(15,004)
	Income tax impact	(370)	-	(370)	5,275
Mark-to-market of assets available for sale	Gross amounts	(30,459)	-	(30,459)	(30,479)
	Income tax impact	7,612	-	7,612	7,617
Actuarial gains and losses arising on retirement obligations	Gross amounts	(6,788)	(83)	(6,871)	3,705
	Income tax impact	1,755	27	1,782	(1,200)
Translation differences		10,885	1,535	12,420	6,142
TOTAL		(19,638)	1,479	(18,159)	(23,944)

Depending on its financial positions and changing needs, the Group may adjust its share capital by issuing new shares, for example, or by purchasing and canceling existing shares.

The Group is not subject to equity covenants imposed by third parties.

Treasury shares

In 2019, 1,123 treasury shares were bought back. The number of treasury shares owned on December 31, 2019 was 84,000.

Bonus shares

In accordance with IFRS 2, personnel expenses arising from bonus share awards were recognized incrementally over the vesting period with counterpart entries in equity.

A breakdown of bonus share plans is presented in the following table:

BONUS SHARE PLANS

(in thousands of euros)	Plan 2016/2019	Plan 2017/2020	Plan 2018/2021	Plan 2019/2022	Total
Number of shares granted at the award date	6,717	8,241	8,809	11,511	
Number of shares awarded at December 31, 2019	2,147	1,795	5,628	10,974	
Fair value of share awarded (in €)	489	589	472	300	
Award criteria: percentage provisioned	44%	42%	120%	140%	
Vesting period	3 years	3 years	3 years	3 years	
Amount expensed at December 31, 2019	213	197	918	494	1,823

4.10 PROVISIONS

Changes in provisions for the years presented break down as follows:

(in thousands of euros)	2019	2018
Provisions at January 1	46,414	25,208
Increase (charged during the period)	3,475	23,147
Reversals – offset against expenses	(23,095)	(953)
Reversals – cancelled provisions	(1,061)	(1,609)
Reclassifications	(14,259)	577
Translation differences	69	44
Provisions at December 31	11,544	46,414
<i>Of which less than a year</i>	<i>5,064</i>	<i>26,417</i>

(in thousands of euros)	December 31, 2019	December 31, 2018
Provisions for disputes and litigation	4,149	4,266
Restructuring provisions	592	19,667
Provisions for other expenses	-	344
Provisions for other contingencies	6,803	22,137
PROVISIONS	11,544	46,414

During 2018, the provisions for restructuring line item primarily included the costs estimated under the framework of a voluntary departure plan for France, for €19.2 million.

In 2019, the balance of this provision, as well as the provision recorded for the DGCCRF inquiry into the MOM Group and which resulted in a fine of €13.6 million, were reclassified as "Other liabilities".

4.11 EMPLOYEE BENEFITS

The Group contributes to various pension plans, post-employment benefits and other long-term benefits in accordance with the laws and practices of the countries where it is present.

These plans are either defined contribution plans or defined benefit plans. For defined contribution plans, the expense is recorded in the year the contributions are due and, the Group's obligation being limited to said contributions, no additional retirement provisions are accounted for. For defined benefit plans, the obligations are measured using the projected unit credit method.

4.11.1 Summary of various employee benefits (defined contribution plans)

Employees benefit from defined contribution plans in some of the Group's entities. These plans mainly provide employees with benefits that complement State pension plans. For these plans, the expense is recorded in the year the contributions are due and, the Group's obligation being limited to said contributions, no additional retirement provisions are accounted for.

Nevertheless, an exception exists in the United States. Bel Brands USA contributes to a multi-employer fund that is by its nature a defined benefit plan. The fund manager, however, is unable to determine with any precision the share of each participating entity's obligation for the benefits earned by current employees, with the earned benefits of former employees deferred and retired employees benefiting from life annuities paid by the fund. Accordingly, under the rules

of IAS 19, the Company only recognizes its contributions paid into the fund as if it were a defined contribution plan even though this plan is by nature a defined benefit plan. Bel Brands USA runs the risk of having to cover part of this obligation in the event that the fund is underfunded. The amount of the risk is not known at this time.

During 2018, Bel Brands USA sought a withdrawal solution with the fund and after approval on December 4, 2018 by the social partners, signed a deal under which employees at the Little Chute plan would have their previous rights maintained, whereas contributions by Bel Brands would stop on January 31, 2019. As of February 1, 2019, the employees from this factory will be offered a defined contribution 401K plan, as for the Group's other plants in the US. The discounted cost of withdrawing from this fund is estimated at \$4.7 million. This was booked as long-term debt on December 31, 2018. It is to be paid in 20 installments of \$371,000.

4.11.2 Summary of different types of employee benefits (defined benefit plans)

These plans mainly consist of additional retirement benefits, post-employment benefits and long-service awards.

Employee benefits concern primarily European countries, with France, Germany and the Netherlands together accounting for €120 million, or 95% of a total €126 million in employee benefits.

Actuarial gains and losses on post-employment benefits are recognized in "Other items of comprehensive income" in the period during which they arise.

The following table provides a summary of the financial position of defined benefit plans:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2019	Total 2018
Gross defined benefit obligation	52,942	46,030	21,371	6,193	126,536	118,239
Fair value of plan assets	(41,478)	-	-	-	(41,478)	(36,312)
NET EMPLOYEE BENEFIT OBLIGATION RECORDED ON THE BALANCE SHEET	11,464	46,030	21,371	6,193	85,058	81,927

Changes in gross employee benefit obligations for defined benefit plans are presented in the following table:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2018	Total 2017
Gross defined benefit obligation at January 1	48,688	44,413	19,320	5,818	118,239	125,827
Change in gross defined benefit obligations recorded in profit and loss	922	59	554	1,070	2,605	5,649
Actuarial gains and losses recorded to other comprehensive income	3,403	4,067	2,384	58	9,912	(7,811)
Translation differences	-	-	-	109	109	(16)
Benefits paid during the year	(71)	(2,509)	(887)	(862)	(4,329)	(5,412)
GROSS OBLIGATION AT DECEMBER 31	52,942	46,030	21,371	6,193	126,536	118,236

Changes in the fair value of benefit plan assets are presented in the table below:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2019	Total 2018
Fair value of plan assets at January 1	(36,313)	-	-	-	(36,313)	(39,977)
Interest income (expense) on plan assets	(641)	-	-	-	(641)	(679)
Return on plan assets above the discount rate	(3,045)	-	-	-	(3,045)	4,106
Costs borne by bodies responsible for managing plan assets	76	-	-	-	76	140
Benefits paid by funds to recipients during the year	133	-	-	189	322	371
Contributions paid to funds	(1,688)	-	-	(189)	(1,877)	(274)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	(41,478)	-	-	-	(41,478)	(36,313)

In 2019, the net amount expensed to the income statement totaled €2.0 million and broke down as follows:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2019	Total 2018
Service cost for the period	57	2,664	249	680	3,650	3,246
Cost of past services ^(a)	-	(3,295)	-	(58)	(3,353)	(2,359)
Past service cost following a plan change	826	-	324	140	1,290	209
Interest income from the present value of the obligations	-	-	-	233	233	2,084
Costs borne by bodies responsible for managing plan assets	76	-	-	-	76	140
Actuarial gains and losses on other long-term benefits during employment recognized during the year	39	690	(19)	76	786	(342)
Change in gross defined benefit obligations recorded in profit and loss	998	59	554	1,070	2,681	2,977
Interest income (expense) on plan assets	(641)	-	-	-	(641)	(679)
TOTAL NET EXPENSES RECOGNIZED ON THE INCOME STATEMENT	358	59	554	1,070	2,041	2,299

(a) In France, related to a restructuring plan or dismissals/or transactional departures.

In the Netherlands, collective bargaining with dairy industry trade unions over retirement benefits resulted in the signature of an agreement in 2014 at the end of which the defined benefit plans were replaced by a defined contribution plan

on January 1, 2015. The rights acquired by employees at December 31, 2014 were frozen and defined benefit plans are now closed to new employees.

Actuarial gains and losses recorded in the statement of comprehensive income can be broken down as follows:

(in thousands of euros)	Netherlands	France	Germany	Rest of the world	Total 2019	Total 2018
Actuarial gains and losses on the present value of obligations recognized during the year and arising from experience adjustments	(3,384)	434	246	26	(2,678)	(5,865)
Actuarial gains and losses of obligations recognized during the year and arising from changes to demographic assumptions	(420)	-	(3)	-	(423)	(517)
Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to financial assumptions	7,207	3,633	2,141	95	13,076	(1,429)
Actuarial gains and losses recorded to other comprehensive income	3,403	4,067	2,384	121	9,975	(7,811)
Return on plan assets above the discount rate	(3,045)	-	-	-	(3,045)	4,106
TOTAL NET GAINS RECORDED IN THE STATEMENT OF COMPREHENSIVE INCOME	358	4,067	2,384	121	6,930	(3,705)

For defined benefit plans, obligations were measured according to actuarial techniques taking long-term assumptions into account. The main assumptions used by independent actuaries included the discount rate, the rate of salary increases, the turnover rate, and mortality rates.

In Europe, probable future benefits were written down to their present value using discount rates appropriate to each country. The discount rates were determined by using as a benchmark the yield on AA-rated corporate bonds with the same maturities as the commitments.

Assumptions weighted by obligation	December 31, 2019	December 31, 2018
Discount rate (weighted)	1.08%	1.76%
Rate of salary increases (weighted)	2.56%	2.56%
Duration (weighted)	17.3	17.6

The main financial assumption used to measure obligations in respect of defined benefit plans is the discount rate, which can have a significant impact on the outcome. A 100-point variation in the discount rate versus the main assumption used at December 31, 2019 would have the following effects:

	Decrease of 100 basis points	Increase of 100 basis points
Impact on the obligation at end of December 31	19%	-16%

4.11.3 Description of main defined benefit plans

France

The various French entities of the Group depend on the Milk Industry collective agreement except for employees at MBMA and Materne who depend on the French National Food Processing Industries collective agreement. Both agreements provide for the payment of pensions to employees still present in the firm at the time of their retirement, with the retirement age being the same as that at which citizens are eligible for their State pension. This allowance is calculated as a percentage of the last salary earned, with the percentage determined according to the number of years of service at the time of retirement. These benefits are also subject to payroll on-costs which vary according to occupational category. This plan is not externally managed.

Germany

Germany had an additional defined benefit plan that has been closed to new entrants since March 2003, with new entrants benefiting from a defined contribution plan. The defined benefit plan pays a life annuity (with a 60% annuity granted to the retiree's surviving spouse and disability coverage) based on a percentage of the employee's last earned salary (based on the number of years in service capped at 35 years). The annuities are by law revised for inflation every three years.

Netherlands

The Netherlands has two additional defined benefit retirement plans, one of which was established by a collective bargaining agreement with the dairy industry. The plans pay a life annuity at the date of retirement, with the retirement age set at 67. The annuity corresponds to the benefits acquired over the employee's length of service and is revised up annually to the beneficiary's date of retirement. The plans also pay an annuity to the employee's spouse or children in the event of death and provide disability coverage as well. The plans do not guarantee that the annuities for current retirees will be revalued in the future. They also do

not guarantee the future evaluation of all the rights acquired by former employees who have acquired deferred benefits. Indexations are conditional on the financial health of the fund.

Both plans are financed via a shared multi-employer fund managed by Interpolis, an insurance firm. Interpolis determines the share of the fund owned by the two plans based on the value of the obligations calculated in accordance with statutory assumptions, which generally differ from standard assumptions. At end 2019, the fair value of plan assets in the Netherlands totaled €41.5 million, versus €36.3 million at end 2018.

4.12 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities broke down as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Investment grants	22,955	21,487
Amounts payable to personnel	27,158	23,039
Other	10,915	10,313
TOTAL	61,028	54,839

Amounts payable to personnel were primarily made up of CETs (Compte Épargne Temps) – Time Savings Accounts of French companies (allowances for paid leave in France) – and debt provisions relating to employee profit-sharing plans at French entities.

Other non-current debts included the recognition of the debt to the multi-employer US pension fund (see Note 4.11 Employee benefits) for an amount of €4.2 million.

4.13 TRADE PAYABLE AND OTHER LIABILITIES

Changes in trade payables and other liabilities are presented in the following table:

(in thousands of euros)	2019	2018
At January 1	626,949	679,645
Impact of change in consolidation scope	-	210
Changes in WCR	23,260	(50,667)
Reclassifications	12,056	15
Translation differences	5,685	(2,254)
AT DECEMBER 31	667,950	626,949

4.14 NET FINANCIAL DEBT

Net financial debt is presented in the following table:

(in thousands of euros)	December 31, 2019	December 31, 2018
Bonds	622,970	497,837
NEU MTN ^(a)	50,000	50,000
Banks borrowing	111,989	137,199
Employee profit-sharing	5,779	7,827
Minority shareholders' put options	25,481	21,277
Deposits and guarantee deposits	223	218
Borrowings and financial liabilities	816,442	714,358
TOTAL LONG-TERM LIABILITIES	816,442	714,358
Bonds	5,674	145,343
Bank borrowings	46,636	15,923
Employee profit-sharing	2,613	2,609
NEU CP ^(b)	30,000	4,367
Sundry loans and financial liabilities	7,571	10,125
Current account liabilities	79,507	90,171
Borrowings and financial liabilities	172,001	268,538
TOTAL SHORT-TERM DEBT	172,001	268,538
GROSS FINANCIAL DEBT - EXCLUDING FINANCE LEASE	988,443	982,896
Lease liability - Long term	83,123	84,588
Lease liability - Short-term	19,168	16,047
LEASE LIABILITIES	102,291	100,635
GROSS FINANCIAL DEBT	1,090,734	1,083,531
Current used bank facilities including overdrafts and accrued interest	2,305	9,414
Cash and cash equivalents	(405,669)	(337,198)
NET CASH AND CASH EQUIVALENTS	(403,364)	(327,784)
Current account assets	(3,144)	(872)
TOTAL NET DEBT (B)	684,226	754,875
TOTAL NET DEBT - EXCLUDING FINANCE LEASE (B)-(A)	581,935	654,240

(a) Negotiable European Medium Term Notes.

(b) Negotiable European Commercial Paper.

The main financing transactions for 2019 are explained in Note 4.15.2.

The put options belonging to Moroccan company Safilait's minority shareholders, included in long-term debts, were offset against equity.

Lease liabilities correspond to the right-of-use liability recognized in application of IFRS 16 as of 2018.

Current account liabilities mainly concern the parent company Unibel for an amount of €78.5 million on December 31, 2019 compared with €88.4 million on December 31, 2018 (see Note 8.2).

The repayment schedule for long-term debt excluding leases is set out in Note 4.15.4 "Interest rate risk management".

The repayment schedule for lease debts is set out below:

(in thousands of euros)	Total	2020	2021	2022	2023	2024	2025 and beyond
Lease liability - Short-term	19,168	19,168					
Lease liability - Long term	83,123		16,988	14,921	13,111	12,154	25,949
TOTAL LEASE LIABILITY	102,291	19,168	16,988	14,921	13,111	12,154	25,949

4.15 FINANCIAL INSTRUMENTS

4.15.1 Market risk management

The Treasury department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

4.15.2 Financial and liquidity risk management

The Group's net debt position on December 31, 2019 stood at €684 million, including lease debt in application of IFRS 16 and €582 million excluding leases.

The Group implemented policies aimed at limiting liquidity risk. In line with those policies, a significant share of the Group's financial resources is medium-term. The Group has confirmed credit lines and medium-term financing from its banks and from investors.

The Group undertook the following operations during 2019:

- issue of a new bond loan for €125 million, maturing in 2027 and 2029, indexed to performances in terms of environmental and social responsibility;
- redemption of €140 million in Euro PP bonds that had matured.

At December 31, 2019, the Group had significant liquidity, including:

- two confirmed syndicated credit lines maturing of €300 million and €520 million respectively, maturing in respectively 2023 and 2024. These lines have not been drawn;
- a €500 million commercial paper program, of which €30 million has been used;
- a NEU MTN program of €200 million, of which €50 million has been used;
- an Euro PP bond loan of €125 million maturing in 2027 and 2029, contracted with private investors;
- a €500 million bond issue maturing April 2024;
- an amortizable term loan of €95 million maturing in 2023;
- financing on the Schuldschein market, comprising €42 million on maturity at between 2020 and 2023.

On December 31, 2019, the Group had a considerable amount of cash and cash equivalents, of €403 million, including €343 million at the Bel SA level.

In its syndicated credit lines, its Euro PP and the Schuldschein, Bel SA has committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium- and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA on a R.O.C basis (recurring operating income). Failure to meet the ratio could trigger the

repayment of a significant part of the debt. On December 31, 2019, the ratio stood at 1.67 versus 2.11 on December 31, 2018.

The Group implemented a policy of pooling liquidity at the Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or liquidity needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

In countries where the pooling of surpluses and liquidity needs is not allowed, subsidiaries invest their surpluses in money-market funds denominated in their local currency and, if needed, finance themselves primarily in local currency. The policy of systematic dividend payment also aims to limit recurring surpluses at subsidiaries level.

For information, available cash in North African and Middle Eastern countries amounted to €36 million on December 31, 2019 and represented the majority of the non-centralizable cash available.

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

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

4.15.3 Foreign exchange risk management

The Group is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Group entities are exposed to foreign exchange risk on sales recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, e.g., imports, exports and financial transactions.

Hedging policy for foreign exchange exposure

The management policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments.

The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for deliverable currencies. The Group Treasury Department provides these entities with the necessary currency hedges. Hedging is not intended to generate profit.

The Group also hedges exchange rate exposure arising from the payment of intragroup dividends denominated in foreign currency.

In contrast, the Group does not hedge its exposure to translation differences arising from consolidating its foreign subsidiaries.

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

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 months. On December 31, 2019, the maturity of the derivatives portfolio did not go beyond January 31, 2021. The cash flow from the budgeted 2019 and 2020 hedges is expected in 2020 and will thus impact income in 2020.

Hedging of foreign exchange rate fluctuations on imports, exports and financial transactions

Group entities recalculate their net foreign exchange exposures periodically during each budgetary review. To manage its exposure, the Group mainly uses forward contracts, currency options and cross-currency swaps.

HEDGING POSITIONS FOR FOREIGN EXCHANGE, INTEREST RATE AND RAW MATERIALS RISKS VERSUS THE PREVIOUS YEAR

The valuations below are compliant with the IFRS 9 accounting standard:

(in thousands of euros) Category of transactions	At December 31, 2019				At December 31, 2018			
	Equity	Operating income	Financial income	Market value	Equity	Operating income	Financial income	Market value
Portfolio related to foreign exchange risk								
Forward on operational transactions	(944)	(1,331)	-	(2,275)	51	(932)	-	(881)
Options on operational transactions	(1,134)	(5)	-	(1,139)	(7)	(112)	-	(119)
Forward on dividends and investments	(145)	-	-	(145)	(507)	-	-	(507)
Options on futures dividends	(457)	-	-	(457)	-	-	-	-
Transactions on financing	-	-	(89)	(89)	-	-	(277)	(277)
Other operations	-	-	(74)	(74)	-	-	-	-
Total portfolio related to foreign exchange	(2,680)	(1,336)	(163)	(4,179)	(463)	(1,044)	(277)	(1,784)
Total portfolio related to interest rate	2,087	-	-	2,087	(877)	-	(1,664)	(2,541)
Portfolio related to risk of change in raw materials prices	17	-	-	17	-	-	-	-
Total portfolio of Bel SA	(576)	(1,336)	(163)	(2,075)	(1,340)	(1,044)	(1,941)	(4,325)
Portfolio related to risk of change in US raw materials prices	-572		(39)	(611)	1,949	581	67	2,597
TOTAL BEL GROUP				(2,686)				(1,728)

On December 31, 2019, the Group had secured the following hedges:

Category of transactions (in thousands of euros)	Currency	At December 31, 2019					At December 31, 2018				
		Commit- ment	Equity	Oper- ating income	Financial income	Market value	Commit- ment	Equity	Oper- ating income	Financial income	Market value
PORTFOLIO RELATED TO FOREIGN EXCHANGE RISK											
1. CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS											
Forward purchase	EUR GBP	19,700	(198)	(91)		(289)	25,750	171	(24)		147
Forward sale	EUR PLN	27,500	566			566	30,500	66	5		71
Forward purchase	EUR USD	82,983	(265)	(735)		(1,000)	78,211	(990)	(1,223)		(2,213)
Forward purchase	Other	48,827	(91)	(106)		(197)	47,848	(149)	(90)		(239)
Forward sale	Other	1,962	39			39	2,195	(41)			(41)
Forward on operationnal transactions		51	(932)		-	(881)	(944)	(1,331)		-	(2,275)
2. CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS											
Call purchase	EUR GBP	58,000	203			203	54,600	1,083			1,083
Put sale	EUR GBP	30,000	(580)	(97)		(677)	32,050	(371)			(371)
Put purchase	EUR PLN	37,000	654			654	39,000	373			373
Call sale	EUR PLN	14,350	(16)			(16)	21,000	(137)			(137)
Call purchase	EUR USD	153,860	555			555	155,645	402			402
Put sale	EUR USD	105,346	(831)	(15)		(846)	57,323	(2,726)			(2,726)
Call purchase	Other	49,009	271			271	64,268	756			756
Put sale	Other	21,430	(263)			(263)	32,791	(515)	(5)		(519)
Options on operationnal transactions		(7)	(112)		-	(119)	(1,134)	(5)		-	(1,139)
3. CURRENCY FORWARD TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS											
Forward purchase	EUR GBP	1,000	(75)			(75)					
Forward purchase	EUR USD	15,131	(266)			(266)	8,404	(301)			(301)
Forward purchase	Other	3,877	(166)			(166)					
Forward sale	Other					-	4,635	156			156
Forward on dividends and investments		(507)		-	-	(507)	(145)		-	-	(145)
4. CURRENCY OPTIONS TO HEDGE FUTURE DIVIDEND											
Put sale	EUR USD					-	8,214	(459)			(459)
Call purchase	EUR USD					-	15,534	2			2
Options on futures dividends			-	-	-	-	(457)		-	-	(457)
5. TRANSACTIONS TO HEDGE FINANCING FLOWS											
Swap sale	EUR GBP	12,909			15	15	7,738			86	86
Swap sale	EUR PLN	4,215			11	11	2,564			(8)	(8)
Swap sale	EUR USD	47,162			(325)	(325)	53,785			(155)	(155)
Swap sale	Other	6,378			10	10	263			2	2
Swap purchase	Other	15,261			12	12	25,132			(14)	(14)
Transactions on financing			-	-	(277)	(277)		-	-	(89)	(89)
6. OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY											
Call purchase	EUR GBP	8,100			3	3					
Call sale	EUR GBP	7,000			(3)	(3)	4,000			(52)	(52)
Call sale	EUR USD					-	3,906			(6)	(6)
Call sale	Other	489				-	978			(16)	(16)
Other operations			-	-	-	-		-	-	(74)	(74)
TOTAL PORTFOLIO RELATED TO FOREIGN EXCHANGE			(463)	(1,044)	(277)	(1,784)		(2,680)	(1,336)	(163)	(4,179)

The transactions are expressed according to the direction of the cross-currency:

- forward purchase EUR USD means that the Group is buying EUR and selling USD;

- call purchase EUR GBP means that the Group buys a EUR call/GBP put option;

- swap on futures sale EUR GBP means that the Group borrows EUR so is selling futures on EUR, lends GBP so is purchasing futures on GBP.

On December 31, 2019, the market value of derivatives hedging highly probable future transactions and recognized in equity was negative at €0.5 million, compared with a negative amount of €2.7 million on December 31, 2018.

The Group's main currency exposure is the US dollar, the Pound Sterling and the Polish Zloty. The valuations shown exclude the impact of deferred taxes.

A 1% increase in the EUR/USD rate, before hedging, would negatively impact operating income by €2.4 million on an annual basis.

A 1% increase in the EUR/GBP rate, before hedging, would negatively impact operating income by €0.9 million on an annual basis.

A 1% decrease in the EUR/PLN rate, before hedging, would negatively impact operating income by €0.7 million on an annual basis.

On December 31, 2019, 2020 budget net exposure relative to the main currencies was hedged at a ratio between 75%

and 100%, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements comply with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group uses an external provider to determine the valuations.

4.15.4 Interest rate risk management

Most of the Group's financing is arranged by Bel, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

At December 31, 2019, the Group hedged interest rate risk through interest rate swaps:

Category of transactions (in thousands of euros)	Currency	At December 31, 2019				At December 31, 2018			
		Commit- ment	Equity	Financial income	Market value	Commit- ment	Equity	Financial income	Market value
PORTFOLIO RELATED TO INTEREST RATE									
Fixed-rate borrower swaps	EUR	47,500	(624)		(624)	50,000	(457)		(457)
Fixed-rate receiver swaps	EUR	72,500		(1,127)	(1,127)	10,000	46		46
Fixed-rate borrower swaps	USD	84,565	(253)		(253)	87,336	2,498		2,498
Fixed-rate borrower cross currency swaps	EUR/CAD	20,551		(537)	(537)				
TOTAL PORTFOLIO RELATED TO INTEREST RATE			(877)	(1,664)	(2,541)		2,087	-	2,087

On an annualized basis, a 1% rise across the entire rates curve would have:

- a positive impact of €3 million on the Group's equity;
- a negative impact of €6 million on the Group's financial result.

On an annualized basis, a 1% fall across the entire rates curve would have:

- a negative impact of €2.1 million on the Group's equity;
- a positive impact of €5.3 million on the Group's financial result.

The following hedging balance corresponds to hedges of Group's loans.

CHANGE IN INTEREST RATE HEDGING PORTFOLIO ON DECEMBER 31, 2019

(in millions of euros)		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Interest-rate swaps	EUR	120	115	107.5	97.5	62.5	62.5	62.5	62.5	31.25	31.25	31.25
Interest-rate swaps	USD	95	85	70	50	-	-	-	-	-	-	-
Interest-rate swaps	EUR/CAD	30	30	7.5	-	-	-	-	-	-	-	-

ANALYSIS OF GROSS FINANCIAL DEBT (EXCLUDING LEASING), BY NATURE, MATURITY AND TYPE OF RATE

At December 31, 2019 (In thousands of euros)	Net financial debt			Impact of derivative instruments			Financial debt after impact of derivative instruments		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Maturity									
2020	(41,518)	(130,483)	(172,001)	(13,902)	13,902	-	(55,419)	(116,581)	(172,001)
2021	(31,217)	(36,024)	(67,241)	(5,439)	5,439	-	(36,656)	(30,585)	(67,241)
2022	(262)	(29,191)	(29,453)	(22,665)	22,665	-	(22,928)	(6,525)	(29,453)
2023	(31,228)	(55,403)	(86,631)	(69,508)	69,508	-	(100,736)	14,105	(86,631)
2024	(500,130)	(824)	(500,954)	10,000	(10,000)	-	(490,130)	(10,824)	(500,954)
≥2025	(132,163)		(132,163)	62,500	(62,500)	-	(69,663)	(62,500)	(132,163)
TOTAL	(736,518)	(251,925)	(988,443)	(39,014)	39,014	-	(775,532)	(212,911)	(988,443)

Treasury notes are issued at a fixed rate, but in this table, are considered as being variable rate in view of the short maturities and expected renewals.

4.15.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. "Major counterparties" are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group's foreign exchange and interest rate hedges were immaterial at December 31, 2019.

4.15.6 Raw materials risk management

The Group is exposed to price increases of raw materials, particularly for milk, cheese, milk powder and butter. So far, the Group has not been able to implement a global systematic policy to hedge raw materials prices. The US units have a raw materials hedging policy using forward markets in Chicago. During 2018 and 2019, on behalf of French subsidiary FBPF, Bel implemented a few hedging contracts for its butter purchases on the European Energy Exchange, all unwound on December 31, 2019.

On December 31, 2019, Bel and Bel Brands had the following positions:

Category of transactions	At December 31, 2019		At December 31, 2018	
	Number of contracts	Market value (in thousand euros)	Number of contracts	Market value (in thousand euros)
EEX Cash Settled Butter				
Forward purchase			600	17
TOTAL EEX CASH SETTLED BUTTER				17
TOTAL FRANCE		-		17
CME Class III Milk				
Forward purchase	751	993	371	(479)
Call purchase	794	942	942	382
Put sale	397	(5)	446	(137)
TOTAL CME CLASS III MILK		1,930		(234)
CME Cash Settled Cheese				
Forward purchase	282	283	215	(447)
Call purchase	268	389	300	183
Put sale	140	(5)	228	(111)
TOTAL CME CASH SETTLED CHEESE		667		(375)
CME Cash Settled Butter				
Forward purchase			4	(2)
TOTAL CME CASH SETTLED BUTTER		-		(2)
TOTAL US		2,597		(611)
TOTAL BEL GROUP		2,597		(594)

On December 31, 2019, the market value of derivatives allocated to hedge highly probable future transactions and

recognized in equity was a positive €2.6 million, compared with a negative amount of €0.6 million on December 31, 2018.

4.15.7 Fair value hierarchy disclosures based on IFRS 7

IFRS7 classification (in thousands of euros)	At December 31, 2019				At December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Foreign exchange derivatives		(1,784)		(1,784)		(4,179)		(4,179)
Interest rate derivatives		(2,541)		(2,541)		2,087		2,087
Raw materials derivatives	2,597			2,597	(594)			(594)
TOTAL	2,597	(4,325)	-	(1,728)	(594)	(2,092)	-	(2,686)
Mutual funds	90,922			90,922	90,910			90,910
TOTAL	93,519	(4,325)	-	89,194	90,316	(2,092)	-	88,224

4.16 OTHER CURRENT FINANCIAL ASSETS AND LIABILITIES

Other current financial assets and liabilities recorded in the balance sheet break down as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Other current financial assets	5,849	1,128
Current accounts – assets	3,199	862
Derivative instruments – assets	2,597	17
Other financial assets	54	249
Other current financial liabilities	4,325	2,703
Derivative instruments – liabilities	4,325	2,703

The breakdown of derivative instruments recorded under assets and liabilities, analyzed in Note 4.15 is as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Detailed positions of derivatives		
hedge on foreign exchange	(1,784)	(4,179)
hedge on interest rates	(2,541)	2,087
hedge on raw material France	-	17
hedge on raw material USA	2,597	(611)
TOTAL	(1,728)	(2,686)
Net positions in the assets	2,597	17
Net positions in the liabilities	(4,325)	(2,703)

NOTE 5 Cash flows

5.1 CASH FLOW FROM OPERATING ACTIVITIES

The “(Increase) decrease in inventories, receivables and payables” broke down as follows:

(in thousands of euros)	Note	2019	2018
Change in inventories and write-downs	4.6	(3,059)	(11,316)
Change in trade and other receivables	4.7	(12,001)	14,178
Change in trade payables and other liabilities		29,524	(41,145)
INCREASE (DECREASE) IN INVENTORIES, CURRENT RECEIVABLES AND PAYABLES		14,464	(38,283)

Reconciliation with the change in “Trade payables and other liabilities” on the balance sheet is as follows:

TRADE PAYABLES AND OTHER LIABILITIES

(in thousands of euros)	Note	2019	2018
Changes in WCR	4.13	23,260	(50,667)
Adjustments for fixed asset payables		1,479	9,966
Change in fair value of hedging instruments		(776)	(444)
Reclassifications		5,561	
CHANGE IN TRADE PAYABLES AND OTHER LIABILITIES		29,524	(41,145)

5.2 CASH FLOW FROM INVESTING ACTIVITIES

Acquisitions of tangible and intangible fixed assets primarily concerned increases in production capacity in France, the Netherlands, Canada and in the MOM Group. (see Notes 4.2 and 4.3).

5.3 CASH FLOW FROM FINANCING ACTIVITIES

5.3.1 Increase (decrease) in current accounts with entities outside the scope of consolidation

The "Increase (decrease) in current accounts with entities outside the scope of consolidation" breaks down as follows:

(in thousands of euros)	2019	2018
(Increase) decrease in current accounts with		
Unibel	(9,969)	7,953
Other non-consolidated companies	(2,962)	(308)
TOTAL	(12,931)	7,645

5.3.2 Issue and repayment of debt

(in thousands of euros)	Issues	Repayments	
Gross debt end of December 31, 2018 (see Note 4.14)			1,083,531
of which:			
Bonds	125,527	(140,042)	
NEU MTN ^(a)	-	-	
Banks borrowings	19,916	(14,528)	
NEU CP ^(b)	90,000	(64,367)	
Employee profit-sharing	7,161	(9,205)	
Sundry loans and financial liabilities	25	(3,263)	
Gross debt variation for the period	242,629	(231,404)	11,225
Other financing variations			(6,101)
Amounts related to assets held under finance lease			749
Current account liabilities			(10,664)
Minority shareholders' put option			3,815
Translation differences			2,079
GROSS DEBT END OF DECEMBER 31, 2019 (SEE NOTE 4.14)			1,090,734

(a) Negotiable European Medium Term Note.

(b) Negotiable European Commercial Paper.

Issues and repayments of debt are described in Note 4.15.2.

NOTE 6 Financial commitments**6.1 TABLE OF OFF BALANCE SHEET COMMITMENTS**

(in thousands of euros)	2019	2018
Commitments given	87,480	69,044
Off-balance sheet commitments given, related to Company financing	14,221	9,141
Financial guarantees given	6,538	5,594
Other	7,683	3,547
Commitments received, related to the issuer's operating activities	73,259	59,903
Assets orders placed	35,905	37,726
Operating leases	16,910	11,675
• less than a year	5,761	6,032
• one to five years	11,149	5,605
• more than five years	-	38
Power purchase	4,845	3,222
Subcontracting	9,198	5,048
Other	6,401	2,232

(in thousands of euros)	2019	2018
Commitments received	837,768	836,658
Off-balance sheet commitments given, related to Company financing	820,000	820,000
Credit lines received and unused	820,000	820,000
Engagements liés aux activités opérationnelles de l'émetteur	17,768	16,658
Financial guarantees received	16,065	14,752
Other	1,703	1,906

Financial guarantees given notably corresponded to two guarantees totaling €10.9 million and granted by Bel to cover a Credit Facility Agreement for the two consolidated Ukrainian subsidiaries.

In 2019, Bel SA renewed the agreement with APBO (Association des producteurs de lait Bel Ouest), initially signed in December 2017, which stipulates:

- a guaranteed average annual reference price for all of 2020 for milk purchased from APBO producers, fixed at €350 per 1,000 liters;
- the deployment by all APBO producers of practices that set these producers apart, including a GMO-free diet for dairy herds and the enhancement of grazing (commitment to a minimum of 150 days in fields per year);
- compensation for implementing these practices in the form of monthly premiums for a total of €21 per 1000 liters produced.

In addition to these fulfilled and renewed commitments, two new development focuses have been added for 2020:

- pursuing commitments in animal welfare, by promoting know-how and best reference farming practices with all farmers, in accordance with the Bel global Charter on animal welfare and at the next edition of the Best Farming Practices Charter of the French National Farming Confederation (CNE);
- an ambitious road-map on reducing the environmental footprint, with a pioneering collaborative approach aimed at cutting carbon emissions in the upstream dairy by 20% per tonne of finished product by 2030. As such, by the end of 2020, 50% of APBO operations will be CA'2ER audited.

As part of the acquisition of the MOM Group, the Group accepted a sale agreement (call option) from the MOM Group's managers for all the MOM Group shares they own, exercisable on Bel's request until April 30, 2022.

NOTE 7 Litigation and disputes

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were booked for any probable and measurable costs that might arise from these lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at December 31, 2019.

The entities making up the Group are periodically subject to tax audits in the countries where they are based:

- tax arrears and penalties were booked for accepted tax adjustments and provisioned if the amounts in question were not definitively known;
- contested tax adjustments were carefully reviewed and generally provisioned unless it was clear that the entity would be able to assert the validity of its position in the event of litigation.

NOTE 8 Related parties**8.1 MANAGEMENT BENEFITS**

(in thousands of euros)	2019	2018
Remuneration and benefits in kind	3,569	5,550
Director's fees	169	164
TOTAL SHORT-TERM BENEFITS	3,738	5,714
Bonus shares	192	0
TOTAL LONG-TERM BENEFITS	192	0

Management in this note refers to members of the Board of Directors and the Management Committee.

8.2 OPERATIONS WITH RELATED PARTIES

(In thousands of euros)	2019	2018
Amount of transactions	17,981	15,524
of which Unibel	6,505	6,567
of which other non-consolidated companies	11,602	8,957
Associated receivables	1,912	99
Associated payable and current accounts	84,162	90,745
of which Unibel	79,714	88,361
of which other non-consolidated companies	4,448	2,384
Unibel shares	113,883	144,317

At December 31, 2019, the amount of related-party transactions included €6.4 million paid to Unibel (holding company), of which €5.9 million in personnel expenses billed back to Bel under a service agreement dated December 14, 2001, and €11.6 million in operating expenses billed back to Bel by non-consolidated Group entities (Bel Proche et Moyen-Orient Beyrouth, Bel Middle East etc.).

Related parties' associated payables and current accounts mainly concerned Unibel (holding company), with a

€78.5 million current account versus €88.4 million on December 31, 2018 (see Note 4.14).

Unibel shares held by SOFICO were valued at €113.9 million, based on the closing share price on December 31, 2019 (see Note 4.5).

The Group had no significant off-balance sheet commitments with related parties.

NOTE 9 Subsequent events

No significant events have occurred since the end of the reporting period.

NOTE 10 Consolidation scope

		2019		2018	
		Percentage of legal control	Percentage of interest	Percentage of legal control	Percentage of interest
Companies	Countries				
By global integration					
Bel SA	France	Parent company	Parent company	Parent company	Parent company
Fromageries Picon	France	99.99	99.99	99.99	99.99
Fromageries Bel Production France	France	100.00	100.00	100.00	100.00
SAS FR	France	100.00	100.00	100.00	100.00
SICOPA	France	100.00	100.00	100.00	100.00
SOFICO	France	100.00	100.00	100.00	100.00
SOPAIC	France	100.00	100.00	100.00	100.00
Fromagerie Boursin SAS	France	100.00	100.00	100.00	100.00
Société des Produits Laitiers	France	100.00	100.00	100.00	100.00
Newton Holding	France	68.06	74.42	68.06	74.42
MBMA Holding SAS	France	68.06	74.42	68.06	74.42
MBMA SAS	France	68.06	74.42	68.06	74.42
Mont Blanc SAS	France	68.06	74.42	68.06	74.42
Materne SAS	France	68.06	74.42	68.06	74.42
Fromagerie Bel Algérie	Algeria	100.00	100.00	100.00	100.00
Bel Deutschland	Germany	100.00	100.00	100.00	100.00
Bel Belgium	Belgium	100.00	100.00	100.00	100.00
Fromageries Bel Canada	Canada	100.00	100.00	100.00	100.00
Materne Canada	Canada	68.06	74.42	68.06	74.42
Bei Lao Zi (Shanghai) Food Trading co	China	100.00	100.00	100.00	100.00
Bel Cheese Korea	Korea	100.00	100.00	100.00	100.00
Fromageries Bel Côte d'Ivoire	Ivory Coast	100.00	100.00	100.00	100.00
Bel Egypt Distribution	Egypt	100.00	100.00	100.00	100.00
Bel Egypt Expansion For Cheese Production	Egypt	100.00	100.00	100.00	100.00
Grupo Fromageries Bel España	Spain	100.00	100.00	100.00	100.00
Bel Brands USA	United States of Americas	100.00	100.00	100.00	100.00
Bel USA	United States of Americas	100.00	100.00	100.00	100.00
Materne North America Corp.	United States of Americas	68.06	74.42	68.06	74.42
Bel UK	Great Britain	100.00	100.00	100.00	100.00
Fromageries Bel Hellas	Greece	100.00	100.00	100.00	100.00
Bel-Rouzaneh Dairy Products company	Iran	100.00	100.00	100.00	100.00
Bel Italia Spa	Italy	100.00	100.00	100.00	100.00
Bel Japon	Japan	100.00	100.00	100.00	100.00
Fromageries Bel Maroc	Morocco	67.99	67.99	67.99	67.99

Companies	Countries	2019		2018	
		Percentage of legal control	Percentage of interest	Percentage of legal control	Percentage of interest
SIEPF	Morocco	100.00	100.00	100.00	100.00
Bel Africa	Morocco	100.00	100.00	100.00	100.00
Safilait	Morocco	70.48	60.88	70.48	60.88
Bel Nederland	Netherlands	100.00	100.00	100.00	100.00
Royal Bel Leerdammer	Netherlands	100.00	100.00	100.00	100.00
Bel Polska	Poland	100.00	100.00	100.00	100.00
Fromageries Bel Portugal	Portugal	100.00	100.00	100.00	100.00
Syraren Bel Slovensko AS	Slovaquia	99.88	99.88	99.88	99.88
Bel Nordic AB	Sweden	100.00	100.00	100.00	100.00
Bel Suisse	Switzerland	100.00	100.00	100.00	100.00
Bel Syrie	Syria	100.00	100.00	100.00	100.00
Bel Syry Cesko	Czech Republic	100.00	100.00	100.00	100.00
Bel Karper Gida Sanayi	Turquia	100.00	100.00	100.00	100.00
Bel Shostka Ukraine	Ukraine	100.00	100.00	100.00	100.00
Bel Shostka Service	Ukraine	-	-	100.00	100.00
Bel Cheese Mexico	Mexico	100.00	100.00	100.00	100.00
Quesos Bel Mexico	Mexico	100.00	100.00	100.00	100.00
Bel Vietnam	Vietnam	100.00	100.00	100.00	100.00

NOTE 11 Fees of the Statutory Auditors

(in thousands of euros)	Deloitte & Associés				Grant Thornton			
	Amounts		%		Amounts		%	
	2019	2018	2019	2018	2019	2018	2019	2018
Certification and limited half-year review for individual and consolidated financial statements								
Issuer	284	268	64%	58%	229	273	50%	52%
Companies consolidated under global integration method	123	122	27%	26%	178	176	39%	34%
SUB TOTAL	407	390	91%	84%	407	449	89%	86%
Services other than book certification								
Issuer	41	72	9%	15%	31	33	7%	6%
Companies consolidated under global integration method	-	2	0%	0%	20	40	4%	8%
SUB TOTAL	41	74	9%	16%	51	73	11%	14%
TOTAL	448	464	100%	100%	458	522	100%	100%

These are fees paid to the Company's Statutory auditors for certification of the accounts of the consolidating entity and its consolidated subsidiaries.

Services other than certification of the accounts mainly encompass attestations on covenants and investment grants, as well as the mission of third-party bodies concerning the non-financial performance report.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

To the Annual General Meeting of Bel shareholders,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of the company Bel for the year ended December 31, 2019. These annual financial statements were approved by the Board of Directors at its meeting of March 11, 2020 on the basis of the information available to date, bearing in mind that prevailing circumstances were changing as a result of the COVID-19 outbreak.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group, as at December 31, 2019, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit assignment in compliance with the independence rules applicable to us, for the period from January 1, 2019, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) n° 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie des commissaires aux comptes*).

Justification of assessments – key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year, as well as our approach to addressing those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, under the conditions of approval noted hereinabove, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Evaluation of goodwill

Note 4.1 "Goodwill"

Note 1.5 "Other significant accounting policies and rules"

IDENTIFIED RISK

Goodwill amounted to €786 million as at December 31, 2019.

The goodwill impairment tests performed by management for each of the Group's Cash Generating Units (CGU) are largely based on judgments and assumptions, such as for:

1. future cash flows;
2. discount rates (WACC) and long-term growth rates used to project these future cash flows.

As a result, any variation in these assumptions could change the recoverable amount of this goodwill.

We therefore considered that goodwill impairment tests was a key audit matter.

OUR RESPONSE

We examined the processes and procedures involved in the impairment testing performed by the Group.

We performed the following procedures on the impairment tests of each of the CGUs:

1. we reconciled cash flow forecasts with the latest business plans approved by management;
2. we analyzed the consistency of the assumptions used with the performance history of the Group and/or the CGUs concerned;
3. we assess the reasonableness of the key business assumptions (notably future growth prospects) and of the perpetual growth rate with the local financial controllers, particularly with regard to changes in i) the consumption environment in the main markets in which the Group operates, ii) the relevant factors used to determine the prices of the primary components of production (milk, fat, apples) and iii) the conditions for negotiating selling prices with the main distribution networks;
4. with the support of our valuation specialists, we assessed the valuation model and discount rates used against market benchmarks;
5. we reviewed the sensitivity analysis performed by management against our own sensitivity calculations.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Board of Directors' management report approved on March 11, 2020. With regard to events arising after the reporting period due to the COVID-19 outbreak and disclosures related thereto, management has informed us that these items will be addressed at the Annual General Meeting to approve the financial statements.

We have no observations to make on their fair presentation or their consistency with the consolidated financial statements.

We confirm that, pursuant to Article L. 225-102-1 of the French Commercial Code, the consolidated statement of non-financial performance is included in the management report, it being specified that, pursuant to Article L. 823-10 of said code, we did not verify that the information contained in this report gives a fair presentation of, or is consistent with, the consolidated financial statements. As such, it must be addressed in a separate report drafted by an independent third party.

Report on other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed as statutory auditors of the company Bel by your General Meetings of June 25, 1998 for Deloitte & Associés, and of May 12, 2010 for Grant Thornton.

As at December 31, 2019, Deloitte & Associés was in the 28th consecutive year of its mandate, taking into account acquisitions or mergers of firms that took place before that date, and Grant Thornton was in the 10th year consecutive of its mandate.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, with respect to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, taken individually or cumulatively, they

could reasonably be expected to influence the economic decisions taken by users of these financial statements based thereon.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or on the quality of management of the affairs of the Company.

In accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgment throughout the audit assignment. In addition it:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, it draws the attention of the readers of its report to the disclosures about said uncertainty made in the consolidated statements or, if such disclosures are not provided or are not relevant, it issues a qualified or an adverse opinion;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the year and which are therefore the

key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as set out in particular in Articles L. 822-10 to L. 822-144 of the French Commercial Code and in the French Code of Ethics for statutory auditors (Code de déontologie des commissaires aux comptes). Where appropriate, we discuss with the Audit Committee any risks that may reasonably be thought to bear on our independence, and the safeguards in place.

Neuilly-sur-Seine et Paris-La Défense, March 31, 2020

The Statutory Auditors

Grant Thornton

Member firm of Grant Thornton International

Virginie PALETHORPE

Deloitte & Associés

Jean-Pierre AGAZZI

5.5.2 COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2019

Annual financial statements at December 31, 2019

(in thousands of euros)	Notes	2019	2018
OPERATING INCOME			
Sales of merchandise (goods purchased for resale)		97,751	114,114
Production sold:			
• sales – goods		1,176,379	1,161,448
• sales – construction works			
• sales – services			
• revenues from ancillary operations		42,938	38,627
TOTAL PRODUCTION SOLD		1,219,317	1,200,075
REVENUE FROM SALES (INCLUDING EXPORTS OF 730,459)	3	1,317,068	1,314,188
Change in finished goods and in-progress inventories:			
• work-in-progress goods			
• work-in-progress services		986	273
• finished goods		(3,732)	867
TOTAL CHANGE IN FINISHED GOODS AND IN-PROGRESS INVENTORIES		(2,746)	1,140
Self-constructed fixed assets		4,126	3,266
Government grants – operations		122	72
Reversals of provisions, write-downs, depreciation and amortization		1,844	2,209
Expense transfers	4	48,938	35,461
Other revenue		64,409	74,402
TOTAL I		1,433,761	1,430,738
OPERATING EXPENSES			
Cost of merchandise (goods purchased for resale) sold during the year:			
• purchase of merchandise (goods purchased for resale)		69,998	72,175
• change in inventories of merchandise (goods purchased for resale)		(356)	(322)
Total purchase costs of goods resold		69,642	71,853
Operating costs incurred through third parties and consumed during the period:			
• purchases of inventoried raw ingredients and supplies			
<i>raw materials</i>			
<i>other production supplies</i>		1,565	(2,180)
• increase (decrease) in raw material and supply inventories		143	(122)
• purchases from subcontractors		766,372	780,162
• purchases of non-inventoried materials and supplies		8,100	2,593
• outside services			
<i>outside personnel</i>	5	10,746	7,839
<i>lease payments</i>			
<i>others</i>		405,263	418,011
TOTAL OPERATING COSTS INCURRED THROUGH THIRD PARTIES		1,192,189	1,206,303

(in thousands of euros)	Notes	2019	2018
Taxes other than income tax			
• on compensation		3,444	3,549
• others		8,584	8,987
TOTAL TAXES OTHER THAN INCOME TAX		12,028	12,536
Personnel expenses			
• wages and salaries		95,935	80,569
• payroll on-costs		36,008	34,526
TOTAL PERSONNEL EXPENSES	5	131,943	115,095
Depreciation, amortization and provisions for the year			
• depreciation of fixes assets		9,660	10,160
• provisions for fixed assets			
• provision for current assets		393	229
• Provision for contingencies and losses		2,572	1,415
TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR		12,625	11,804
Sundry expenses		13,679	13,561
TOTAL II		1,432,106	1,431,152
1 - PROFIT FROM OPERATIONS (I-II)		1,655	(414)
NET PROFIT/(LOSS) FROM JOINT VENTURES			
PROFIT OR LOSS TRANSFERRED III			
LOSS OR PROFIT TRANSFERRED IV			
FINANCIAL INCOME			
From participating interests		111,573	130,793
From other long-term marketable securities and receivables			
Other interest and similar income		2,487	2,073
Reversal of provisions and transfers of financial expenses		2,689	465
Foreign exchange gains		43,776	52,512
Net profits from sales of marketable securities		86	55
TOTAL V		160,611	185,898
FINANCIAL EXPENSES			
Depreciation, amortization and provisions for the year		1,711	3,133
Interests and similar expenses		26,387	26,750
Foreign exchange losses		47,528	49,727
Net losses from sales of marketable securities		19	95
TOTAL VI		75,645	79,705
2 - NET FINANCIAL RESULT (V-VI)		84,966	106,193
3 - PRETAX PROFIT (LOSS) ON ORDINARY ACTIVITIES (I-II+III-IV+V-VI)		86,621	105,779

(in thousands of euros)	Notes	2019	2018
EXTRAORDINARY INCOME			
From operations		124	556
From capital transactions			
• proceeds from disposal of fixed assets		3,882	15,807
• investment grants transferred to income		39	101
• other		2	3
TOTAL FROM CAPITAL TRANSACTIONS		3,923	15,911
Reversal of provisions and transfers of extraordinary expenses		35,060	9,519
TOTAL VII		39,107	25,986
Extraordinary expense			
From operations		28,233	17,695
From capital transactions			
• carrying amount of capitalized assets and long-term investments sold		5,122	2,145
• other		275	
TOTAL FROM CAPITAL TRANSACTIONS		5,397	2,145
Depreciation and provisions for the year			
• regulated provisions		2,291	4,431
• depreciation and other provisions for the year		130	19,225
TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR		2,421	23,656
TOTAL VIII		36,052	43,496
4 - EXTRAORDINARY PROFIT (LOSS) (VII-VIII)		3,055	(17,510)
Employee profit-sharing (IX)	7	3,675	2,053
Income tax (X)	8	(7,085)	(6,015)
TOTAL INCOME (I+III+V+VII) XI		1,633,479	1,642,622
TOTAL EXPENSES (II+IV+VI+VIII+IX+X) XII		1,540,393	1,550,391
5 - NET PROFIT (LOSS)		93,086	92,231

Comparative balance sheets at december 31, 2019

ASSETS

(in thousands of euros)	Notes	2019			2018
		Gross amounts	Depreciation and write downs	Net amounts	Net amounts
CAPITAL ASSETS					
Intangible assets					
Concessions, patents, licences, brands, processes, software, rights and similar assets		96,257	81,079	15,178	15,333
Business goodwill ^(a)		221,533		221,533	221,533
Other					
Intangible assets in progress		10,260		10,260	11,567
		328,050	81,079	246,971	248,433
Property, plant and equipment					
Land		793	574	220	199
Suspense account					
Constructions		25,998	13,336	12,662	13,881
Technical installations, fixtures, machinery and equipment		49,668	38,429	11,239	13,021
Other		7,848	5,245	2,603	2,765
Assets in the course of construction		1,414		1,414	1,391
Advances and down-payments		17		17	
		85,738	57,584	28,155	31,257
Long-term investments ^(b)					
Participating interests		1,200,187	17,749	1,182,438	1,182,438
Loans to and receivables from participating interests		679,773	796	678,977	653,561
Other long-term financial assets		3,746	70	3,676	3,961
Loans		6,449	1	6,448	6,440
Others		24,283		24,283	24,617
		1,914,438	18,616	1,895,822	1,871,017
TOTAL I	9	2,328,226	157,278	2,170,948	2,150,707
CURRENT ASSETS					
Inventories and work-in-progress					
Raw materials and other supplies		968	198	770	1,012
Work-in-progress (goods and services)		2,238		2,238	1,258
Finished and intermediate goods		15,415	51	15,364	18,550
Merchandise (goods purchased for resale)		2,046	43	2,002	2,157
		20,667	292	20,374	22,977
Advances and down-payments made to suppliers		386		386	307
Receivables from operations ^(c)					
Trade and other receivables		164,107	857	163,251	152,382
Other		31,229		31,229	21,864
		195,337	857	194,480	174,246

(in thousands of euros)	Notes	2019		2018
		Gross amounts	Depreciation and write downs	Net amounts
Sundry receivables ^(a)	11	121,546		121,546
Subscribed capital called and unpaid				
Marketable securities	12	90,922		90,922
Short-term financial instruments	13	8,015		8,015
Cash on hand and bank balances		254,369		254,369
Prepaid expenses and suspense account ^(c)	14	7,452		7,452
TOTAL II		698,694	1,149	697,545
Expenses amortized over several years III				
Bond discounts to be amortized IV		1,755		1,755
Unrealized losses on foreign exchange V	15	1,074		1,074
TOTAL ASSETS (I+II+III+IV+V)		3,029,749	158,427	2,871,322
(a) Of which leasehold right.				
(b) Of which less than a year (gross)				680,549
(c) Of which more than a year (gross)				348
				655,088
				67

LIABILITIES

(in thousands of euros)	Notes	2019	2018
EQUITY			
Share capital (of which paid: 10,308)	17	10,308	10,308
Paid-in capital		22,106	22,106
Revaluation adjustments		51	54
Reserves			
• Legal reserve		1,099	1,099
• Regulated reserves		168	168
• Other		487,657	487,657
Retained earnings		520,946	462,310
Profit for the year		93,086	92,231
Investment grants		284	315
Regulated provisions	18	29,784	37,662
TOTAL I	19	1,165,488	1,113,910
PROVISIONS FOR CONTINGENCIES AND LOSSES			
Provisions for contingencies		5,081	10,335
Provisions for losses		3,528	22,174
TOTAL II	20	8,609	32,509
Debt ^(a)			
Financial debt			
• Convertible bonds			
• Other bonds	21	630,680	645,439
• Bank borrowings ^(b)	22	129,114	131,684
• Sundry borrowings and financial liabilities	23	215,145	186,534
		974,939	963,657
ADVANCES AND DOWN PAYMENTS RECEIVED		66	81
Payables from operations			
• Trade and other payables		193,528	174,385
• Taxes payable, payroll and on-cost amounts payables		52,314	39,378
• Other	24	28,378	23,802
		274,220	237,565
Other liabilities			
• Amounts payable to fixed asset suppliers and related accounts		3,851	3,270
• Income tax payable			
• Other	25	429,153	424,190
		433,004	427,460
SHORT-TERM FINANCIAL INSTRUMENTS	13	6,484	5,264
DEFERRED INCOME AND SUSPENSE ACCOUNT	26	1,949	398
TOTAL III		1,690,661	1,634,426
Unrealized gains on foreign exchange transactions IV	15	6,564	7,173
TOTAL LIABILITIES (I+II+III+IV+V)		2,871,321	2,788,018
(a) Of which more than a year		767,302	689,952
Of which current/less than a year		916,876	939,209
(b) Of which current used bank facilities and cash in bank		1,754	1,573

APPENDIX TO ANNUAL FINANCIAL STATEMENTS

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NOTE 1 Accounting rules and methods

To give a true and fair view of the operating results of the past year and the financial position, assets and liabilities of the Company at December 31, 2019, the annual financial statements were prepared in accordance with French GAAP (generally accepted accounting principles) and the rules and regulations of France's accounting standards authority, the Autorité des Normes Comptables (ANC).

The recommended rules and methods were applied with respect to the general principles listed in the French Commercial Code, in particular those pertaining to a going concern, the independence of financial years, the recognition of items in the financial statements on a historical cost basis, prudence, and the permanence of accounting methods from year to year.

The various items recorded in the financial statements were measured using historical cost, except for property, plant and equipment, and long-term investments adjusted under legal revaluations.

The principal methods used are as follows:

1.1 INTANGIBLE ASSETS

These include:

- computer software, amortized over a period of five years, except for the PACE project to implement SAP, amortized over an eight-year period;
- goodwill from businesses acquired or received as consideration by Group entities is not amortized but is subject to annual impairment testing and is recorded under assets at acquisition cost;
- goodwill.

Impairment testing consists of comparing the net carrying amount of the asset to its recoverable amount, which is the higher of the asset's fair value or its value in use.

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset or asset group and from the ultimate disposal of the asset.

The cash flows used to determine value in use are derived over five years from the business plans of entities using the brands. Revenue and future cash flow projections are based on reasonable and supportable assumptions in line with market data available for each user entity.

All Research and Development costs are expensed in the year in which they are incurred.

Start-up costs are also expensed in the year in which they are incurred.

1.2 TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT)

Property, plant and equipment are measured at acquisition cost (purchase price plus additional costs of bringing the assets to working condition), or production cost (excluding financial expense).

In accordance with the components approach (Article 214-9 of the French general chart of accounts), each item of property, plant or equipment is accounted for separately and assigned a specific depreciation schedule.

Assets are straight-line depreciated over the period they are actually used, as follows:

- constructions:
 - administrative and commercial: 40 years;
 - property fittings and fixtures: 10 years;
- machinery and equipment: 5 to 20 years;
- vehicles: 4 to 15 years;
- office furniture and equipment: 4 to 15 years.

In accordance with paragraph 111 of Official Tax Bulletin 4 A-13-05, when the first original component's normal useful life exceeds the asset's useful life, the said component may be depreciated over the asset's useful life rather than over its normal useful life.

As such, the difference between tax depreciation (calculated according to terms allowed by French tax authorities, e.g. accelerated depreciation, extraordinary depreciation) and depreciation is posted under "Excess tax depreciation" in regulated provisions.

When subjected to impairment losses, all items, depreciable or not, are marked down to current value.

1.3 FINANCIAL FIXED ASSETS

Participating interests and other long-term investments are recognized on the balance sheet at their acquisition cost, less write-downs for impairment losses deemed necessary or prudent.

From January 2007, the Company decided to integrate the transfer duties, fees and commissions arising from such acquisitions into the acquisition cost in accordance with Opinion 2007-C of the CNC (French accounting Board), thereby qualifying them for a tax deduction in the form of excess tax depreciation over five years.

The value of such investments at the closing date reflects their value-in-use based on cash flow projections derived from five-year budgetary data

Value in use is obtained by adding the net present values of the future cash flows expected to be derived from the use of an asset or asset group and from the ultimate disposal of the asset.

The cash flows used to determine value in use are derived from the subsidiaries' business plans.

Bel SA shares purchased under authorizations granted by the Annual General Meeting are included under this heading at their acquisition cost. If necessary, write-downs for impairment losses based on the weighted average listed share price of the last month of the financial year are recorded.

1.4 INVENTORIES AND WORK-IN-PROGRESS

Inventories are valued at the lower of their cost price and their net realizable value. Cost price is calculated using the "weighted average cost" or the "first-in, first-out" method.

The cost of materials and supplies is stated at purchase price plus incidental expenses such as transport, commissions and transit.

Manufactured goods are valued at production cost including the cost of materials consumed, the depreciation of production assets, and direct or indirect production costs, excluding financial expense.

An impairment charge for inventories is recognized when:

- gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

The parent company primarily owns finished goods inventories acquired from its French production company, Fromageries Bel Production France, with the aim of selling those inventories, as well as work-in-progress inventories (internally developed IT projects), which will be billed back to its subsidiaries.

1.5 RECEIVABLES AND PAYABLES

Receivables and payables are recognized at nominal value.

Impairment losses are recognized based on the degree of non-recoverability of the receivables.

Bills for collection are recorded under "Trade and other receivables" once issued or received.

1.6 MARKETABLE SECURITIES

Marketable securities are recorded at their purchase price, excluding incidental expenses, and are written down to market value at the closing date when closing value is less than their carrying amount.

1.7 FOREIGN CURRENCY TRANSACTIONS

Income and expenses denominated in foreign currency are recorded in euros based on the exchange rate in effect at the transaction date.

Receivables, cash and debts denominated in foreign currency are translated into euros at the closing exchange rate at year-end.

The resulting translation differences are posted to:

- the income statement for cash and cash equivalents;
- the balance sheet under "Exchange differences" for receivables and debts.

Unrealized gains on foreign exchange transactions are not recognized in the income statement.

Conversely, contingency provisions are booked for unrealized losses on foreign exchange transactions that are not offset.

1.8 PROVISIONS FOR CONTINGENCIES AND LOSSES

Provisions for contingencies and losses are booked when the Company has an obligation to a third party at the balance sheet date in cases where the nature of the obligation is precisely known but there are uncertainties about the amount or timing of related outflows and are no expectations for at least an equivalent, offsetting obligation from the same third party.

Provisions for contingencies and losses are assessed using the most probable assumptions for future events.

1.9 OBLIGATIONS ARISING FROM PENSIONS, RETIREMENT AND SIMILAR EMPLOYEE BENEFITS

Retirement obligations exclusively concern the allocation of post-employment benefits established by a collective bargaining agreement with the French dairy industry.

Post-employment benefits allocated to employees are not provisioned for but are recorded under off-balance sheet commitments.

Conversely, obligations arising from long-service awards due to Bel SA employees are fully provisioned for, based on an actuarial valuation realized under the same conditions as post-employment benefits.

1.10 FINANCIAL INSTRUMENTS

Bel SA is exposed to foreign exchange risks as a result of its international business and presence.

Since 2002, the Company has implemented a central exchange rate policy that aims to hedge the budgetary risk on currency purchases and sales for all French, European and North American entities.

The Company hedges all exposure to exchange risks inherent to transactions denominated in foreign currency by using prime counterparty, market-listed derivative instruments, such as purchases and sales of foreign currency futures and options, thus limiting counterparty risk. The management period for the hedges does not exceed 18 months.

Conversely, exchange risk on net investment in foreign subsidiaries is not hedged, except for the amount of dividends receivable.

While receivables and debts denominated in foreign currency are recorded on the balance sheet in euros at year-end, unrealized net hedging results on transactions already realized have no impact on earnings unless they are losses (in which case a provision is set aside) or gains offsetting unrealized losses on hedging instruments marked to market at the balance sheet date (in which case a provision is not set aside).

Unrealized gains and losses arising from hedging transactions yet to be settled are deferred until the day the transactions are actually realized.

Pursuant to ANC 2015-05 for forward financial instruments and hedging, applicable to commercial and industrial companies for fiscal years beginning on or after January 1, 2017, foreign exchange gains and losses related to trade receivables/payables are recognized in operating income.

Since the majority of the Group's financing is arranged by Bel SA, management of interest rate risk is also centralized at this unit.

All Bel SA financing is issued at floating rates.

To protect against an unfavorable rise in interest rates, while partially taking advantage of any interest rate declines, Bel SA hedges interest rate risk through interest rate swaps or collars which combine simultaneous cap purchases and floor sales.

1.11 INCOME TAX

In France, Bel SA heads a tax consolidation group that includes the following entities: Fromageries Bel Production France, SASFR, Fromageries Picon, Société des Produits Latiers, SOFICO, SICOPA, SOPAIC, ATAD, and Fromagerie Boursin.

As the lead company, Bel SA is designated as the sole entity liable for corporate income taxes due by the tax consolidation group comprising it and the entities included in the tax consolidation scope.

Income tax that would be payable in the absence of tax consolidation is recorded in the accounts of the consolidated subsidiaries. Tax savings or expenses related to tax losses or arising from adjustments are now integrated by the parent company and restored to the subsidiaries when they become profitable.

1.12 INVESTMENT GRANTS

Investment grants are recorded under equity.

They are released to income, reported as extraordinary income and apportioned over the same schedule as the depreciation schedule of the assets they financed.

1.13 REVENUE

Revenue from sales of goods, merchandise, raw materials and other goods and services rendered in the course of ordinary activities is recorded as soon as the transfer of ownership takes place or the service was rendered.

Revenue from sales is presented net of any discounts or allowances.

Charges arising from trade cooperation agreements with distribution channels are disclosed in "Other outside services" and presented in operating expenses.

1.14 ADVERTISING EXPENSES

Also included in "Other outside services" are advertising, promotional and public relations costs which are expensed in the year in which they are incurred.

1.15 DISTINCTION BETWEEN INCOME FROM ORDINARY ACTIVITIES AND EXTRAORDINARY PROFIT (LOSS)

Income from ordinary activities represents the sum of operating income and net financial income. It therefore includes all income and expense directly related to the Company's ordinary activities.

Extraordinary income and expenses are comprised of material items that cannot be considered inherent to the Company's ordinary activities because of their nature or unusual character.

1.16 USE OF ESTIMATES

In preparing its financial statements, the Company sometimes uses estimates and assumptions to determine the value of assets and liabilities, notably for provisions, participating interests and intangible assets.

These estimates and assumptions are made on the basis of information and positions known at the balance sheet date and may vary significantly from actual values.

NOTE 2 Main events

During the financial year 2019

No significant events have occurred since the end of the reporting period.

NOTE 3 Revenue

The revenue presented takes into account the specific characteristics of the Group's sector in accordance with the professional accounting guide for the French dairy industry.

REVENUE BY REGION

(in thousands of euros)	2019	2018
France	586,609	602,284
Other European countries	338,550	336,413
Rest of the world	391,908	375,491
TOTAL	1,317,068	1,314,188

Revenue was up by 0.22% compared with the previous financial year (down by 0.28% in 2018).

At constant exchange rates, using the average exchange rate for the past financial year, revenue fell by 0.72% (after increasing by 0.93% in 2018).

NOTE 4 Expense transfers

Transfer of expenses for a total amount of €48,937 thousand, included €11,531 thousand in advertising and distribution

expenses, €28,074 thousand in personnel and expatriate expenses, and €4,843 thousand in unallocated expenses.

NOTE 5 Compensation and headcount**MANAGEMENT COMPENSATION**

(in thousands of euros)	2019	2018
Directors' fees paid to members of the Board of Directors (included in "Other operating expenses")	169	188

Bel executives are paid by Unibel and the expense, which totaled €3,441 thousand in 2019, is billed back to the Company.

AVERAGE HEADCOUNT

	Personnel employed		Personnel supplied to the Company	
	2019	2018	2019	2018
Executives and managers	658	663	1	1
Non executive technicians and supervisors	275	284	6	4
Staff employees	67	73	1	2
Workers	0	0	0	0
TOTAL	1,000	1,020	8	7

CICE (TAX CREDIT FOR COMPETITIVENESS AND EMPLOYMENT)

The CICE tax credit expired on January 1, 2019 and was replaced by a reduction in employer social charges.

NOTE 6 Financial income (expense)

Financial income (expense) concerns:

(in thousands of euros)	2019	2018
Dividends	74,561	95,159
Income from receivables related to equity interests ^(a)	37,011	35,635
Other revenue		
Gains from sales of marketable securities	67	(41)
Write-downs (and reversals) on exchange rate risks	277	(1,045)
Write-downs (and reversals) on participating interests	1,109	(1,215)
Interest income (expense)	(24,308)	(25,085)
Foreign exchange gains (losses)	(3,752)	2,785
TOTAL	84,965	106,193

(a) Revenue from receivables related to equity interests at the MOM Group (€36,392 thousand in 2019 vs. €35,550 thousand in 2018).

NOTE 7 Exceptional profit (loss)

Exceptional profit (loss) consisted primarily of:

(in thousands of euros)	2019	2018
Regulated provisions	7,879	3,327
Provisions for disputes and litigation and other extraordinary expenses	17,301	(27,671)
Net profit (loss) from disposals of fixed assets	(1,240)	13,662
Severance costs	(20,764)	(7,181)
Other extraordinary income	115	252
Loss on repurchase of shares awarded to employees	(275)	
Share of investment grants transferred to income	39	101
TOTAL	3,055	(17,510)

NOTE 8 Income tax

Income tax breaks down as follows:

(in thousands of euros)	current	extraordinary	2019
Income tax payable for the year concerning	86,621	3,055	89,676
Reintegration	9,415	575	9,990
Deductions	(78,526)	(24,786)	(103,312)
Tax basis before tax group combination	17,510	(21,156)	(3,646)
Impact from tax group combination			(548)
Tax credit			(6,537)
TOTAL INCOME TAX			(7,085)

EFFECT OF PROSPECTIVE INCREASES AND DECREASES

Tax base	Balance 12/31/19	Changes in 2019	Balance 12/31/18
TAX-BASE INCREASE			
Excess tax depreciation	28,075	(7,879)	35,954
Revaluation	1,775	(1)	1,776
Financial instruments	764	(177)	941
Other temporary differences	872	420	452
TOTAL 1	31,486	(7,637)	39,123
TAX-BASE DECREASE		0	
Employee benefits	16,112	(369)	16,481
Discounting of deposits and guarantee deposits	2,129	(81)	2,210
Inventory valuation difference	773	(809)	1,582
Provisions for risks and liabilities	36	(19,224)	19,260
Non tax-deductible expenses	1,915	(61)	1,976
Employee profit-sharing	3,770	1,617	2,153
Provision for asset write-downs	1,751	99	1,653
Lease	962	421	541
Other temporary differences	4,767	(792)	5,559
TOTAL 2	32,215	(19,199)	51,415
TOTAL A: NET INCREASE IN BASE	(730)	11,562	(12,292)
PROSPECTIVE INCREASE/DECREASE IN INCOME TAX	(515)	4,040	(4,555)

2018 effective tax rate = 34,43%.

2019 effective tax rate = 32,02%.

In 2019, the applicable corporate tax rate in France was 33.33% to which was added 3.3% for a total rate of 34.43%. However, under the framework of the gradual reduction in the corporate tax rate, a rate of 28% was applied to income up to €500,000.

NOTE 9 Capital assets**DURING THE FINANCIAL YEAR 2019****STATEMENT OF FIXED ASSETS**

(in thousands of euros)	Gross amount at 01/01/2019	Increases	Decreases	Transfers	Gross amount at 12/31/2019
INTANGIBLE ASSETS					
Concessions, patents, licenses, brands, processes, software, rights and similar assets	91,365	1,199	2	3,695	96,257
Business goodwill	221,533				221,533
Others					
Intangible assets in progress	11,567	7,052	4,664	(3,695)	10,260
PROPERTY, PLANT AND EQUIPMENT					
Real property	26,454	322	52	67	26,791
Technical installations, fixtures, machinery and equipment	49,377	206	199	284	49,668
Other	7,143	118	7	594	7,848
Assets in the course of construction	1,391	968		(945)	1,414
ADVANCES AND DOWN-PAYMENTS	0	17			17
Long-term investments					
Participating interests	1,200,187				1,200,187
Other	690,556	61,727	38,032		714,251
TOTAL	2,299,573	71,609	42,956		2,328,226

STATEMENT OF DEPRECIATION AND AMORTIZATION

(in thousands of euros)	At 01/01/2019	Increases	Decreases	At 12/31/2019
INTANGIBLE ASSETS	76,032	5,049	2	81,079
PROPERTY, PLANT AND EQUIPMENT				
Real estate property	12,374 *	1,578	42	13,910
Technical installations, fixtures, machinery and equipment	36,324	2,160	186	38,298
Other	4,378	873	7	5,244
TOTAL	129,108	9,660	237	138,531

* Amount changed and different from 2018 registration document.

INTANGIBLE ASSETS

The goodwill arising from the acquisition of Boursin totaled €220,039 thousand.

The increase in intangible assets stemmed primarily from internally developed IT projects totaling €4,894 thousand.

PROPERTY, PLANT AND EQUIPMENT

The €1,373 thousand increase in this item mainly concerned the overhaul of the Maison de la Vache qui Rit and the purchase of equipment for Research Centers.

LONG-TERM INVESTMENTS

The gross value of participating interests did not change significantly in 2019 (see table of subsidiaries and interests).

Bel Syrie (Syria) shares are written down by 100%, or €15,660 thousand and as are Bel Tunisie (Tunisia) shares, or €2,053 thousand.

Loans and receivables relating to equity interests include loans granted to the following subsidiaries:

• Bel Karper	3,643
• Bel Tunisie Distribution	796
• Bel Rouzane Company	30

• Newton holding	442,054
• MBMA	135,000
• Materne North America	75,988
• Bel Canada	20,551

The Bel Tunisie Distribution loan has been written down 100% since 2009. Bel Tunisie Distribution is in court-ordered liquidation.

The Company held 84,000 treasury shares valued at €23,276 thousand, compared with 84,962 treasury shares valued at €23,320 thousand at December 31, 2018.

NOTE 10 Other receivables from operations

This line item includes:

(in thousands of euros)	2019	2018
Trade and other payables	13,509	7,307
VAT	16,142	14,270
Of which the reimbursements claimed for VAT credits	2,442	2,645
Others	1,578	287
TOTAL	31,229	21,864

NOTE 11 Sundry receivables

This line item includes:

(in thousands of euros)	2019	2018
Income tax receivables	15,951	13,084
Current accounts	100,621	113,385
Tax consolidation accounts	10	933
Others	4,964	5,525
TOTAL	121,546	132,927

On December 31, 2019, the gross value of outstanding cash advances to subsidiaries came to:

(in thousands of euros)	2019	2018
Fromageries Bel Production France	42,747	43,952
Bel Australia	95	
Bel Canada	4,031	11,973
Bel UK		3
Bel Tunisie mktg	5	5
Bel Italia	5,233	4,773
Bel Polska		1
Bel Côte d'Ivoire	3,842	2,100
Bel Japon	9,658	12,227
Bel Suisse		660
MBMA	17,421	9,853
Mont Blanc	14,139	9,537
Materne North America		8,448
Materne	127	9,851
Materne Canada	1,519	
Other outstanding cash advances (less than €1,000)	2	1
Sicopa	20	
BEL PMO Beyrouth	1,782	
TOTAL	100,621	113,384

Additionally, the balance of income tax payable due by entities in the tax consolidation scope totaled €10 thousand versus €933 thousand in 2018.

NOTE 12 Marketable securities

Cash on hand, consisting mainly of marketable securities measured at the last known closing price or net asset liquidation value, totaled €90,922 thousand versus €90,910 thousand in 2018.

NOTE 13 Financial instruments

Other short-term financial instruments include premiums paid (assets) and received (liabilities) on currency options and interest rate hedges marked to market at the balance sheet date.

Because these are for hedging purposes, the corresponding adjustments are posted to the following balance-sheet line items:

- prepaid expenses and unrealized losses on financial instruments;
- deferred income and suspense account for unrealized gains on financial instruments.

They are treated according to the symmetry principle.

NOTE 14 Prepaid expenses

Prepaid expenses relating to operational activities totaled €2,776 thousand (€2,190 thousand in 2018) and those relating to Financial activities amounted to €4,676 thousand (€2,266 thousand in 2018).

NOTE 15 Foreign exchange differences**DURING THE FINANCIAL YEAR 2019**

(en milliers d'euros)	Amounts	Differences offset	Provisions for foreign exchange losses *
UNREALIZED LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
• from long term investments	92	92	
• from trade receivables	850	26	824
• from financial liabilities	18	18	
• sur dettes	114	66	48
TOTAL	1,074	202	872
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
• from long term financial investments	695	110	
• from trade receivables	368	68	
• from short term financial instruments			
• from financial liabilities	4,969		
• from debts	532	495	
TOTAL	6,564	673	

* From translation differences only.

DURING THE FINANCIAL YEAR 2018

(en milliers d'euros)	Amounts	Differences offset	Provisions for foreign exchange losses *
UNREALIZED LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
• from long term investments	2,328	2,328	
• from trade receivables	506	130	376
• from short term financial instruments	1		1
• from financial liabilities	192	192	
• sur dettes	215	47	168
TOTAL	3,242	2,697	545
UNREALIZED GAINS ON FOREIGN EXCHANGE TRANSACTIONS			
• from long term financial investments			
• from trade receivables	98	60	
• from short term financial instruments	2	2	
• from financial liabilities	6,833	2,520	
• from debts	240	220	
TOTAL	7,173	2,802	

* From translation differences only.

NOTE 16 Provisions for impairment**DURING THE FINANCIAL YEAR 2019**

(in thousands of euros)	Amount at the beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Intangible assets	1,637			1,637
Property, plant and equipment	32	107	8	131
Long-term investments	19,725	70	1,180	18,615
Inventories and work-in-progress	229	284	221	292
Trade receivables	968	2	113	857
Sundry receivables	66		66	0
Marketable securities				
TOTAL	22,657	463	1,588	21,532
Of which charges and reversals:				
<i>posted to operating income/expenses</i>		393	334	
<i>posted to financial income/expenses</i>		70	1,180	
<i>posted to extraordinary income/expenses</i>			74	

The provision write-back for capital assets primarily concerned the impairment reversal of CAPAGRO shares (€1,180 thousand).

DURING THE FINANCIAL YEAR 2018

(in thousands of euros)	Amount at the beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Intangible assets	1,637			1,637
Property, plant and equipment	100		68	32
Long-term investments	18,510	1,215		19,725
Inventories and work-in-progress	85	220	76	229
Trade receivables	1,090	10	132	968
Sundry receivables	1,000		934	66
Marketable securities				
TOTAL	22,422	1,445	1,210	22,657
Of which charges and reversals:				
<i>posted to operating income/expenses</i>		230	276	
<i>posted to financial income/expenses</i>		1,215		
<i>posted to extraordinary income/expenses</i>			934	

The provision write-back of €934 thousand euros related to the withholding tax liability at the Bel Egypt subsidiary (provision used).

The provision for capital assets primarily concerned the impairment of CAPAGRO shares (€1,179 thousand).

NOTE 17 Capital

The share capital is made up of 6,872,335 shares with a par value of €1.50, of which 84,000 were held by the Company on December 31, 2019 carrying 13,397,145 voting rights exercisable at Annual General Meetings.

Double voting rights are attributed to any fully paid-up registered shares held for at least four years by the same shareholder. At December 31, 2019 a total of 6,606,810 double voting rights were available for exercise at general meetings.

NOTE 18 Regulated provisions

Provision charges and reversals corresponding to regulated provisions are recorded under extraordinary income.

DURING THE FINANCIAL YEAR 2019

(in thousands of euros)	Amount at the beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	35,954	2,291	10,169	28,076
Special revaluation provisions *	1			1
Reinvested capital gains	1,707			1,707
TOTAL	37,662	2,291	10,169	29,784

* Only concerns the constructions line item.

The decrease in excess tax depreciation was primarily related to intangible assets, in particular internally produced software.

DURING THE FINANCIAL YEAR 2018

(in thousands of euros)	Amount at the beginning of the year	Increase (charges)	Decrease (reversals)	Amount at year end
Provision for investment				
Provisions for price increases				
Excess tax depreciation	39,279	4,431	7,756	35,954
Special revaluation provisions *	3		2	1
Reinvested capital gains	1,707			1,707
TOTAL	40,989	4,431	7,758	39,662

* Only concerns the constructions line item.

NOTE 19 Changes in equity

(in thousands of euros)	
Equity at December 31, 2017	1,072,628
Revaluation adjustments	(3)
Dividends (Combined AGM of May, 14, 2018)	(48,106)
Additional paid-in capital	
Cancellation of dividends on treasury shares	587
Free reserves	
Investment grants	(101)
Regulated provisions	(3,326)
Net profit or loss for the year	92,231
Equity at December 31, 2018	1,113,910
Revaluation adjustments	(2)
Dividends (Combined AGM of May, 22, 2019)	(34,018)
Additional paid-in capital	
Cancellation of dividends on treasury shares	423
Free reserves	
Investment grants	(32)
Regulated provisions	(7,879)
Net profit or loss for the year	93,086
EQUITY AT DECEMBER 31, 2019	1,165,488

NOTE 20 Provisions for contingencies and losses

(in thousands of euros)	Amount at the beginning of the year	Provisions (charges)	Decreases (reversals)		Amount at year end
			Offset against expenses	Cancelled provisions	
Disputes and litigation	7,647	130	1	5,591	2,185
Foreign exchange losses	1,510	1,233	1,510		1,233
Restructurings	19,224		18,802	422	
Withholding tax	1,178	1,661	1,177		1,662
Stock option plan	2,192	850	185		2,857
Other	758	61	50	97	672
TOTAL	32,509	3,935	21,725	6,110	8,609
Of which charges and reversals					
<i>posted to operating income/expenses</i>		2,572	1,413	97	
<i>posted to financial income/expenses</i>		1,233	1,510		
<i>posted to extraordinary income/expenses</i>		130	18,802	6,013	

The main reversals of the year relate primarily to provisions for tax litigation and revitalization premium (*plan de départ volontaire*).

NOTE 21 Other bonds

Two bond loans make up this item:

- a first loan of €500,000 thousand contacted in April 2017 with a coupon of 1.50% on maturity on April 24, 2024, excluding accrued interest not yet due of €5,287 thousand;
- a second loan of €125,000 thousand contracted in October 2019 maturing in 2027 and 2029 and index to performances in terms of social and environmental responsibility, excluding accrued interest not yet due of €394 thousand.

Both bonds, which were fully subscribed at the issue date, were issued at par.

In 2019, the Group also redeemed the Euro PP bond of €14,000 thousand on maturity.

NOTE 22 Bank borrowings

This line item mainly consists of a Schuldschein financing transaction. This operation has two tranches maturing between 2020 and 2023:

- €42,000 thousand at a fixed rate;
- \$95,000 thousand (€88,826 thousand) at a variable rate.

Favorable exchange rates with the dollar reduced the debt by €4,763 thousand.

Accrued interest not yet due on the bonds is €795 thousand euros.

NOTE 23 Sundry borrowings and financial liabilities

This item primarily concerns liabilities relating to participating interests in Grupo Fromageries Bel España for €129,665 thousand – accrued interest included (€125,776 thousand in 2018), and with Bel Egypt Expansion for Cheese for €1,112 thousand – accrued interest included

(€1,132 thousand in 2018), as well as other commercial paper loans of €30,000 thousand (€4,367 thousand in 2018) and the employee profit-sharing scheme of €3,889 thousand – accrued interest included (€4,807 thousand in 2018).

NOTE 24 Other debts from operations

This line item was entirely made up of trade and related receivables amounting to €28,378 thousand versus €23,803 thousand in 2018.

NOTE 25 Other sundry payables

(in thousands of euros)	2019	2018
Interest-bearing advances from Group entities, excluding accrued interest	422,832	408,007
Excess payment of income tax of entities included in the tax combination	1,331	6,948
Accrued social debt for employee profit-sharing plan	3,772	2,158
Other	1,218	7,077
TOTAL	429,153	424,190

NOTE 26 Deferred income and unrealized gains on financial instruments

Prepaid expenses relating to operational activities totaled €25 thousand (€36 thousand in 2018) and those relating to Financial activities amounted to €1,924 thousand (€362 thousand in 2018).

NOTE 27 Effect of tax exemption assessments

(in thousands of euros)	2019	2018
Net profit for the year	93,086	92,231
Income tax	(7,085)	(6,015)
Pretax profit	86,001	86,216
Change in regulated provisions	(7,878)	(3,327)
PRE-TAX PROFIT EXCLUDING ASSESSED TAX EXEMPTIONS	78,123	82,889

NOTE 28 Deferred income, accrued expenses, payables and receivables represented by bills of exchange**DEFERRED INCOME**

(in thousands of euros)	2019	2018
Trade and other receivables	6,107	2,944
Other trade receivables	23,748	15,188
Other receivables		
Cash on hand and bank balances	57	55
TOTAL	29,912	18,187

ACCRUED EXPENSES

(in thousands of euros)	2019	2018
Bonds	5,681	5,439
Bank borrowings	795	774
Sundry borrowings and financial liabilities	11,723	7,869
Trade and other payables	91,496	78,270
Taxes payable and payroll and on-cost amounts payable	47,100	33,143
Other trade payables	25,405	22,464
Amounts payable to fixed asset suppliers and related accounts	147	41
Other liabilities - sundry payables	349	4,900
TOTAL	182,696	152,900

RECEIVABLES AND PAYABLES REPRESENTED BY BILLS OF EXCHANGE

(in thousands of euros)	2019	2018
Trade and other receivables	197	380
Trade and other payables		
Amounts payable to fixed asset suppliers and related accounts		

The Company does not make payments by bills of exchange but settles its payables by bank transfer.

NOTE 29 Financial commitments

(in thousands of euros)	2019	2018
COMMITMENTS GIVEN		
Bank guarantees	206	206
Guarantees given for a foreign subsidiary (Bel Rouzaneh and Bel Australia)	443	443
Partnership liability in GIEs, SCIs, etc.	4	4
Retirement indemnities (see Note 29.1)	16,112	16,482
Guarantees given for a foreign subsidiary (Bel Shotska Ukraine and Bel Shostka Service)	10,927	10,564
TOTAL	27,692	27,699
COMMITMENTS RECEIVED		
Syndicated credit lines (see Note 29.2)	820,000	820,000
Export receivable guarantees	7,103	6,867
Performance bond		
TOTAL	827,103	826,867
RECIPROCAL COMMITMENTS (EXCLUDING CURRENCY FUTURES AND FINANCIAL LEASES)		
Real estate rentals (see Note 29.3)	51,344	59,256
• less than a year 6,846		
• from one to five years 27,383		
• over five years 17,115		
Asset rentals	4,789	4,729
• less than a year 1,935		
• from one to five years 2,854		
• over five years		
Asset orders	919	1,463
Stock option plan (see Note 29.4)	5,912	1,421
TOTAL	62,964	66,869

29.1 OBLIGATIONS ARISING FROM PENSIONS, RETIREMENT AND SIMILAR EMPLOYEE BENEFITS

Post-employment benefits were subject to an actuarial valuation using the projected unit credit method based on the following assumptions:

- voluntary retirement (giving rise to the additional payment of payroll on-costs) at the age of:
 - 62 for managers and executives and progressively 65 depending on the year of birth,
 - 60 for technicians and supervisors and progressively 63 depending on the year of birth,
 - 60 for all other employees and progressively 63 depending on the year of birth;
- length of service, mortality rate and employee turnover rate;
- the discount rate and the rate of inflation:
 - 2019: a nominal discount rate of 1.0% including an inflation rate of 1.8%,
 - 2018: a nominal discount rate of 1.7% including an inflation rate of 1.8%.

Post-employment benefits earned by employees are not provisioned for but recorded under off-balance sheet commitments (see above).

29.2 FINANCIAL INSTRUMENTS**29.2.1 Market risk management**

The Treasury department, which is attached to the Group Finance Department, has the requisite skills and tools to manage market risk. The department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

29.2.2 Financial and liquidity risk management

Pursuing its policy to diversify its financing sources, the Group undertook the following operations during 2019:

- issue of a new bond loan for €125 million, maturing in 2027 and 2029, indexed to performances in terms of environmental and societal responsibility;
- redemption of €140 million in Euro PP bonds that had matured.

At December 31, 2019, Bel SA had significant liquidity, including:

- two confirmed syndicated credit lines maturing of €300 million and €320 million, maturing in 2023 and 2024 respectively. These lines have not been drawn;
- a €500 million commercial paper program, of which €30 million has been used;
- a NEU MTN program of €200 million, of which €50 million has been used;
- a Euro PP bond loan of €125 million maturing in 2027 and 2029, contracted with private investors;
- a €500 million bond issue maturing April 2024;
- an amortizable term loan of €95 million maturing in 2023;
- financing on the *Schuldschein* market, comprising €42 million on maturity at between 2020 and 2023.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

In its syndicated credit lines, its Euro PP and the *Schuldschein*, Bel SA has committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium- and long-term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt. On December 31, 2019, the ratio stood at 1.67 versus 2.11 on December 31, 2018.

The Group implemented a policy of pooling liquidity at the Bel SA level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or liquidity needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

29.2.3 Foreign exchange risk management

Bel SA is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Bel SA is exposed to foreign exchange risk on sales recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, e.g., imports, exports and financial transactions.

Hedging policy for foreign exchange exposure

The management policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments.

The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for deliverable currencies. The Group Treasury Department provides these entities with the necessary currency hedges. Hedging is not intended to generate profit.

Bel SA also hedges exchange rate exposure arising from the payment of intragroup dividends denominated in foreign currency.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 months. On December 31, 2019, the maturity of the derivatives portfolio did not go beyond January 31, 2021. The cash flow from the budgeted 2019 and 2020 hedges is expected in 2020 and will thus impact income in 2020.

Hedging of foreign exchange rate fluctuations on imports, exports and financial transactions

Bel SA recalculates its net foreign exchange exposure periodically during each budgetary review. To manage its exposure, Bel SA mainly uses futures contracts, currency options and cross-currency swaps.

Hedging positions for foreign exchange, interest rate and raw materials risks versus the previous year

VALUE OF HEDGES SECURED BY BEL SA

Type of transactions (in thousands of euros)	At December 31, 2019	At December 31, 2018
	Market value	Market value
TOTAL PORTFOLIO RELATED TO EXCHANGE RATES	(1,784)	(4,179)
TOTAL PORTFOLIO RELATED TO INTEREST RATES	(2,541)	2,087
TOTAL PORTFOLIO RELATED TO VARIATION IN RAW MATERIAL PRICES	-	17
TOTAL PORTFOLIO OF THE BEL COMPANY	(4,325)	(2,075)
TOTAL OF HEDGING PORTFOLIO OF THE BEL COMPANY AND ITS SUBSIDIARIES	1,924	346

On December 31, 2019, Bel SA had secured the following hedges:

			At December 31, 2019		At December 31, 2018	
			Commit- ment	Market value	Commit- ment	Market value
Type of transactions	Cross	Entity				
1 - PORTFOLIO OF CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS						
Foward purchase	EUR	GBP	19,700	(289)	25,750	147
Forward sale	EUR	PLN	27,500	566	30,500	71
Foward purchase	EUR	USD	82,983	(1,000)	78,211	(2,213)
Foward purchase		Other	48,827	(197)	47,848	(239)
Forward sale		Other	1,962	39	2,195	(41)
FORWARDS ON OPERATIONAL TRANSACTIONS			(881)		(2,275)	
2 - PORTFOLIO OF CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS						
Call <i>purchase</i>	EUR	GBP	58,000	203	54,600	1,083
Put <i>sale</i>	EUR	GBP	30,000	(677)	32,050	(371)
Put <i>purchase</i>	EUR	PLN	37,000	654	39,000	373
Call <i>sale</i>	EUR	PLN	14,350	(16)	21,000	(137)
Call <i>purchase</i>	EUR	USD	153,860	555	155,645	402
Put <i>sale</i>	EUR	USD	105,346	(846)	57,323	(2,726)
Call <i>purchase</i>		Other	49,009	271	64,268	756
Put <i>sale</i>		Other	21,430	(263)	32,791	(519)
OPTIONS ON OPERATIONAL TRANSACTIONS			(119)		(1,139)	
3 - CURRENCY FORWARD AND OPTION CONTRACTS TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS						
Forward purchase	EUR	GBP	1,000	(75)	-	-
Forward purchase	EUR	USD	15,131	(266)	8,404	(301)
Forward purchase		Other	3,877	(166)	-	-
Forward sale		Other	-	-	4,635	156
FORWARD ON DIVIDENDS AND INVESTMENTS			(507)		(145)	
4 - CURRENCY OPTIONS TO HEDGE FUTURE DIVIDEND						
Put <i>sale</i>	EUR	USD	-	-	8,214	(459)
Call <i>purchase</i>	EUR	USD	-	-	15,534	2
OPTIONS ON FUTURE DIVIDENDS			-		(457)	
5 - TRANSACTIONS TO HEDGE FINANCING FLOWS						
Swap sale	EUR	GBP	12,909	15	7,738	86
Swap sale	EUR	PLN	4,215	11	2,564	(8)
Swap sale	EUR	USD	47,162	(325)	53,785	(155)
Swap sale		Other	6,378	10	263	2
Swap purchase		Other	15,261	12	25,132	(14)
TRANSACTIONS ON FINANCING			(277)		(89)	

Type of transactions			At December 31, 2019		At December 31, 2018	
			Commitment	Market value	Commitment	Market value
6 - OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY						
Call <i>purchase</i>	EUR GBP		8,100	3	-	-
Call <i>sale</i>	EUR GBP		7,000	(3)	4,000	(52)
Call <i>sale</i>	EUR USD			-	3,906	(6)
Call <i>sale</i>	Other		489	-	978	(16)
Other operations				-		(74)
TOTAL PORTFOLIO RELATED TO FOREIGN EXCHANGE				(1,784)		(4,179)

Bel SA guarantees its subsidiaries' foreign currency denominated budget year flows through annual foreign exchange guarantees which are issued once the previous budget year has been collected. At December 31, 2019,

Bel SA's subsidiary hedging portfolio hedged only subsidiaries' foreign exchange risks relating to the 2019 budget year and collected in 2020.

			At December 31, 2019		At December 31, 2018	
Forward purchase	EUR/USD	Bel Brands USA			5,620	(207)
Forward sale	EUR/USD	Bel Brands USA	8,829	664	6,020	222
Forward purchase	EUR/CAD	Bel Canada	-	-	1,700	58
Forward sale	EUR/CAD	Bel Canada	1,352	90	3,584	(122)
Forward sale	USD/CAD	Bel Canada	241	(2)	122	(9)
Forward purchase	EUR/JPY	Bel Japon	-	-	1,000	(25)
Forward sale	EUR/JPY	Bel Japon	8,724	645	7,159	177
Forward purchase	DKK/EUR	Bel Nordic	878	(2)	538	(2)
Forward purchase	NOK/EUR	Bel Nordic	233	(2)	845	(43)
Forward sale	NOK/EUR	Bel Nordic	-	-	602	31
Forward sale	EUR/SEK	Bel Nordic	157	4	993	(68)
Forward purchase	EUR/PLN	Bel Polska	13,630	(83)	1,468	14
Forward purchase	EUR/CHF	Bel Suisse	-	-	536	3
Forward sale	EUR/CHF	Bel Suisse	2,656	183	536	(3)
Forward sale	EUR/CZK	Bel Syry Cesko	1,520	48	2,274	43
Forward purchase	EUR/CZK	Bel Syry Cesko	-	-	1,700	(32)
Forward sale	EUR/GBP	Bel Uk	4,149	285	9,137	251
Forward sale	EUR/USD	Bel USA	1,253	94	1,587	58
OPTIONS ON OPERATIONNAL TRANSACTIONS				1,924		346

The Group's main currency exposure is the US dollar, the Pound Sterling and the Polish Zloty. The valuations shown exclude the impact of deferred taxes.

On December 31, 2019, 2020 budget net exposure relative to the main currencies was hedged at a ratio between 75% and 100%, depending on the currency managed. Currency fluctuation gains and losses arising from the recognition of sales and purchasing transactions of Group entities can thus

be offset up to the hedge amount by gains and losses from the hedges.

Hedge measurements comply with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group uses an external provider to determine the valuations.

29.2.4 Interest rate risk management

Most of the Group's financing is arranged by Bel SA, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

At December 31, 2019, the Group hedged interest rate risk through interest rate swaps:

(in thousands of euros) Type of transactions		Devise	At December 31, 2019		At December 31, 2018	
			Commitment	Market value	Commitment	Market value
PORTFOLIO RELATED TO INTEREST RATES						
Fixed-rate borrower swaps		EUR	47,500	(624)	50,000	(457)
Fixed-rate receiver swaps		EUR	72,500	(1,127)	10,000	46
Fixed-rate borrower swaps		USD	84,565	(253)	87,336	2,498
Fixed-rate borrower cross currency swaps		EUR/CAD	20,551	(537)		-
TOTAL PORTFOLIO RELATED TO INTEREST RATES				(2,541)		2,087

The following hedging balance corresponds to hedges on some of Bel SA's floating-rate loans.

CHANGE IN INTEREST RATE HEDGING PORTFOLIO ON DECEMBER 31, 2019

(in millions of euros)		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Interest-rate swaps	EUR	120	115	107.5	97.5	62.5	62.5	62.5	62.5	31.25	31.25	31.25
Interest-rate swaps	USD	95	85	70	50	-	-	-	-	-	-	-
Interest-rate swaps	EUR/CAD	30	30	7.5	-	-	-	-	-	-	-	-

29.2.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. "Major counterparties" are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group's foreign exchange and interest rate hedges were immaterial at December 31, 2019.

29.2.6 Raw materials risk management

During 2019, on behalf of French subsidiary FBPF, Bel SA implemented a few hedging contracts for its butter purchases on the European Energy Exchange, all unwound on December 31, 2019.

On December 31, 2019, Bel SA had the following hedges:

Type of transactions	At December 31, 2019		At December 31, 2018	
	Number of contracts	Market value (in thousands of euros)	Number of contracts	Market value (in thousands of euros)
EEX Cash Settled Butter				
Forward purchase	-	-	600	17
TOTAL EEX CASH SETTLED BUTTER		-		17
TOTAL FRANCE		-		17

29.2.7 Equity risk management

At December 31, 2019, Bel SA had no equity derivatives.

29.3 REAL ESTATE RENTALS

By signing a lease on its future head office in the first half of 2014, the Group made a firm commitment to pay rent on the new premises over the next 8 years, representing a total amount of €51 million.

29.4 EXISTING BONUS SHARE PLANS

The commitment given corresponds to the difference between the award amount, which takes into account the rate of completion of performance milestones, and the provision recorded in the amount of €2,857 thousand.

A breakdown of bonus share plans is presented in the following table:

(in thousands of euros)	Plan 2019 cash	Plan 2019 actions	Plan 2018 cash	Plan 2018 actions	Plan 2017 cash	Plan 2017 actions	Total
Total number of shares awarded *	4,856	11,511	3,757	8,809	3,514	8,241	
Award criteria: percentage accrued	140	140	120	120	42.1	42.1	
Number of shares awarded at December 31, 2019	4,627	10,974	2,344	5,628	743	1,795	
Share value in €	320.00	183.99	493.03	183.99	527.00	183.99	
Amount expensed in 2017					828	519	1,387
Amount expensed in 2018			782	535	(345)	(207)	398
Amount expensed in 2019	706	834	321	209	30	5	2,274

* Authorized by the Board.

Also included in personnel expenses was the provision for the 2017 Bel SA cash plan totaling €137 thousand and representing 1,247 shares as well as the provision for the 2018 Bel SA cash plan totaling €591 thousand and representing 1,392 shares and the provision for the 2019 Bel SA cash plan totaling €375 thousand and representing 2,277 shares.

29.5 OTHER COMMITMENTS

Litigation and disputes

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were booked for any probable and measurable costs that might arise from these lawsuits and disputes.

Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at the close of the year.

NOTE 30 Parent company consolidating the group's financial statements

The financial statements of Bel SA, the parent company of the Bel Group are included in the consolidation of the Unibel Group, which has its headquarters at 2, Allée de Longchamp in Suresnes near Paris.

A copy of the financial statements can be obtained at this address and can also be consulted on the website www.groupe-bel.com.

NOTE 31 Subsequent events

No significant events have occurred since the end of the reporting period.

NOTE 32 Statement of maturities and debts**MATURITIES OF RECEIVABLES AND PAYABLES AT DECEMBER 31, 2019**

Headings and line items (in thousands of euros)	Gross amount	Maturity	
		Due 1 year or less	Due in more than 1 year ^(e)
RECEIVABLES			
Fixed asset receivables:			
Loans to and receivables from participating interests	679,773	679,773	
Loans ^(a)	6,449	323	6,126
Other	28,029	453	27,576
Current asset receivables:			
Trade and other receivables	164,107	164,107	
Other	153,162	153,162	
Prepaid expenses	7,452	7,104	348
TOTAL	1,038,972	1,004,922	34,050
DEBTS			
Other bonds ^(b)	630,680	5,680	625,000
Borrowings ^(b) and current used facilities at banks ^(c)	129,114	33,451	95,663
Sundry borrowings and financial liabilities ^{(b) (d)}	215,145	181,950	33,195
Trade and other payables	193,593	193,593	
Taxes payable and payroll and on-cost amounts payable	52,314	42,642	9,672
Amounts payable to fixed asset suppliers and related accounts	3,851	3,851	
Income tax payable			
Other liabilities ^{(d) (e)}	457,532	453,760	3,772
Deferred income	1,949	1,949	
TOTAL	1,684,178	916,876	767,302
(a) Loans granted during the year	330		
Loans recovered during the year	321		
(b) Borrowings subscribed during the year	209,420		
Borrowings reimbursed during the year	202,434		
(c) Of which:			
- originally no more than two years	29,190		
- originally more than two years	99,924		
(d) To associates (other debts line item)	424,162		
(e) Debts maturing in more than five years	3,772		

PARTICIPATING INTERESTS AND INVESTMENTS IN ASSOCIATES

(in thousands of euros)	Amounts concerning entities	
	Subsidiaries	in which the Company has an equity interest
LINE ITEMS		
Participating interests	1,182,439	
Loans to and receivables from equity interests	678,977	
Other long-term financial assets	23,276	
Loans		4
Other financial investments		
Trade and other receivables	75,898	
Other current assets	105,980	
Subscribed capital called and unpaid		
Sundry borrowings and financial liabilities	130,776	
Trade and other payables	80,913	
Amounts payable to fixed asset suppliers and related accounts		
Other liabilities	429,075	
Dividends and interest income	111,572	
Other financial income	2,408	
Financial expenses	7,247	

Related-party transactions:

- Cash management agreement with Unibel

At December 31, 2019, the Company had received a €78,529 thousand cash advance from Unibel. The advance, bearing interest at the EONIA rate plus 100 basis points, generated a financial expense of €519 thousand recorded in 2019.

- Service agreement with Unibel

In 2019, €6,505 thousand were expensed under the service agreement with Unibel.

- Operating expenses billed back to Bel SA by unconsolidated Group entities

In 2019, a total of €12,222 thousand in operating expenses were billed back to Bel SA.

TABLE OF SUBSIDIARIES AND INTERESTS

	Share capital ^(a)	Equity other than share capital ^(a)	% of share capital held	Carrying amount of shares held	Outstanding loans and advances granted by the Company	Amount of endorsements, guarantees and letters of intent provided by the Company	Dividends collected by the Company during the year
Entities	In thousands of currencies			Gross	Net	In thousands of euros	
I – DETAILED INFORMATION							
Subsidiaries (more than 50%-owned by the Company):							
French entities							
Fromageries Picon 2, allée de Longchamp 92150 Suresnes	600 EUR	2,948 EUR	99.975	5,638	5,638		1,200
Fromageries Bel Production France 2, allée de Longchamp 92150 Suresnes	48,917 EUR	127,373 EUR	100.000	132,209	132,209	42,747	6,875
SAS des Fermiers Réunis 2, allée de Longchamp 92150 Suresnes	7,200 EUR	10,911 EUR	99.848	18,118	18,118		798
SOFICO 2, allée de Longchamp 92150 Suresnes	2,339 EUR	9,181 EUR	99.965	2,376	2,376		1,792
Fromagerie Boursin SAS Route de Saint-Aquilin 27120 Croisy-sur-Eure	2,825 EUR	18,261 EUR	100.000	23,630	23,630		927
SICOPA 2, allée de Longchamp 92150 Suresnes	591,402 EUR	459,004 EUR	100.000	780,174	780,174	20	59,534
LVQR Diffusion 2, allée de Longchamp 92150 Suresnes	50 EUR	373 EUR	100.000	50	50		
ATAD 2, allée de Longchamp 92150 Suresnes	300 EUR	(47 EUR)	100.000	413	378		
Newton Holding 2, allée de Longchamp 92150 Suresnes	253,168 EUR	311,858 EUR	68.060	190,300	190,300	442,055	
Foreign entities							
Bel Tunisie – Tunis/Tunisie	3,000 TND	(7,695 TND) ^(b)	99.000	2,053	0		
Bel Syrie – Damas/Syrie	1,045,000 SYP	17,531 SYP	99.976	15,660	0		
Bel Algérie SpA – Alger/Algérie	3,318,941 DZD	4,956,354 DZD	99.023	21,170	21,170		588
II – GENERAL INFORMATION							
Subsidiaries not covered in paragraph I							
a) French subsidiaries (aggregate)				19	19		
b) Foreign subsidiaries (aggragate)				8,377	8,377	1,782	2,847
Interests not covered in paragraph I							
a) In French entities (aggregate)							
b) In foreign entities (aggregate)							

(a) French GAAP data for French entities and IFRS data for foreign entities.

(b) 2008 data.

INVENTORY OF INVESTMENTS AND PARTICIPATING INTERESTS

(in thousands of euros)		Net carrying amount of the balance sheet 2019	Net carrying amount of the balance sheet 2018
EQUITY INTERESTS			
French entities			
188,415,809	NEWTON HOLDING	190,300	190,300
3,706,666	FROMAGERIES BOURSIN SAS	23,630	23,630
239,635	SAS DES FERMIERS REUNIS "SASFR"	18,118	18,118
39,426,801	SOCIETE INDUSTRIELLE COMMERCIALE ET DE PARTICIPATION "SICOPA"	780,174	780,174
132,208,521	Fromageries Bel Production France	132,209	132,209
155,865	SOCIETE FINANCIERE ET COMMERCIALE "SOFICO"	2,376	2,376
19,995	FROMAGERIES PICON	5,638	5,638
10,000	ATAD	378	378
999	SOCIETE DES PRODUITS LAITIERS "SPL"	15	15
3,333	LVQR DIFFUSION	50	50
<i>Entities with a net carrying amount below €15 per category of shares</i>		4	4
		1,152,892	1,152,892
Foreign entities			
76,664	BEL EGYPT EXPANSION FOR CHEESE PRODUCTION	7,223	7,223
3,286,518	BEL ALGERIE SpA	21,170	21,170
594	BEL TUNISIE		
1,044,745	BEL SYRIE		
10	BEL VIETNAM	1,152	1,152
<i>Entities with a net carrying amount below €15 per category of shares</i>		2	2
		29,547	29,547
TOTAL PARTICIPATING INTERESTS		1,182,439	1,182,439
OTHER LONG-TERM FINANCIAL ASSETS			
French entities			
	CAP AGRO		3,864
37,051	FPCI CAP AGRO-INNOVATION B	3,635	
1,120	SOGAL- SOCAMUEL	17	17
84,000	BEL SA	23,276	23,319
<i>Entities with a net carrying amount below €15 per category of shares</i>		25	25
		26,952	27,225
Foreign entities			
	PARMALAT		56
			56
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		26,952	27,281
MARKETABLE SECURITIES		90,922	90,910

COMPANY EARNINGS AND OTHER FINANCIAL HIGHLIGHTS OVER THE LAST FIVE YEARS (ARTICLES R. 225-81, R. 225-83 & R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Items	2019	2018	2017	2016	2015
I. SHARE CAPITAL AT YEAR-END					
Share capital	10,308,503	10,308,503	10,308,503	10,308,503	10,308,503
Number of ordinary shares outstanding	6,872,335	6,872,335	6,872,335	6,872,335	6,872,335
II. OPERATIONS AND RESULTS FOR THE FINANCIAL YEAR					
Revenue, net of VAT	1,317,068,112	1,314,188,053	1,317,849,203	1,385,125,072	1,434,159,274
Earnings before tax, profit-sharing, depreciation, amortization and write-downs	66,840,700	114,668,722 **	125,036,074	116,860,557	127,959,921
Income tax	(7,084,961)	(6,015,645)	(18,239,459)	7,654,506	10,069,368
Profit-sharing owed for the financial year	3,675,049	2,053,071	2,246,437	2,885,920	3,258,259
Earnings after tax, profit-sharing, depreciation, amortization and write-downs	93,085,516	92,230,775	133,401,905	101,721,485	116,143,510
Dividends paid out	41,234,010 *	34,018,058 *	48,106,345 *	67,005,266 *	61,851,015 *
III. EARNINGS PER SHARE					
Earnings after tax and profit-sharing, but before depreciation, amortization and write-downs	10.22	17.26	20.52	15.47	16.68
Earnings after tax, profit-sharing, depreciation, amortization and write-downs	13.54	13.42	19.41	14.80	16.90
Dividend per share	6.00	4.95	7.00	9.75	9.00
IV. PERSONNEL					
Average number of employees during financial year	1,000	1,020	1,024	1,005	994
Total payroll for the financial year	92,957,668	76,417,529	74,201,969	74,300,273	71,725,992
Amount of employee benefits paid for in the financial year (social security, volunteer work)	38,985,414	38,678,052	38,739,043	38,996,129	38,582,462

* Theoretical amount since treasury shares held by the Company are not entitled to dividends. The corresponding amount of unpaid dividends is allocated to "Retained earnings".

** Amount modified vs 2017 publication.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

For the year ended December 31, 2019

To the Annual General Meeting of Bel shareholders,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meetings, we have audited the accompanying annual financial statements of the company Bel for the year ended December 31, 2019. These annual financial statements were approved by the Board of Directors at its meeting of March 11, 2020 on the basis of the information available at that date, bearing in mind that prevailing circumstances were changing as a result of the COVID-19 outbreak.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of the present report.

Independence

We conducted our audit assignment in compliance with the independence rules applicable to us, for the period from January 1, 2019, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) N° 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie des commissaires aux comptes*).

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we draw your attention to the following key audit matters relating to the risks of material misstatement which, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as the responses we provided in relation to these risks.

These matters were addressed in the context of our audit of the annual financial statements as a whole, un

Measurement of equity securities*Note 1.3 "Accounting rules and methods – Financial Assets"***IDENTIFIED RISK**

As of December 31, 2019, equity securities are recorded in the balance sheet at a net carrying value of €1,182 million, or 41% of total assets. They were recorded at their acquisition cost on the date of acquisition.

When the value in use of these securities is lower than their net carrying value, a provision for impairment is recorded for the difference in value. The value in use is determined on the basis of cash flow projections from the five-year budget data of the subsidiaries.

Given the significance of equity securities in the balance sheet and the sensitivity of valuation models to the assumptions used to determine cash flows, we considered the measurement of the carrying value of equity securities as a key audit matter.

OUR RESPONSE

Our assessment of the measurement of the carrying amount of equity securities is based on the process implemented by the Company to determine the value in use of equity securities.

Our work included:

- verifying the consistency of the shareholding ratios used by the Company with the financial statements of the various companies;
- in situations when the share of net worth is less than the value of the securities, obtaining the cash flow forecasts of the entities concerned and reconciling them to the subsidiaries' business plans;
- verifying the consistency of the assumptions used with the Group's and the entities' performance history, and confirming future growth prospects, primarily through interviews with the finance managers in each geographical area.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information included in the management report and in the other documents on the financial situation and the annual financial statements sent to the shareholders

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information included in the Board of Directors management report approved on March 11, 2020 and in the other documents on the financial situation and the annual financial statements sent to the Shareholders. Concerning events occurring after the reporting period in respect of the Covid-19 crisis and the information obtained thereon, management has informed us that these items will be addressed at the Annual General Meeting called to approve the financial statements.

We hereby attest to the fair presentation and the consistency with the annual financial statements of the information on payment times mentioned in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code, relating to compensation and benefits received by executive officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we hereby attest to the accuracy and fair presentation of said information.

With respect to the information provided in respect of Article L. 225-37-5 of the French Commercial Code, relating to items that your company considered likely to have an impact in the event of a public tender or exchange offer, we have verified its compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In application of the law, we ensured that you were duly informed about matters relating to the acquisition of controlling and non-controlling interests, and to the identity of the holders of the capital or voting rights, in the management report.

Report on other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of Bel SA by your General Meetings of June 25, 1998 for Deloitte & Associés, and of May 12, 2010 for Grant Thornton.

As at December 31, 2019, Deloitte & Associés was in the 28th consecutive year of its mandate, taking into account acquisitions or mergers of firms that took place before that date, and Grant Thornton was in the 10th consecutive year of its mandate.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it intends to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, with respect to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in

accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, taken individually or cumulatively, they could reasonably be expected to influence the economic decisions taken by users of these financial statements based thereon.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or on the quality of management of the affairs of the Company.

During any audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit. In addition, it:

- identifies and assesses the risks of material misstatement of the annual financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumventing internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, it draws the attention of the readers of its report to the disclosures about said uncertainty made in the consolidated financial statements or, if such disclosures are not provided or are not relevant, it issues a qualified or an adverse opinion;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, where appropriate, any significant internal control deficiencies that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements for the current period and, as such, constitute

the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the statement provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, particularly those laid down in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors (*Code de déontologie des commissaires aux comptes*). Where appropriate, we discuss with the Audit Committee any risks that may reasonably be thought to bear on our independence, and the safeguards in place.

Neuilly-sur-Seine et Paris-La Défense, March 31, 2020

The Statutory Auditors

Grant Thornton

Member firm of Grant Thornton International

Virginie PALETHORPE

Deloitte & Associés

Jean-Pierre AGAZZI

5.5.3 INFORMATION ON THE STATUTORY AUDITORS

Identity of the Statutory Auditors

The **Statutory Auditors** are:

- **Deloitte & Associés**, represented by Mr. Jean -Pierre Agazzi

6, place de la Pyramide, 92908 Paris La Défense Cedex

Deloitte Touche Tohmatsu, which became Deloitte & Associés in 2005, was appointed as Statutory Auditor by the Combined General Meeting on June 24, 1997. Its term was renewed on May 12, 2016 for a term of six financial years, expiring in 2022 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2021.

Deloitte & Associés is a member of the Compagnie régionale des Commissaires aux comptes de Versailles;

- **Grant Thornton**, represented by Mrs Virginie Palethorpe
29, rue du Pont, 92200 Neuilly-sur-Seine

Grant Thornton was appointed as Statutory Auditor by the Combined General Shareholders' Meeting on May 16, 2013, replacing Pierre-Henri Scacchi, a company that resigned as Statutory Auditor; its term was renewed on May 12, 2016 for a term of six financial years, expiring on 2022 after the General Meeting that will meet to approve the financial statements for the year ended December 31, 2021.

Grant Thornton is a member of the Compagnie régionale des Commissaires aux comptes de Versailles.

The **Alternate Auditors** are:

- **Bureau d'études administratives sociales et comptables (BEAS)**

6, place de la Pyramide, 92908 Paris La Défense Cedex

BEAS was appointed as Alternate Auditor at the Combined General Shareholders' Meeting on June 25, 1998. BEAS's term as Alternate Auditor to Deloitte & Associés was renewed on May 12, 2016 for a term of six financial years, expiring in 2022 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2021.

BEAS is a member of the Compagnie régionale des Commissaires aux comptes de Versailles;

- **Institut de gestion et d'expertise comptable (IGEC)**

22, rue Garnier, 92200 Neuilly-sur-Seine

IGEC was appointed as Alternate Auditor to Grant Thornton at the Combined General Shareholders' Meeting on May 16, 2013, replacing Pierre-François Allieux, who resigned; its term was renewed on May 12, 2016, for a term of six financial years, expiring in 2022 after the General Meeting that will meet to vote on the financial statements for the year ending December 31, 2021.

IGEC is a member of the Compagnie régionale des Commissaires aux comptes de Versailles.

Information on resignations or non-renewals of the Statutory Auditors' terms

No resignations or non-renewals occurred in 2019.

Statutory auditors' fees

This information is included in Note 11 to the consolidated financial statements.

5.6 VERIFICATION OF ANNUAL FINANCIAL INFORMATION

5.6.1 STATEMENT OF VERIFICATION OF HISTORICAL FINANCIAL INFORMATION

See the Statutory Auditors' Reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2019, in paragraphs 5.5.1 and 5.5.2 respectively of this Universal Registration Document.

For previous years, see the following reports included by reference in this Universal Registration Document pursuant to Article 28 of Commission Regulation (EC) No. 809/2004:

- the Statutory Auditors' Reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2018, as well as the financial statements themselves, can be found in paragraphs 5.5.1 "Consolidated financial statements at December 31, 2018" and 5.5.2 "Company financial statements at December 31, 2018", respectively, of the

Company's Registration Document filed with the AMF on April 3, 2019 under number D. 19-0257;

- the Statutory Auditors' Reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2017, as well as the financial statements themselves, can be found in paragraphs 5.5.1 "Consolidated financial statements at December 31, 2017" and 5.5.2 "Company financial statements at December 31, 2017", respectively, of the Company's Registration Document filed with the AMF on March 29, 2018 under number D. 18-0217;

Both of these Registration Documents referred to above are available on the website of the AMF (www.amf-france.org) and on the Company's website (www.groupe-bel.com).

5.6.2 OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

In the consolidated financial statements

Research and Development expenditure totaled €26,720,000 in 2019.

In the annual financial statements

In accordance with Article 223 *quater* and Article 39.4 of the French General Tax Code, expenses and costs that are not tax-deductible totaled €445,291, with tax corresponding to €153,314.

OPEN TRADE PAYABLES WHICH ARE OVERDUE AT THE CLOSING DATE (ARTICLE D. 444 I.-1°)

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (more than 1 day)
(A) Overdues groups						
Number of invoices	4,139					521
Total amount (incl. VAT) (in euros)	101,050,738	234,152	117,275	56,254	150,832	558,513
<i>Total amount, in% of the annual purchase amounts (incl. VAT)</i>	7.49%	0.02%	0.01%	0.00%	0.01%	0.04%
<i>% in turnover amount (incl. VAT) during the period</i>						
(B) Excluded invoices from (A), related to non posted or under litigation trade payables/receivables						
Number of exclusions			97			
Total amount of exclusions (incl. VAT) (in euros)			3,997,171			
(C) Reference payments terms (contractual or legal – art. L. 441.6 or art. L. 443.1 of French Trade Code)						
Payment terms used to overdues calculation	30/40/50 days end of 10-day period: contractual payments terms					

OPEN TRADE RECEIVABLES WHICH ARE OVERDUE AT THE CLOSING DATE (ARTICLE D.444 I.-1°)

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (more than 1 day)
(A) Overdues groups						
Number of invoices	7,059					2,774
Total amount (incl. VAT) (in euros)	132,039,070	1,145,599	1,489,460	(220,760)	5,561,696	7,975,995
<i>Total % of purchases for the year (incl. VAT)</i>						
<i>Total amount in % of the annual revenue amount (incl. VAT)</i>	9.1%	0.1%	0.1%	0.0%	0.4%	0.5%
(B) Excluded invoices from (A), related to non posted or under litigation trade payables/receivables						
Number of exclusions			3132			
Total amount of exclusions (incl. VAT) (in euros)			14,908,892			
(C) Reference payments terms (contractual or legal – art. L. 441.6 or art. L. 443.1 of French Trade Code)						
Payment terms used to calculate overdues	30 days, end of 10-day period, invoice date (France): contractual payment terms 60 days, boarding date (Export): contractual payment terms					

5.6.3 FINANCIAL INFORMATION NOT INCLUDED IN THE FINANCIAL STATEMENTS

This paragraph is not applicable.

5.7 DATE OF LATEST FINANCIAL INFORMATION

The most recent financial year for which financial information was audited was the year ended December 31, 2019.

5.8 FINANCIAL INFORMATION FOR INTERIM AND OTHER PERIODS

5.8.1 QUARTERLY AND HALF-YEAR FINANCIAL INFORMATION

None.

5.8.2 OTHER FINANCIAL INFORMATION FOR INTERIM PERIODS

As no financial position after December 31, 2019 has been published, these paragraphs are not applicable.

5.9 DIVIDEND PAYOUT POLICY

(in euros per share)	2015	2016	2017	2018	2019
Net dividend	9.00	9.75	7.00	4.95	6.00

The Combined General Meeting of May 14, 2020, will be asked to approve a dividend of €6.00 per share for the 2019 financial year. The dividends will be distributed on May 22, 2020. Future net dividends will depend on the Company's

ability to generate profits, its financial position, its growth strategy and any other factor deemed relevant to the dividend distribution by the Board of Directors.

5.10 LEGAL AND ARBITRATION PROCEEDINGS

Information concerning judicial and arbitration proceedings appears in chapter 2 "Risk factors and insurance" of this Universal Registration Document.

5.11 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

The main changes in the financial position during the year are set out in section 5.3.1 and in Note 4.15.2 in the Appendix to the Consolidated Financial Statements.

The main events during the year concerning the Group's trading position are described in section 1.3 "Markets and activities in 2019".



SHAREHOLDING AND SHARE TRANSACTIONS⁽¹⁾

6.1	Shareholding and share capital	226
6.2	Stock exchange	232

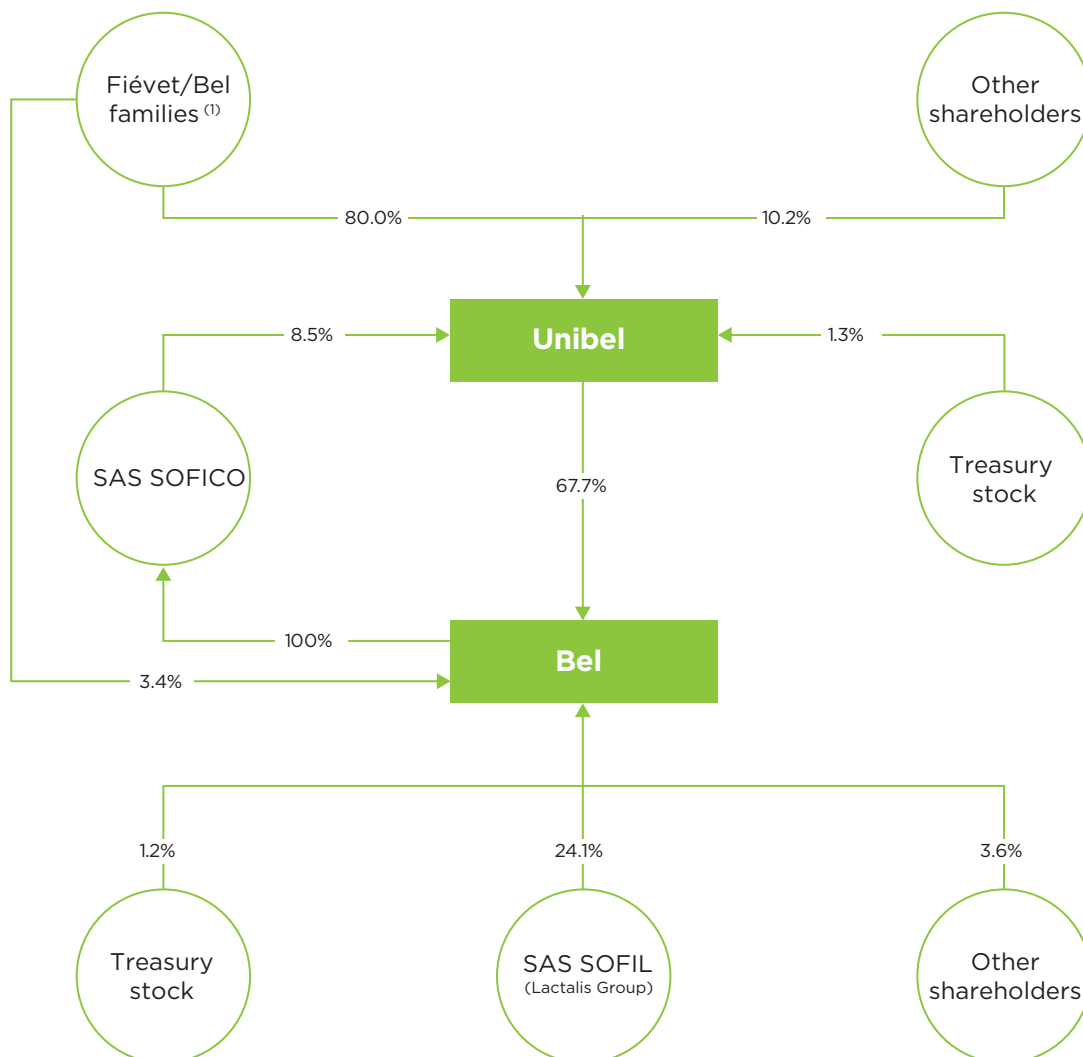
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⁽¹⁾ Certain information in this chapter form part of the Corporate Governance Report.

6.1 SHAREHOLDING AND SHARE CAPITAL

6.1.1 SHAREHOLDING AT DECEMBER 31, 2019 AND OVER THE LAST THREE YEARS

BEL GROUP SHAREHOLDING ORGANIZATIONAL CHART (AS A % OF SHARE CAPITAL)



(1) This item includes the signatories of the Unibel shareholders' agreement which came into force on September 23, 2013 and controlled companies.

To the issuer's knowledge, Bel's share capital is broken down between shareholders as follows:

Bel at December 31, 2019	Share capital		"Gross" voting rights		AGM voting rights	
	Number	%	Number	%	Number	%
Unibel ^(a)	4,651,237	67.68%	9,302,474	69.00%	9,302,474	69.44%
Fiévet-Bel family group ^(b)	237,221	3.45%	474,049	3.52%	474,049	3.54%
CONCERT SUBTOTAL	4,888,458	71.13%	9,776,523	72.53%	9,776,523	72.97%
SOFIL/Lactalis Group ^(c)	1,653,323	24.06%	3,306,646	24.53%	3,306,646	24.68%
Other shareholders	246,544	3.59%	313,976	2.33%	313,976	2.34%
PUBLIC SUBTOTAL	1,899,877	27.65%	3,620,622	26.46%	3,620,622	27.03%
Treasury stock	84,000	1.22%	84,000	0.62%	-	0.00%
TOTAL	6,872,335	100%	13,481,145	100%	13,397,145	100%

(a) Entity controlled at the highest level by the Fiévet-Bel family.

(b) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013, and the companies other than Unibel that they control.

(c) Entity controlled at the highest level by the Besnier family and not represented on the Board of Directors.

No material change occurred in shareholding or voting rights since December 31, 2019.

The share capital is composed of 6,872,335 shares, to which 13,481,145 gross voting rights and 13,397,145 voting rights eligible for Annual General Meetings (AGMs) were attached on December 31, 2019. This difference corresponds to treasury shares.

Of the shares, 97.5% are in registered form and held by 255 shareholders; 97.4% receive double voting rights after being registered continuously for four years. In April 2016, 1,355 shareholders together held 157,680 bearer shares, i.e. more than 99% of the existing bearer shares. The issuer does not have any more recent information regarding bearer shareholders.

Unibel, a French société anonyme (public corporation) with a Management Board and a Supervisory Board, holds more than two-thirds of the share capital and voting rights (AMF notice No. 210C0461 of May 28, 2010). It is controlled by members of the Fiévet-Bel family group who are bound by an agreement published by the AMF (French financial markets regulator) on September 26, 2013. This agreement is described in AMF notice No. 213C1436 of September 26, 2013 and in Unibel's Universal Registration Document. These shareholders currently control 80% of the share capital and 88% of the gross voting rights of Unibel.

In addition, Société Financière et Commerciale (SOFICO), a wholly-owned subsidiary of Bel, holds 8.45% of Unibel treasury shares.

The Lactalis Group, controlled by the Besnier family, holds more than 20% of the share capital and voting rights of Bel through its subsidiary Société pour le Financement de l'Industrie Laitière (SOFIL) (AMF notice No. 211C0106 of January 28, 2011). The Lactalis Group is not represented in any of the Bel Group's governing bodies.

To the issuer's knowledge, no other shareholder directly or indirectly holds, alone or in concert, more than 5% of the share capital or voting rights, and no shareholder outside the

family group or SOFIL holds, alone or in concert, in any way, shape or form, more than 1% of the share capital or voting rights.

No legal or statutory ceilings were exceeded during the year.

Under Articles 787 B, 885 I bis and 885 I quater of the French General Tax Code, lock-up agreements, known as "Dutreil agreements", were signed by shareholders and in particular by members of the Fiévet-Bel family group and Unibel.

The most recent lock-up agreements have the following features:

Lock-up agreement

Type	Collective
Registration date/start date	1/9/2019
Initial duration of the collective commitment	2 years
Renewal	Tacit, every 3 months
% of share capital committed on the signing date	70.5%
% of voting rights committed on the signing date	71.9%
Executive signatory	Antoine Fiévet
Signatory holding at least 5% of the share capital	Unibel

"Dutreil agreements" provide direct or indirect shareholders covered by the scope of the agreement with tax exemptions of 75% of the tax base in terms of transfer duties and solidarity wealth tax. In return, beneficiaries of these exemptions commit not to sell or transfer their shares for a minimum individual or collective period of six years.

Changes in the breakdown of share capital over the last three years

The following table indicates the breakdown of share capital and voting rights that can be exercised at AGMs over the last three years.

	12/31/2019			12/31/2018			12/31/2017		
	Shares	% share capital	% of AGM voting rights	Shares	% share capital	% of AGM voting rights	Shares	% share capital	% of AGM voting rights
Unibel ^(a)	4,651,237	67.68%	69.44%	4,651,237	67.68%	69.45%	4,651,237	67.68%	69.38%
Fiévet-Bel family group ^(b)	237,221	3.45%	3.54%	237,221	3.45%	3.54%	237,221	3.45%	3.54%
CONCERT SUBTOTAL	4,888,458	71.13%	72.97%	4,888,458	71.13%	72.99%	4,888,458	71.13%	72.92%
SOFIL/Lactalis Group ^(c)	1,653,323	24.06%	24.68%	1,653,323	24.06%	24.69%	1,653,323	24.06%	24.70%
Other shareholders	246,554	3.59%	2.34%	245,592	3.57%	2.32%	250,357	3.64%	2.37%
PUBLIC SUBTOTAL	1,899,877	27.65%	26.46%	1,898,915	27.63%	27.01%	1,903,680	27.70%	27.08%
Treasury shares	84,000	1.22%	0.00%	84,962	1.24%	0.00%	80,197	1.17%	0.00%
TOTAL	6,872,335	100%	100%	6,872,335	100%	100%	6,872,335	100%	100%

(a) Entity controlled at the highest level by the Fiévet-Bel family.

(b) Signatories of the Unibel shareholders' agreement which came into force on September 23, 2013, and the companies other than Unibel that they control.

(c) Entity controlled at the highest level by the Besnier family and not represented on the Board of Directors.

6.1.2 INFORMATION ON CONTROL OF THE SHARE CAPITAL

To the Company's knowledge, there are no agreements containing clauses affecting at least 0.5% of shares or voting rights and providing for preferential sale or purchase conditions, nor do any agreements exist whose implementation could, at a later date, lead to a change in control of the Company.

All medium- and long-term financing agreements relating to Bel and certain subsidiaries directly or indirectly controlled by Bel have a change in control clause stipulating that banks and investors may request the repayment of the advances and credit lines granted, plus interest and all other amounts due, on condition that the majority of lending institutions request this repayment. Change in control is the hypothesis under which the Company's majority shareholders cease to directly or indirectly hold over half of the share capital and voting rights in Bel.

No other agreement would be modified or would end in the event of a change in control of the Company.

The family shareholders are represented by Antoine Fiévet, Chairman and Chief Executive Officer, who is also a member of the Unibel Management Board, and by Florian Sauvin, a member of the Board of Directors and the Management Board.

Unibel, the Group's lead holding company, is a Director of the Company. Bruno Schoch, Chairman of the Unibel Management Board, is Unibel's permanent representative on the Bel Board of Directors.

Measures taken to ensure that control is not abused are as follows:

- the Board of Directors has three independent Directors out of seven members: Thierry Billot (Lead Independent Director), Fatine Layt, and Nathalie Roos. The Committees of the Board also have a majority of independent members;
- a charter is in place to which all Directors adhere and which defines their duties, specifying, in particular, that Directors must act in the best interest of the Company under all circumstances, that they must represent all shareholders, and that they must abstain in the event of a conflict of interests;
- the Chief Executive Officer's powers are curtailed (see section 4.1.4 "Board and Committee organization and workings").

The composition of the administrative and management bodies and the governance principles applied are detailed in section 4.1 "Governance principles" and in section 4.2 "Compensation and benefits".

6.1.3 SHARE CAPITAL

Situation at December 31, 2019

The amount of share capital subscribed and fully paid up was €10,308,502.50 at December 31, 2019. It is divided into 6,872,335 shares with a par value of €1.50.

Each share confers the right to ownership in the Company's assets, a share in the profits, and in the liquidation surplus proportional to the percentage of share capital that it represents.

Equity securities, non-equity shares, options

At December 31, 2019, there were no equity securities, non-equity shares, or options. Information on bonus share award programs in place is detailed in section 6.2.3, "Stock options/performance shares".

DELEGATIONS AND AUTHORIZATIONS GRANTED BY THE ANNUAL GENERAL MEETING TO THE BOARD OF DIRECTORS (IN ACCORDANCE WITH ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE) CURRENTLY VALID OR TERMINATED DURING THE YEAR

Date of the AGM	Purpose of the delegation	Authorized maximum nominal amount or number of shares	Delegation duration and/or expiry date	Date and terms of use by the Board of Directors
May 12, 2016	Authorization given to the Board of Directors to grant bonus shares already existing or to be issued by the Company for personnel and/or corporate officers of the Company and of its subsidiaries.	30,000 shares	38 months, i.e. up to July 11, 2019	^(a)
May 11, 2017	Delegation given to the Board of Directors to increase the share capital in favor of employees who are members of a Company savings scheme, without subscription rights.	Maximum nominal amount of capital increases may not exceed 1% of the share capital at the date on which the decision to increase the share capital was made	26 months, i.e. up to July 10, 2019	^(b)
May 14, 2018	Authorization given to the Board of Directors to grant bonus shares already existing and/or to be issued by the Company for personnel and/or corporate officers of the Company and related companies.		38 months, i.e. up to July 13, 2021	^(c)
May 22, 2019	Delegation to be given to the Board of Directors to increase the share capital in favor of employees who are members of a Company savings scheme, without subscription rights, possibility of allocating bonus shares in application of Article L. 3332-21 of the French Labor Code.	Maximum nominal amount of capital increases may not exceed 1% of the share capital at the date on which the decision to increase the share capital was made.	26 months i.e. up to July 21, 2021	^(d)
May 22, 2019	Delegation to be given to split the nominal value of the shares according to the suspensive condition that the Board of Directors decides for the principle of the capital increase in favor of employees who are members of a Company savings scheme.		2020 AGM	^(d)
May 22, 2019	Authorization to be given to the Board of Directors to grant bonus shares already existing and/or to be issued for personnel and/or corporate officers of the Company and related Companies.	30,000 shares	38 months i.e. up to July 21, 2022	^(d)

^(a) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.

^(b) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.

^(c) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.

^(d) Use of this authorization by the Board of Directors is detailed below in section 6.2.3.

Changes in the share capital over the last five years

Date	Type of operation	Number of shares created or canceled	Variation of nominal capital (in euros)	Reserves	At the end of the operation, nominal (in euros)	Number of shares
1/1/2015	Starting position	-	-	-	10,308,502.50	6,872,335
12/31/2019	Final position	-	-	-	10,308,502.50	6,872,335

Exceeding of statutory ceilings

In addition to the ceilings defined in legal and regulatory provisions, Article 10 of Bel's Articles of Association states that any individual or legal entity, acting alone or in concert, having obtained, in any manner, alone or in concert, within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, a number of securities representing a share equal to 1% of the share capital and/or voting rights at the Annual General Meeting, or any multiple of this percentage, must inform the Company of the total number of shares they possess *via* registered mail with notice of receipt addressed to the head office within 15 days of crossing the 1% ceiling. This obligation applies under these conditions every time the percentage of share capital and/or voting rights possessed falls below one of these ceilings. Should these stipulations not be complied with, the shares exceeding the ceiling subject to disclosure shall be stripped of their voting rights. If adjusted, the corresponding voting rights may not be exercised until the expiration of the time frame provided for by law and the regulations currently in effect. However, except when one of the ceilings listed in Article L. 233-7 is crossed, this penalty shall only be applied at the request, recorded in the Annual General Meeting minutes, of one or more shareholders holding, together or separately, at least 5% of the share capital and/or voting rights of the Company.

Identifiable bearer securities

For the purpose of identifying holders of securities, the Company has the right, in accordance with Article 9 of its Articles of Association, to request from the central depository the name or company name, nationality and address of holders of securities that grant, immediately or in the long term, voting rights at its own Shareholders' Meetings, as well as the number of securities held by each one, and if applicable, any restrictions that may be attached to the securities.

Failure by holders of securities or their intermediaries to communicate the information above may, subject to the conditions stipulated by the law, lead to the suspension or removal of their voting rights and the right to dividend payments associated with the shares.

These data are processed in compliance with the confidentiality rules established by Article L. 228-2 of the French Commercial Code. In accordance with law 78-17 of January 6, 1978 as amended, shareholders have the right

to access, correct or challenge information concerning them and can exercise that right by contacting the General Secretariat at Unibel headquarters.

Changes to shareholders' rights

As the Articles of Association do not set out any specific provisions, any change in rights attached to securities making up the share capital is governed by legal requirements.

Annual General Meetings – Meeting notification method – Terms of admission and conditions for exercising voting rights

Meeting notification methods, terms of admission and conditions for exercising voting rights for the Annual General Meetings are governed by law and Articles 20 and 21 of the Company's Articles of Association, and read as follows:

- Ordinary and Extraordinary General Meetings are made up of all shareholders, regardless of the number of shares they hold;
- the Ordinary Annual General Meeting meets at least once a year in the half-year following the closure of each financial year, subject to the extension of this deadline by adjudication;
- Extraordinary General Meetings or Ordinary General Meetings convened extraordinarily may meet during the year;
- Annual General Meetings take place at the head office or in any other location indicated in the Notice of Meeting;
- the agenda is approved by the party issuing the notice, subject to the exceptions provided for by law. Only items on the agenda may be discussed, except for circumstances permitted by law concerning the removal of Directors and their replacement;
- the right to participate in Annual General Meetings is subject to the registration of securities in the shareholder's name or in the name of the intermediary registered on their behalf, pursuant to article L. 228-1 of the French Commercial Code, by the second business day before the Annual General Meeting at midnight, Paris time, either in

the registered securities accounts kept by the Company or in the bearer securities accounts kept by the authorized intermediary;

- regarding bearer securities, the registration of securities in the accounts held by the authorized intermediary is recorded by a registration certificate issued by the latter;
- shareholders may also vote by mail in accordance with applicable laws and regulations.

If unable to attend the Annual General Meeting in person, any shareholder may participate either by:

- voting by mail, or
- designating a representative of his or her choice, such as the Chairman, the shareholder's spouse or civil partner, another shareholder or any other person (individual or legal entity), under the terms and conditions set forth by the legal and regulatory provisions in force, even without appointing a proxy.

If power of representation is given by a shareholder without indicating a specific proxy, the Chairman of the Annual General Meeting shall vote in favor of adopting draft resolutions presented or approved by the Board of Directors and shall vote against adopting any other draft resolutions.

The forms for designating a proxy and voting by mail are drawn up and made available to shareholders pursuant to current legislation.

6.1.4 VOTING RIGHTS

On December 2, 1935, the Extraordinary General Meeting instituted double voting rights.

In accordance with Article 24 of the Articles of Association, a double voting right that is conferred on bearer shares, in view of the percentage of share capital they represent, is granted to fully paid-up shares having proof of being registered under the same shareholder for at least four years.

The double voting right automatically ceases for any share that is converted to bearer form or transferred. However, transfer following inheritance, liquidation of marital property between spouses, or inter vivos donations for a spouse or relative entitled to inherit shall not interrupt the aforementioned four-year time frame and the acquired rights shall be retained.

Furthermore, in the event of a capital increase by incorporation of reserves, profits or share premiums, the double voting right may be conferred, as from their issue, to registered shares granted freely to a shareholder in connection with old shares that received this right.

The double voting right may be removed by a decision of the Extraordinary General Meeting after approval by the Special Meeting of Beneficiary Shareholders.

In the event of the division of share ownership, the voting rights attached to the shares belong to the bare owner (*nu-propriétaire*), with the exception of decisions relating to the allocation of profits, which fall to the beneficial owner (*usufruitier*).

6.2 STOCK EXCHANGE

Bel was listed on the Paris stock exchange on December 11, 1946.

Currently, 6,872,335 Bel shares are listed on the double fixing market on Euronext Paris, compartment A. Bel shares are

eligible on the long-only Deferred Settlement Service (SRD), so-called because taking into account the limited liquidity of the security, short selling is not allowed.

ISIN code: FR 0000121857 – Ticker symbol: Bel.

6.2.1 CHANGES IN BEL SHARE PRICE AND TRADING VOLUMES

	(in euros)			Number of securities traded	Volume (in thousands of euros)	Average price (in euros)	CAC All Tradable closing price
	Highest	Lowest	Last				
2014	314.00	265.20	292.00	80,573	22,618	280.71	3,316
2015	440.00	285.00	436.90	26,147	8,390	334.19	3,721
2016	577.00	405.00	489.10	15,247	7,336	481.11	3,436
2017	625.99	461.06	489.98	17,560	9,005	524.16	4,054
January 2018	505.00	476.00	486.00	2,785	1,384	496.83	4,316
February 2018	505.00	478.00	486.00	1,395	678	486.07	4,147
March 2018	565.00	476.00	492.00	1,514	797	526.70	4,109
April 2018	500.00	484.00	486.00	196	97	492.36	4,208
May 2018	500.00	466.00	466.00	459	218	474.92	4,353
June 2018	468.00	440.00	450.00	911	417	457.92	4,264
July 2018	488.00	436.00	458.00	638	282	442.24	4,255
August 2018	456.00	432.00	432.00	216	95	438.19	4,284
September 2018	430.00	378.00	378.00	4,728	1,841	389.46	4,243
October 2018	380.00	360.00	372.00	812	302	372.30	4,064
November 2018	372.00	316.00	316.00	2,235	764	341.96	3,949
December 2018	318.00	292.00	292.00	3,807	1,172	307.76	3,740
2018	565.00	292.00	292.00	19,696	8,047	433.72	4,161
January 2019	342.00	286.00	326.00	1,461	459.00	314.38	3,770
February 2019	330.00	304.00	324.00	584	187.57	321.28	3,984
March 2019	320.00	280.00	290.00	1,132	336.67	303.82	4,128
April 2019	320.00	284.00	318.00	920	280.88	301.63	4,278
May 2019	316.00	280.00	280.00	465	142.95	304.00	4,156
June 2019	296.00	280.00	282.00	413	117.70	284.36	4,192
July 2019	302.00	278.00	290.00	1,203	345.09	283.58	4,312
August 2019	308.00	274.00	280.00	788	221.50	282.94	4,146
September 2019	288.00	270.00	280.00	1,767	487.40	278.33	4,332
October 2019	280.00	268.00	276.00	2,372	644.14	271.60	4,343
November 2019	302.00	270.00	302.00	1,537	440.58	287.94	4,542
December 2019	326.00	292.00	312.00	594	185.72	309.00	4,559
2019	342.00	268.00	312.00	13,236	3,849.51	296.10	4,228
January 2020	312.00	292.00	308.00	978	293.43	302.72	4,629
February 2020	308.00	276.00	276.00	687	203.30	299.00	4,592

6.2.2 SUMMARY OF TRANSACTIONS BY EXECUTIVES AND SIMILAR PERSONS

No transactions by executives and similar persons involving the Company's shares were recorded in 2019 in accordance with Article 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation.

Executive	Type of operation	Number of operations	Amount of operations (in thousands of euros)
	None		

6.2.3 STOCK OPTIONS – PERFORMANCE SHARES

To date, the Group has never used stock options.

However, bonus issue plans under performance conditions have been implemented since 2007. Since April 2011, beneficiaries of the first plan have been free to sell the shares they were awarded.

A plan has been put in place each year since this date. The following table summarizes the plans affecting 2019.

BEL BONUS ISSUE PLANS

Plan No.	9	10	11	12	13
AGM authorization	5/12/2015	5/12/2016	5/11/2017	5/14/2018	5/22/2019
Award date	7/29/2015	7/29/2016	7/28/2017	5/15/2018	5/22/2019
Vesting date	7/30/2017	7/29/2019	7/28/2020	5/17/2021	5/22/2022
Availability date	7/30/2019	7/29/2019	7/28/2020	5/18/2021	5/23/2022
Number of securities attributed	5,527	6,717 ^(a)	8,241	8,809	11,511
Number of securities transferred (transferable)	5,068	2,085 ^(a)	(1,795) ^(a)	(5,628) ^(a)	(10,974) ^(a)
Number of employee beneficiaries	102	84 ^(a)	82 ^(a)	82 ^(a)	93

^(a) Subject to attendance and performance conditions.

The Board of Directors voted on the thirteenth bonus issue plan on May 22, 2019. Under the plan, 11,511 shares were awarded to 93 beneficiaries. These shares will be transferred to the beneficiaries on May 23, 2022 depending on the ROCE and EBITDA performance over two periods: the performance in the 2019 and 2020 fiscal years, and the performance in the 2019, 2020 and 2021 fiscal years. These results will also be multiplied by a coefficient linked to the organic growth in revenue and the portion of innovation /renovation in revenue.

No corporate officer was transferred bonus shares.

The ten largest awards to employees represented 5,498 shares.

After taking into account known results and departures, a total of 18,397 existing shares could still be awarded under the plans underway at December 31, 2019.

At December 31, 2019, employees held no stake in Bel's share capital within the meaning of article L. 225-102 of the French Commercial Code.

6.2.4 SHARE BUYBACK PROGRAM: REPORT AND DESCRIPTION

Report on share buyback programs

The Combined General Meeting of May 22, 2019 authorized the Board of Directors to implement a share buyback program in accordance with applicable regulations, for a period of 18 months from said Meeting (i.e., until November 21, 2020). This authorization replaced the one granted by the Annual General Meeting of Monday, May 14, 2018.

During 2019, Bel acquired a total of 1,123 of its own shares at an average price of €302.32, for a total amount of €339,505 with fees amounting to €1,358.03, of which:

- 542 shares for the share buy-back program decided by the AGM of May 14, 2018 at an average price of €318 and fees of €689.43;
- 581 shares for the share buy-back program decided by the AGM of May 22, 2019 at an average price of €287.69 and fees of €668.60.

2,085 shares were transferred to the beneficiaries of the tenth bonus share plan.

No treasury shares were reallocated for another purpose in 2019.

Number of treasury shares at December 31, 2019

Number of shares held in treasury	84,000
% of capital held in treasury	1.22%
Market value	€23,320 thousand
Net carrying value	€23,320 thousand
Par value (€1.50 per share)	€127 thousand

Description of the share buyback program submitted to the Combined General Meeting on May 14, 2020

Pursuant to Article 241-2 of the AMF General Regulation and Regulation (EU) No. 596/2014 of April 16, 2014, this description outlines the purposes and terms of the Company's share buyback program. This program will be put to the Annual General Meeting on May 14, 2020 for authorization.

Objectives of share capital held on February 28, 2020

Number of shares held directly and indirectly: 84,000, representing 1.22% of the share capital.

Number of shares held broken down by objective:

Supporting the stock price via a liquidity contract	None
Acquisition	None
Hedging stock options or other employee shareholding plans	84,000
Hedging marketable securities entitling the allocation of shares	None
Cancellation	None

Since Bel does not use derivatives, there are no open buy or sell positions.

New share buyback program

- Subject to program approval by the Annual General Meeting of May 14, 2020.
- Securities concerned: ordinary shares.
- Maximum share of capital for which the buyback is authorized: 10% of share capital (*i.e.* 687,233 shares at the date of this report), this limit being set on the day of the buyback in order to take into account potential capital increases or decreases that could take place throughout the duration of the program. The number of shares taken into account to calculate this limit corresponds to the number of purchased shares less the number of shares resold during the program for liquidity purposes.
- As the Company may not hold more than 10% of its share capital, given the number of shares already held (84,000 shares, *i.e.* 1.22% of share capital), the maximum number of shares that may be purchased is 603,233 shares (*i.e.*, 8.78% of share capital) unless the securities already held are sold, transferred or canceled.
- Maximum purchase price: €550.
- Maximum amount for the program: €377,978,150.
- Terms of the buyback: shares may be purchased by any means, including the acquisition of blocks of securities, and at any time decided by the Board of Directors. The Company reserves the right to use options or derivatives, pursuant to the applicable regulations. These transactions may also be carried out during a public offering in compliance with the regulations in effect.
- Objectives:
 - ensure the hedging of stock option plans and/or free share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group;
 - keep the shares purchased and later exchange or purchase them as part of potential external growth transactions, it being specified that the shares acquired for this purpose may not exceed 5% of Company capital;
 - ensure the hedging of securities entitling the allocation of Company shares under current regulations;
 - potentially cancel the shares purchased in accordance with the authorization to be granted by the Extraordinary General Meeting;
 - perform operations on the secondary market or ensure the liquidity of the share using an investment service provider under a liquidity contract in accordance with the AMAFI Ethics Charter permitted by regulations, if such a contract were to be put in place.
- Program duration: 18 months from the Annual General Meeting of May 14, 2020 *i.e.* until November 13, 2021.



COMBINED GENERAL MEETING ON MAY 14, 2020

7.1	Agenda	236
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7.1 AGENDA

ORDINARY ITEMS

1. Approval of the annual financial statements for the year ended December 31, 2019 and approval of non-deductible expenses and charges
2. Approval of the consolidated financial statements for the year ended December 31, 2019
3. Allocation of income and setting of the dividend
4. Statutory Auditors' Special Report on regulated agreements and commitments and acknowledgment of the absence of a new agreement
5. Renewal of Fatine Layt's mandate as Director.
6. Renewal of Florian Sauvin's mandate as Director.
7. Annual fixed amount to allocate to members of the Board of Directors.
8. Approval of the compensation policy for members of the Board of Directors
9. Approval of the compensation policy for the Chairman and Chief Executive Office
10. Approval of the information contained in Article L. 225-37-3 of the French Commercial Code
11. Approval of fixed, variable and exceptional elements of total remuneration and benefits of any kind paid or allocated for the past fiscal year to Antoine Fiévet, Chairman and Chief Executive Officer
12. Authorization to be granted to the Board of Directors for the Company to buy back its own shares in accordance with Article L. 225-209 of the French Commercial Code, duration of the authorization, terms and ceiling

EXTRAORDINARY ITEMS

13. Authorization to be granted to the Board of Directors to cancel the shares purchased by the Company in accordance with Article L. 225-209 of the French Commercial Code, duration and limit of the authorization.
14. Authorization to be granted to the Board of Directors to freely grant existing shares and/or shares to be issued to employed staff and/or certain corporate officers of the Company or related companies or economic interest groups, shareholders' waiver of their preferential subscription right, duration of the authorization, limit, duration of vesting periods, in particular in the event of invalidity and retention where applicable.
15. Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the capital with the cancellation of preferential subscription rights for the benefit of participants in a company savings plan, in accordance with Articles L. 3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issue price, possibility of granting bonus shares pursuant to Article L. 3332-21 of the French Labor Code.
16. Delegation of powers to proceed with a division of the par value of the shares subject to the condition precedent that the Board of Directors decides on the principle of a capital increase reserved for members of a savings plan as provided for within the framework of the fifteenth resolution of this General Meeting and, if necessary, delegates its implementation to the Chairman and Chief Executive Officer.
17. Modification of Article 13.2 of the Articles of Association on directors representing the employees on the Board of Directors.
18. Modification to Article 15 of the Articles of Association with a view to allowing written consultation by Directors.
19. Harmonization of the Articles of Association.
20. Powers to carry out formalities.

7.2 TEXT OF THE DRAFT RESOLUTIONS

ORDINARY ITEMS

FIRST RESOLUTION - Approval of the annual financial statements for the year ended December 31, 2019 - Approval of non-deductible expenses and charges

Having reviewed the Board of Directors' Report and the Statutory Auditors' Reports for the year ended December 31, 2019, the Annual General Meeting approves the annual financial statements for the year that ended December 31, 2019, as presented, showing a profit of €93,085,516.00

The Annual General Meeting approves the amount of expenses and costs referred to in Article 39.4 of the French General Tax Code, totaling €445,291.02 as well as the corresponding amount of tax.

SECOND RESOLUTION - Approval of the consolidated financial statements for the year ended December 31, 2019

Having reviewed the Board of Directors' Report and the Statutory Auditors' Reports on the consolidated financial statements for the year ended December 31, 2019, the Annual General Meeting approves the financial statements, as presented, showing a profit of €121,379,178 (Group share).

THIRD RESOLUTION - Allocation of income for the year and setting of the dividend to be distributed

At the proposal of the Board of Directors, the Annual General Meeting decides to allocate the income for the year ended December 31, 2019 as follows:

Starting point	
Retained earnings previously brought forward	€520,946,114.97
Profit for the year	€93,085,516.00
Distributable profit	€614,031,630.97
Allocation of income	
Distribution of a dividend of €6 gross per share, a maximum dividend distributed equal to	€41,234,010.00
Retained earnings to carry forward after allocation	€572,797,620.97
TOTAL	€614,031,630.97

The Annual General Meeting notes that the overall gross dividend per share is set at €6.

When it is paid to natural persons residing in France for tax purposes, the dividend is either subject to a single taxation on the gross dividend at the flat rate of 12.8% (Article 200 A of the French General Tax Code), or, at the tax payer's express, irrevocable and comprehensive choice, to graduated income tax after a 40% standard deduction (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social contributions at a rate of 17.2%.

The ex-dividend date is set at May 20, 2020.

Dividends will be paid on May 22, 2020.

As the Bel shares that may be held by the Company on the ex-dividend date are not intended for this purpose, the sums corresponding to the unpaid dividends for these shares shall be allocated to retained earnings.

In compliance with the provisions set out in Article 243 bis of the French General Tax Code, the Annual General Meeting notes that the distributed dividends and income for the last three years were as follows:

For the year	Earnings eligible for the standard deduction		Earnings not eligible for the standard deduction
	Dividends	Other distributed earnings	
2018	€ 34,018,058* or €4.95 per share		
2017	€48,106,345*, or €7 per share	-	-
2016	€67,005,266.25* or €9.75 per share	-	-

* Including the amount of the dividend corresponding to treasury shares not paid out and allocated to retained earnings.

FOURTH RESOLUTION - Statutory Auditors' Special Report on regulated agreements and undertakings, and acknowledgment of the absence of a new agreement

Having listened to a reading of the Special Statutory Auditors' Report mentioning the absence of a new agreement of the kind referred to in Article L. 225-38 of the French Commercial Code, the Annual General Meeting takes duly note of the report.

FIFTH RESOLUTION - Renewal of Fatine Layt's mandate as Director

The Annual General Meeting decides to renew Fatine Layt's term as Director for a four-year period, to expire at the end of the Annual General Meeting in 2024 to approve the financial statements for the financial year then ended.

SIXTH RESOLUTION - Renewal of Florian Sauvin's mandate as Director.

The Annual General Meeting decides to renew Florian Sauvin's term as Director for a four-year period, to expire at the end of the Annual General Meeting in 2024 to approve the financial statements for the financial year then ended.

SEVENTH RESOLUTION - Annual fixed amount to allocate to members of the Board of Directors.

The Annual General Meeting decides to allocate to the board of Directors the annual fixed amount of €300,000.

This decision is applicable to the current year and will be maintained until a new decision is made.

EIGHTH RESOLUTION - Approval of the compensation policy for members of the Board of Directors

Acting in application of Article L. 225-37-2 of the French Commercial Code the Annual General Meeting approves the compensation policy for members of the Board of Directors, presented in the Corporate Governance Report included in the Universal Registration Document under section 4.2.

NINTH RESOLUTION - Approval of the compensation policy for the Chairman and Chief Executive Office

Acting in application of Article L. 225-37-2 of the French Commercial Code the Annual General Meeting approves the compensation policy for the Chairman and Chief Executive Officer, presented in the Corporate Governance Report included in the Universal Registration Document section 4.2.

TENTH RESOLUTION - Approval of the information contained in Article L. 225-37-3 of the French Commercial Code

Acting in application of Article L. 225-100 II of the French Commercial Code the Annual General Meeting approves the information contained in I of Article L. 225-37-3 of the French Commercial Code mentioned in the Corporate Governance Report included in the Universal Registration Document section 4.2.

ELEVENTH RESOLUTION - Approval of fixed, variable and exceptional elements of total remuneration and benefits of any kind paid or allocated for the past fiscal year to Antoine Fiévet, Chairman and Chief Executive Officer

Acting in application of Article L. 225-100 paragraph III of the French Commercial Code, the Annual General Meeting, approves the fixed, variable and exceptional elements of total remuneration and benefits of any kind paid or attributed to Antoine Fiévet, Chairman and CEO, for the past year for his term of office, as presented in the report presenting the resolutions of the Shareholders' General Meeting.

TWELFTH RESOLUTION - Authorization to be granted to the Board of Directors to have the Company buy back its own shares as provided for under Article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms and ceiling

Having reviewed the Board of Directors' Report, the Annual General Meeting authorizes the Board, for a period of eighteen months, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase on one or more occasions and at the time or times it shall deem fit, shares of the Company representing up to a maximum of 10% of the share capital, and where applicable, adjusted to take into account potential capital increases or decreases that could take place during the program.

This authorization terminates the authorization given to the Board of Directors by the Annual General Meeting on May 22, 2019 in its ninth ordinary resolution.

Buybacks may be carried out to:

- support the secondary market or the liquidity of Bel stock through an investment service provider *via* a liquidity contract, in compliance with the AMAFI Code of Conduct, as recognized by the regulations; in this regard, it is specified that the number of shares taken into account to calculate the aforementioned limit corresponds to the number of purchased shares, less the number of shares resold;
- keep the purchased shares for subsequent use in exchange or payment for potential external growth transactions;
- ensure coverage for stock option plans and/or free share award plans (or similar plans) for employees and/or corporate officers of the Group as well as any allocations of shares for a company or group savings scheme (or similar plan) for employee profit-sharing and/or any other forms of share allocations to employees and/or corporate officers of the Group;
- ensure the hedging of securities entitling the allocation of Company shares under current regulations;
- potentially cancel the shares purchased in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

These buybacks may be carried out in any form, including in blocks of shares, and at the time of the Board of Directors' choosing.

The Company reserves the right to use options or derivatives, pursuant to the applicable regulations.

The maximum purchase price is set at €550 per share. In the event of a transaction on the share capital, notably a stock split or reverse stock split or free share awards to shareholders, the aforementioned amount will be adjusted proportionally (multiplier coefficient equal to the ratio

between the number of shares making up the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the transaction is set at €377,978,150.

The Annual General Meeting confers all powers to the Board of Directors to carry out these transactions, to determine the terms and conditions, to enter into any agreement and to carry out any required formalities.

EXTRAORDINARY ITEMS

THIRTEENTH RESOLUTION - Authorization to be granted to the Board of Directors to cancel shares purchased by the Company in accordance with Article L. 225-209 of the French Commercial Code, duration and limit of the authorization

Having reviewed the Board of Directors' Report and the Statutory Auditors' Report, the Annual General Meeting:

- 1) authorizes the Board of Directors to cancel, at its sole discretion, on one or more occasions, shares that the Company holds or may hold following the buybacks carried out pursuant to Article L. 225-09 of the French Commercial Code, subject to a limit of 10% of the share capital calculated on the day the cancellation decision is made, after the deduction of any shares canceled during the previous twenty-four months, and to reduce the share capital proportionally in accordance with the legal and regulatory provisions in force;
- 2) grants this authorization for a period of twenty-four months as from this Meeting;
- 3) grants all necessary powers to the Board of Directors to carry out the transactions required for such cancellations and the corresponding reductions in share capital, to amend the Company's Articles of Association accordingly and to accomplish any formalities required.

FOURTEENTH RESOLUTION - Authorization to be granted to the Board of Directors to freely grant existing shares and/or shares to be issued to employed staff and/or certain corporate officers of the Company or related companies or economic interest groups, shareholders' waiver of their preferential subscription right, duration of the authorization, limit, duration of vesting periods, in particular in the event of invalidity and retention where applicable

Having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, the General Meeting authorizes the Board of Directors to award ordinary Company shares, whether existing or to be issued, on one or more occasions, in accordance with Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, to employed staff of the Company or of directly or indirectly related companies or economic interest groups within the meaning of Article L. 225-197-2 of the French Commercial Code

and/or executive corporate officers who meet the conditions set out in Article L. 225-197-1 of the French Commercial Code, or to a certain number of the latter.

The General Meeting resolves that:

- the total number of bonus shares under this authorization may not represent more than 30,000 Company shares with a par value of €1.50, with the understanding that in the event of a capital operation, in particular a stock split, this limit will be adjusted by the same proportion;
- the shares will be definitively allocated to the beneficiaries at the end of a vesting period, the duration of which will be set by the Board of Directors and may not be less than one year. Beneficiaries must, where relevant, retain these shares for a period set by the Board of Directors, such that the total duration of the vesting periods and, where relevant, retention periods is not less than two years. As an exception, the shares may be allocated definitively before the end of the vesting period if the beneficiary has a category two or three invalidity as provided for in Article L. 341-4 of the French Social Security Code.

Full powers are granted to the Board of Directors to:

- set the share allocation conditions and criteria and performance conditions, as applicable;
- determine the identity of the beneficiaries and the number of shares allocated to each of them;
- where applicable, record the existence of sufficient reserves and at each allocation, transfer to an unavailable reserve account the sums necessary to settle the new shares to be allocated;
- decide, at the appropriate time, to implement one or more capital increases through the incorporation of reserves, premiums or profits at the time new bonus shares are issued;
- purchase necessary shares as part of the share buyback program and assign them to the stock award plan;
- determine the impacts on beneficiaries' rights of transactions that modify the capital or which may affect the value of the shares awarded and related rights during the vesting period, and consequently modify or adjust, where necessary, the number of shares awarded to maintain the beneficiaries' rights;

- decide whether to set a retention obligation following the vesting period, and where this is the case determine its duration and take all necessary measures to ensure it is respected by the beneficiaries; and
- in general, do everything necessary under this authorization in accordance with the legislation in force.

This authorization implies a waiver by the shareholders of their preferential subscription right to new shares issued through the incorporation of reserves, premiums and profits.

It is granted for a period of thirty-eight months as from the date of this Meeting.

It revokes any unused part of any prior authorization having the same purpose.

FIFTEENTH RESOLUTION - Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the capital with the cancellation of preferential subscription rights for the benefit of participants in a company savings plan, in accordance with Articles L. 3332-18 et seq. of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issue price, possibility of granting bonus shares pursuant to Article L. 3332-21 of the French Labor Code

Having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report and acting in application of Articles L. 225-129, L. 225-129-2, L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code, the General Meeting:

- 1) delegates its powers to the Board of Directors, with the possibility of sub-delegation under the terms set forth in the applicable legal and regulatory provisions, where it is deemed appropriate and at its sole discretion, to increase the share capital on one or more occasions by issuing ordinary shares or securities giving access to share capital to be issued by the Company for the benefit of members of one or more company or group savings plans formed by the Company and/or French or foreign companies affiliated with it pursuant to Article L225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- 2) resolves that this delegation shall entail a waiver by the shareholders of their preferential subscription right on shares and other equity and marketable securities giving access to the share capital that may be issued under this resolution and on shares and other equity securities to which the securities issued in the framework of this delegation may grant access;
- 3) grants this delegation for a period of twenty-six months as from this Meeting;
- 4) limits the maximum nominal amount of the capital increase (s) that can be carried out under this delegation to 1% of the share capital at the date on which the decision to increase the share capital is made by the Board of Directors, with the understanding that this amount is

independent of any other limit defined with regard to delegations to increase capital. Where applicable, this amount shall be compounded by the additional amount of ordinary shares or other equity securities to be issued to preserve the rights of bearers of securities granting rights to the Company's share capital, in accordance with the law and any applicable contractual stipulations that provide for other cases of adjustment;

- 5) resolves that the price of the shares to be issued, in application of section 1) of this delegation, shall not be more than 30% or 40% lower, when the lock-out period stipulated in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, than the share's average opening price over the 20 trading days preceding the decision by the Board of Directors, or its assignee, concerning the start date of the subscription period for the capital increase and issuance of the corresponding shares, or greater than that average price;
- 6) resolves, pursuant to the provisions of Article L. 3332-21 of the French Labor Code, that the Board of Directors may provide for the free allocation to beneficiaries defined in the first paragraph set out above of shares issued or to be issued or other securities issued or to be issued giving access to the Company's capital, (i) as matching contributions to be paid in application of the rules of the Company or Group savings plans and/or (ii) where applicable, as a discount, provided that when their equivalent pecuniary value, assessed at the subscription price, is taken into account, it does not have the effect of exceeding the legal or regulatory limits set forth in Articles L. 3332-11 and L. 3332-19 of the French Labor Code;
- 7) acknowledges that this delegation revokes, where applicable, any unused part of any prior authorization having the same purpose.

The Board of Directors may or may not exercise this delegation, and shall take any measures necessary and proceed with all necessary formalities.

SIXTEENTH RESOLUTION - Delegation of powers to proceed with a division of the par value of the shares subject to the condition precedent that the Board of Directors decides on the principle of a capital increase reserved for members of a savings plan as provided for within the framework of the fifteenth resolution of this General Meeting and, if necessary, delegates its implementation to the Chairman and Chief Executive Officer

Having reviewed the Board of Directors' Report, the General Meeting resolves, subject to the condition precedent that the Board of Directors decides on the principle of a capital increase reserved for members of a savings plan as provided for within the framework of the fifteenth resolution of this General Meeting and, if necessary, delegates its implementation to the Chairman and Chief Executive Officer, to set €0.15 as the par value of each Company share and, consequently, to divide each share with a par value of €1.50 by distributing ten shares with a par value of €0.15 in exchange for one share with a par value of €1.50.

This division shall take effect on the date established by the Board of Directors.

As stipulated in Article 24 of the Articles of Association, double voting rights shall be conferred, upon issue, to the shares with a par value of €0.15 created by dividing the shares with a par value of €1.50 which carried that right, with the understanding that the four-year period stipulated in the aforementioned article shall not be interrupted by the exchange.

The General Meeting notes that, through the sole fact of the share exchange, the €0.15 shares will be simply and entirely substituted for the €1.50 shares, which will be canceled, without this exchange introducing any novation to the existing relations between the Company and its shareholders.

The General Meeting gives all necessary powers to the Board of Directors to:

- implement this exchange on a date following the payment of the dividend;
- record the number of €0.15 shares existing at that time and to modify the Articles of Association accordingly;
- perform any adjustment operations made necessary by the exchange;
- and, in general, carry out all necessary measures to implement these decisions no later than twenty-six months from the date of this Meeting.

SEVENTEENTH RESOLUTION - Modification of Article 13.2 of the Articles of Association on directors representing the employees on the Board of Directors

The General Meeting, at the proposal of the Board of Directors, resolves to:

- modify Article 13.2 of the Articles of Association on the threshold for triggering the obligation to appoint a second director representing the employees on the Board of Directors, which was reduced from twelve board members to eight board members by Law No 2019-486 of May 22, 2019 and consequently to establish procedures for the appointment of a second director representing the employees on the Board of Directors, and
- consequently, to modify Article 13.2 of the Articles of Association accordingly:

"2 - Moreover, the Board of Directors shall include, pursuant to the law, a director representing the employees of the Group when the number of directors appointed by the General Meeting, with the exception of those representing employee shareholders appointed pursuant to the law, is lower than or equal to eight and shall include two directors representing the employees when that number is higher than eight. When the number of directors falls back below or equal to eight, the second director representing the employees shall remain in office until the expiry of their term.

Directors representing the employees shall be appointed for a term of four years.

Should a position of director representing the employees become free for any reason, the position shall be filled pursuant to the conditions set forth by law.

As an exception to the rule set forth in Article 13-3 of these Articles of Association concerning directors appointed by the General Meeting, directors representing the employees on the Board are not required to hold a minimum number of shares.

The directors representing the employees are appointed as follows:

- *If one director is required, they shall be appointed by the Central Works Council.*
- *If a second director is required, they shall be appointed by the Central Works Council within six months of the date on which the aforementioned threshold of eight directors has been surpassed.*

If at the end of a financial period, the conditions for the application of the legal provisions are no longer fulfilled or if the Company can claim an exemption by law, the term of the director (s) representing the employees on the Board shall expire within a period of six months following the meeting during which the Board observed that the obligation no longer applied."

EIGHTEENTH RESOLUTION - Modification of Article 15 of the Articles of Association to provide for the written consultation of directors

Having reviewed the Board of Directors' Report, the Annual General Meeting resolves, in accordance with the option provided for in Article L. 225-37 of the French Commercial Code, as amended by Law No. 2019-744 of July 19, 2019, to make it possible for members of the Board of Directors to take decisions, within their assigned powers as listed exhaustively in the regulations, through written consultation, and therefore modifies Article 15 of the Articles of Association as follows:

The following paragraph shall be inserted after paragraph 4 of Article 15, with no change to the rest of the article:

"5 - The Board of Directors may also take decisions through written consultation by the directors under the conditions set out by law."

NINETEENTH RESOLUTION - Harmonization of the Articles of Association

Having reviewed the Board of Directors' report, the Annual General Meeting resolves:

- 1) concerning the procedure for identifying the holders of bearer shares:
 - to harmonize Article 9.3 of the Articles of Association with the provisions of Articles L. 228-2 et seq. of the French Commercial Code, as amended by Law No. 2019-486 of May 22, 2019 on the growth and transformation of companies, which modified the procedure for identifying shareholders,

- consequently, to modify as follows the first sentence of Article 9.3 of the Articles of Association, with no change to the rest of the article:

“3 – In order to be able to identify shareholders, the Company has the right to request information, at any time under the conditions set out in the regulations, on the owners of shares or securities that confer a right, immediately or in the future, to vote at its shareholder meetings.”

2) concerning the remuneration of directors:

- to harmonize Article 18 of the Articles of Association with the provisions of Article L. 225-45 of the French Commercial Code, as amended by:
 - Law No. 2019-486 of May 22, 2019 which removed the notion of directors' fees,
 - Ordinance No. 2019-1234 of November 27, 2019 which established a legal mechanism for the remuneration of the corporate officers of companies listed on a regulated market,

- consequently, to modify as follows the title and first two paragraphs of Article 18 of the Articles of Association, with no change to the rest of the article:

“Article 18 – Remuneration of the Board members

The members of the Board of Directors shall be paid a fixed annual remuneration, the amount of which shall be set by the Annual General Meeting, which shall remain in place until decided otherwise.

The Board shall split among its members the total amount allocated to directors under the conditions set forth by the regulations.”

TWENTIETH RESOLUTION - Powers to carry out formalities

The Annual General Meeting gives all powers to anyone possessing an original, a copy or an excerpt of these Meeting minutes to carry out any filing and disclosure formalities required by law.



ADDITIONAL INFORMATION

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8

8.1 INDIVIDUAL RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Name and position

Antoine Fiévet, Chairman and Chief Executive Officer of Bel.

Officer's statement

After having taken all reasonable measures to this effect, I hereby certify that, to the best of my knowledge, the information contained in this Universal Registration Document is accurate and contains no omission of a nature that would alter its scope.

I certify that, to the best of my knowledge, the accounts have been established in accordance with applicable accounting standards and provide a true view of the assets, financial situation and results of both the Company and the undertakings included in the consolidation scope, and that the Management Report in this Universal Registration Document, in the chapters and paragraphs listed in the cross-reference tables in chapter 8, presents a true picture of the Company's business, performance and financial situation and that of all undertakings included in the consolidation scope, and includes a description of the main risks and uncertainties they face.

Suresnes, April 3, 2020

The Chairman and Chief Executive Officer

Mr Antoine Fiévet

8.2 INFORMATION ON THE COMPANY

Corporate name, trade name and acronym

Bel

This name may or may not be followed by the reference: The Laughing Cow.

Acronym: Bel SA

Commercial name: The Laughing Cow - FBSA

Place of registration and registration number

Company register number and place: 542 088 067 Nanterre

NAF/APE code: 1051 C – Cheese making

Legal entity identifier (LEI)

Legal entity identifier (LEI):

5493005GNGE7UFJCIL03

Date of incorporation and duration

Date of incorporation: November 16, 1922

Date of expiry: December 31, 2040, except for early dissolution or continuance decided by the Extraordinary General Meeting.

Registered office, legal form and applicable legislation

Registered office: 2, allée de Longchamp – 92150 Suresnes, France

Telephone: +33 1 84 02 72 50

Legal form: limited liability company with Board of Directors
Bel is a limited liability company (société anonyme) under French law, subject to all of the texts governing commercial companies in France, and in particular to the provisions established by the French Commercial Code and to the provisions of its Articles of Association.

Financial period

January 1 to December 31 of each year.

Company purpose

(Excerpt from the Articles of Association – Article 2)

The purpose of the Company, in all countries, is to:

- sell, manufacture and process any types of dairy products, their derivatives and their components;
- sell, manufacture and process any types of food products, their derivatives and their components;
- perform any financial operations such as acquiring, managing, and in some cases reselling all types of equity stakes in French or foreign companies;
- build, purchase, sell, lease, transform and appropriate any buildings and premises necessary for operations;
- study, create, take over, purchase, lease, use or represent any patents, manufacturing processes or brands;
- take a stake in any company or companies whose purpose is to manufacture and sell any type of chemicals.

In general, any industrial, commercial, financial, stock and real estate transactions that may be related directly or indirectly to the Company purpose or likely to foster its development, such as the dissemination or sale of objects of an advertising nature or intended to promote sales.

This may be done, in any direct or indirect way, by any means deemed appropriate, with no restriction as intermediary or by intervention and, in particular, by designing and founding new companies or taking stakes in any existing firms in the form of shareholdings, granting of licenses, or through subscriptions or purchases of securities, shares and ownership interests, or by merging or taking over any companies.

Condition, establishment and distribution of profits

(Excerpt from the Articles of Association – Article 26)

If the distributable profits determined in accordance with the law and established at the Annual Ordinary General Meeting after approval of the accounts are sufficient, the General Meeting may decide to assign them to one or several reserve positions (for which it determines the assignment or use), to carry them forward or to distribute them to shareholders as a dividend.

The Annual General Meeting may grant each shareholder the choice between payment in cash and/or in shares, for all or part of the dividend to be distributed or for an interim dividend.

The Meeting may also withdraw all amounts on the reserve funds at its disposal in order to distribute them to shareholders, indicating expressly the positions on which the withdrawals are made. However, dividends are drawn first from distributable profits of the financial period.

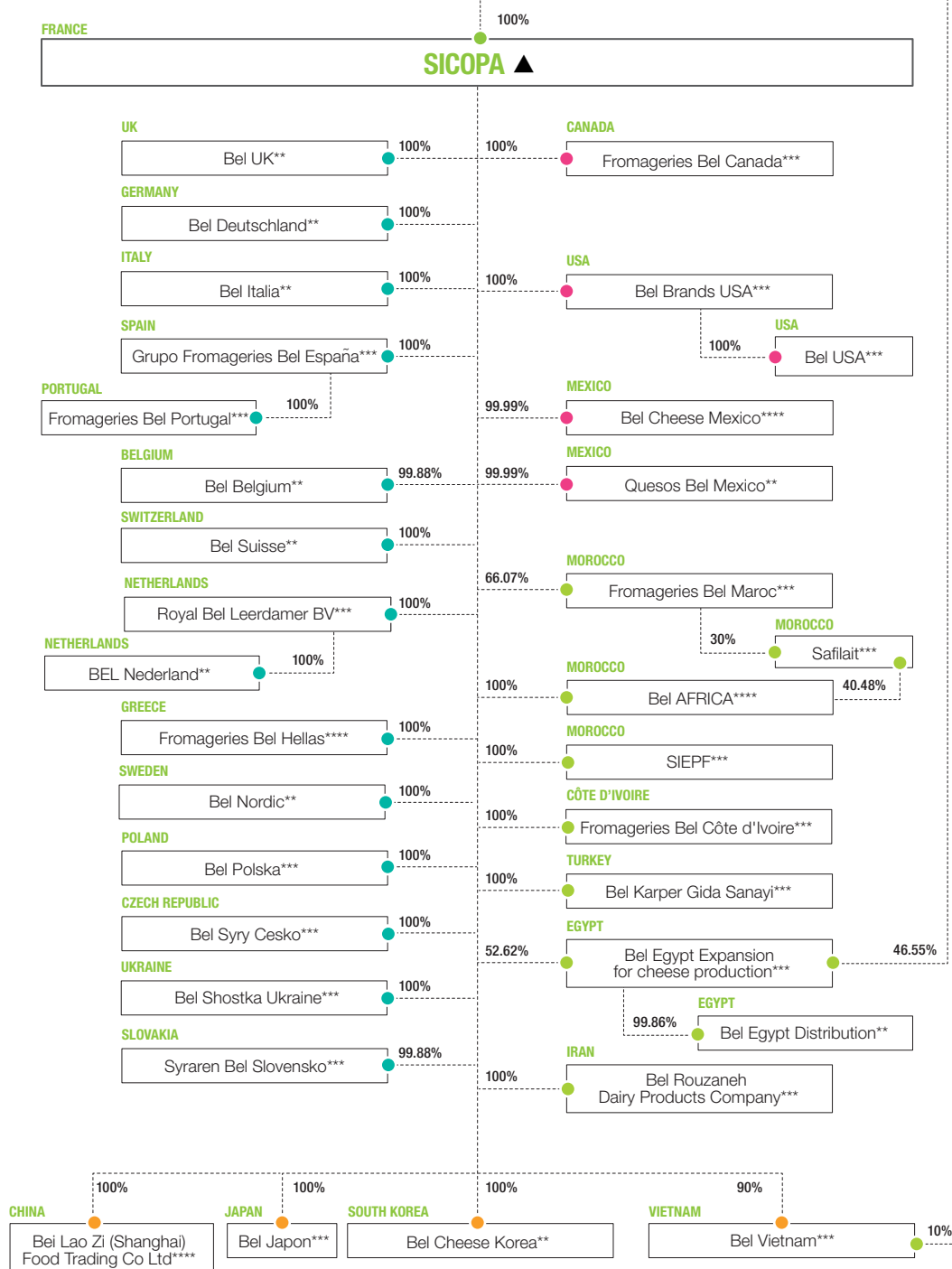
8.3 INFORMATION ON SUBSIDIARIES AND INTERESTS

FRANCE

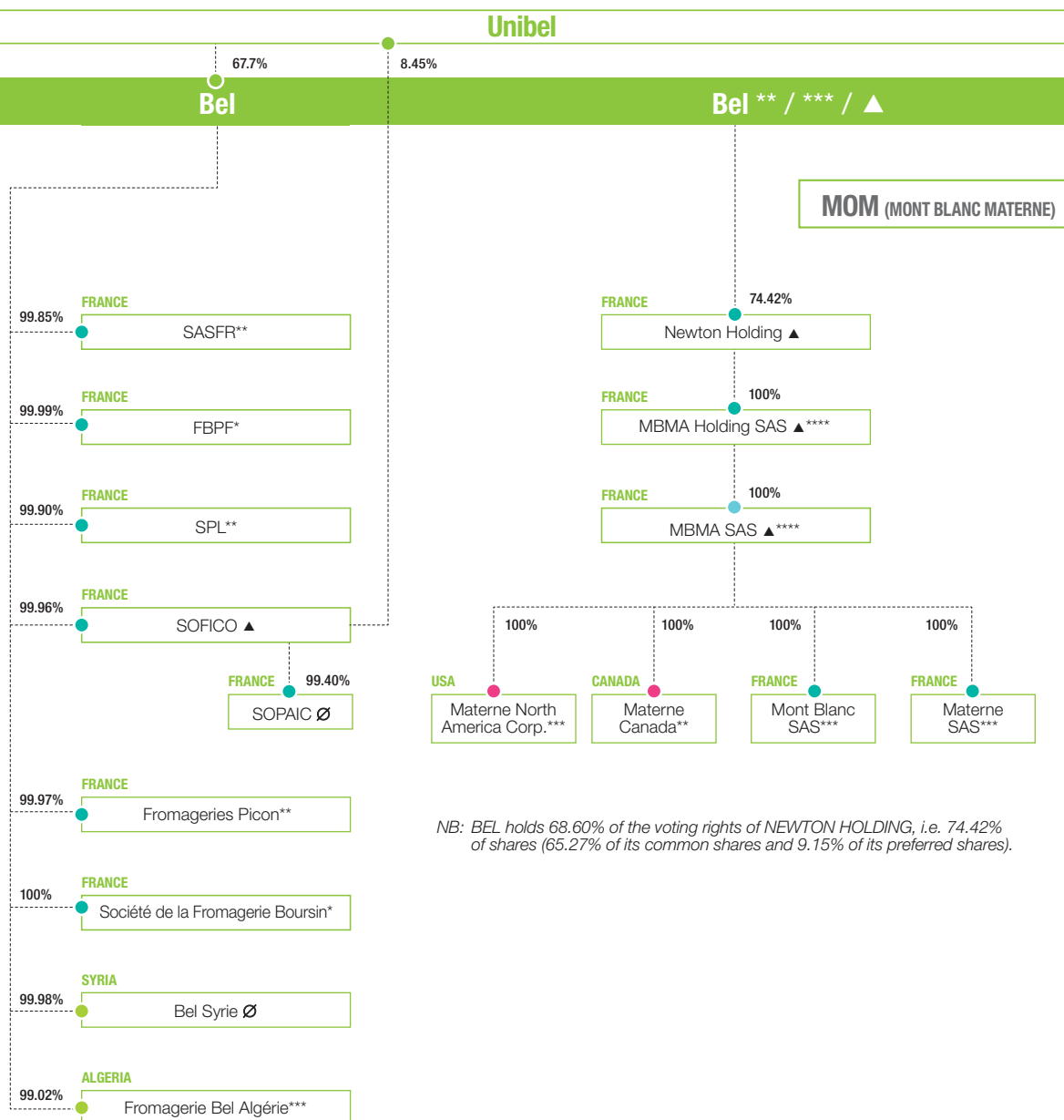
Unibel

FRANCE

Bel



NB: Only consolidated companies and interests of over 2% are shown. The Group's total controlling interest in each subsidiary, as a percentage, is listed in Note 10 to the consolidated financial statements published in section 5.5.1. Voting rights held are the same as interests held.



- * Production
- ** Sales
- *** Production and sales
- **** Administrative services
- ▲ Holding company
- Ø No activity in 2018
- Europe
- Americas
- Asia-Pacific
- Middle East – Greater Africa

8.4 IMPORTANT CONTRACTS

Contracts concluded by the Company and its subsidiaries in the ordinary course of business are not included below.

The Group is held to agreements with some minority shareholders of its consolidated subsidiaries that allow for the buyback of their shares under certain conditions. On August 10, 2015, the Group signed purchase and sale agreements with the minority shareholders of Safilait. Under the terms of said agreements, the Group committed to purchase their shares between 2020 and 2026. The purchase price will be determined by Safilait's profitability and financial position on the date of execution of these agreements.

As part of the acquisition of the MOM Group, the Group accepted a sale agreement (call option) from the MOM Group's managers for all the MOM Group shares they own, exercisable on Bel's request until April 30, 2022.

Moreover, on March 12, 2020, Bel signed an agreement to purchase an 80% stake in the company All In Foods, which manufactures and markets plant-based cheese alternatives under the brand Nature et Moi. A liquidity mechanism will enable Bel to acquire 100% of the company's share capital by 2024. The transaction is due to be finalized by the end of the first half of 2020.

For more information, see Note 6 in paragraph 5.5.1 "Consolidated Financial Statements" on the total commitments recorded at December 31, 2019.

Information on the existing service contract between Unibel and Bel is provided in section 4.4.2 "Related Parties".

8.5 AVAILABLE DOCUMENTS

Group information is available on the corporate website www.groupe-bel.com, under the Finance heading.

The Articles of Association, minutes of the General Meetings, Statutory Auditors' Reports and other corporate documents may be consulted at the Company's registered office at the secretariat of the Board of Directors, at 2 allée de Longchamp, 92150 Suresnes, France.

The Universal Registration Document is available on Bel's website (www.groupe-bel.com) and on the AMF's website (www.amf-france.org). It may also be obtained free of charge at the head office at 2, allée de Longchamp, 92150 Suresnes, France.

8.6 CROSS REFERENCES

8.6.1 CROSS REFERENCES WITH APPENDIX 1 AND 2 OF COMMISSION REGULATION (EC) NO. 2019/980

This cross-reference table presents the topics in Appendix 1 and 2 of Commission Regulation (EC) No. 2019/980 and refers to the paragraphs in the Universal Registration Document mentioning the corresponding information.

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Section 2	Statutory Auditors	2	5.5.3
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Point 5.3	Significant events	5.1.5	1.3
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New URD references	Headings	Previous RD references	Chapter, section or page of URD
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New URD references	Headings	Previous RD references	Chapter, section or page of URD
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Point 19.1.5	Terms of acquisition rights and/or all obligations	21.1.5	6.1.3
Point 19.1.6	Option or agreement	21.1.6	6.1.2
Point 19.1.7	History of share capital	21.1.7	6.1.3
Point 19.2	Memorandum of association and Articles of Association	21.2	4.1.2; 4.1.3 ; 6.1.3; 6.1.4 and 8.2
Point 19.2.1	Inscription in register and Company purpose	21.2.1	8.2
Point 19.2.2	Existing share categories	21.2.3	6.1
Point 19.2.3	Provisions affecting a change in control	21.2.6	
Section 20	Material contracts	22	8.4
Point 20.1	Overview of each contract	22	
Section 21	Documents available	24	8.5
Point 21.1	Declaration on consultable documents	24	

8.6.2 CROSS REFERENCES WITH THE ANNUAL FINANCIAL REPORT AND OTHER ELEMENTS

In order to facilitate reading, the cross-reference table below identifies information making up the Annual Financial Report to be published by listed companies in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the French General Regulations of the Financial Markets Authority.

Annual Financial Report		Chapters or paragraphs in the Registration Document
1	Annual financial statements	5.5.2
2	Consolidated financial statements	5.5.1
3	Management Report (within the meaning of the Monetary and Financial Code)	
	3.1 Information contained in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code	
	• Analysis of business development	1.3
	• Analysis of results	5.3.2
	• Analysis of the financial situation	5.3.1
	• Business indicators (performance key indicators of a financial and, where appropriate, non-financial nature)	3.6
	• Main risks and uncertainties	2
	• Internal control and risk management procedures related to the preparation and processing of the Company and the Group's accounting and financial information	4.3.4
	• Objective and coverage policy for transactions for which Company and Group accounting is used	2.4
	• Company and Group exposure to price, credit, liquidity and cash flow risks	5.5.1 Note 4.15
	• Use of Company and Group financial instruments	5.5.1 Note 4.15
	• Financial risks related to the effects of climate change and the presentation of Company and Group measures taken to limit them (low carbon strategy)	3
	3.2 Information contained in Article L. 225-211 of the French Commercial Code	
	• Company purchase of its own shares	6.2.4
4	Declaration of physical persons responsible for the Annual Financial Report	8.1
5	Statutory Auditors' Reports on the annual and consolidated financial statements	5.5.1 and 5.5.2
Other documents included in the Universal Registration Document		
1	Description of the share repurchase program	6.2.4

8.6.3 CROSS REFERENCES WITH THE BOARD'S MANAGEMENT REPORT TO THE ANNUAL GENERAL MEETING

This Universal Registration Document is the Board's Management Report to the Annual General Meeting: the appendix below refers the reader more precisely to the elements required in this respect.

Company and Group Management Report	Chapters or paragraphs in the Universal Registration Document
Company and Group situation and activity during the course of the fiscal year	1.1, 1.3, 1.5 and 5.5.2
Company and Group activity and results by branch of activity	
Analysis of the development of Company and Group business, results, financial situation	1.3, 5.3 and 5.5.2
Company and Group key performance indicators of a financial and, where appropriate, non-financial nature	3
Foreseeable developments of the Company and Group situation and prospects	1.2 and 1.4
Important events occurring since the Company and Group closing date	5.5.2 Note 31
Company and Group research and development activities	1.1.4 and 5.6.2
Significant shareholdings and control	5.5.2
Notice of shareholding of more than 10% in the capital of another joint-stock company	8.3
Calculation elements and result of possible adjustment for securities in case of a transaction maintaining the preferential subscription right, free allocation of shares, distribution of reserves or issue premiums, change in the distribution of profits or amortization of capital	N/A
Calculation elements and result of adjustment of the bases for the exercise of stock options and stock or securities purchases granting access to share capital in the event the Company purchases its own shares at a price higher than the stock price	N/A
Injunctions or financial penalties for anti-competitive practices	N/A
Information on payment deadlines for Company suppliers or customers (and breakdown of the balance of supplier and customer debts)	5.6.2
Information on the use of Company and Group financial instruments	5.5.1 Note 4.15
Description of main Company and Group risks and uncertainties	2
Internal control and risk management procedures related to the preparation and processing of the Company and the Group's accounting and financial information	4.3.4
Objective and hedging policy for transactions for which Company and Group hedge accounting is used	2.4
Exposure to price, credit, liquidity and cash flow risks	2.4 and 5.5.1 Note 4.15 and 5.5.2 Note 1.10
Financial risks related to the effects of climate change and the presentation of Company and Group measures taken to limit them (low carbon strategy)	3
Information relating to the distribution and evolution of share ownership	6.1
Self-management	6.1
Employee equity participation on the last day of the financial period	6.2.3
Summary of transactions performed by management on Company securities	6.2.2
Information provided for in Article L. 225-211 of the French Commercial Code in the case of transactions performed by the Company on its own shares	6.2.4
Non-tax-deductible expenses	5.6.2
Amount of dividends distributed over the last three financial periods	5.9
Option exercise conditions for corporate officers	N/A

Company and Group Management Report		Chapters or paragraphs in the Universal Registration Document
Conditions for conserving bonus shares attributed to corporate officers		4.2.1 and 4.1.3
Table of results over the past five years		5.5.2
List of branches		1.5.1
Total intercompany lending		
Information on the operation of a facility covered by the Seveso Directive (art. L. 515-8 of the French Environment Code)		N/A
Vigilance plan		3
NON-FINANCIAL PERFORMANCE REPORT (SEE SPECIFIC CROSS-REFERENCE TABLE)		
Documents attached to the Management Report		
1. Report on corporate governance		
Compensation policy for executive corporate officers		4.2.2
Information contained in Article L. 225-37-3 of the French Commercial Code		4.2.2
Board composition and working		
List of all terms of office and duties exercised in any company by each corporate officer during the financial period		4.1.2
Agreements signed between a corporate officer or shareholder holding more than 10% of voting rights and a company controlled under the terms of Article L. 233-3 (excluding common agreements)		4.4 and 4.1.3
Choice of one of the two general management methods on the occasion of the first report or in the case of modification		4.1.4
Board composition, conditions of preparation and organization of work		4.1.4
- Description of diversity policy applied to members of the Board - Gender equality within the committee set up by general management - Diversity in the top 10 positions of responsibility		4.1.4
Restrictions to the powers of general management		4.1.4
Reference to a corporate governance code, or justification and indication of the rules adopted in addition to legal requirements		4.1.1
Specific means of shareholder participation in the General Meeting or the provisions of the articles of association providing for these methods		6.1.3
Description of procedure put in place by the Company to enable regular assessment of whether conventions concerning current operations and concluded in normal conditions indeed meet these conditions and its implementation		
Summary of valid delegations granted by the General Meeting of Shareholders for capital increases		6.1.3
Elements likely to have an impact in the event of a public offer (Article L. 225-37-5 of the French Commercial Code)		

8.6.4 CROSS REFERENCES WITH THE NON-FINANCIAL PERFORMANCE REPORT

Chapters 1, 2, and 3 meet the requirements of articles L. 225-102-1 and R. 225-105 of the French Commercial Code.

Non-Financial Performance Report	Paragraph(s) of the Universal Registration Document	
Business model	3.1.1	Business model
Description of the main risks linked to the Company's business	2. 3.1.2	Risk factors and insurance Analysis of primary non-financial risks
Description of the policies applied by the Company and the results of these policies, relative to the		
Social and environmental consequences of the Company's business	3.	Corporate Social Responsibility
Effects of the Company's business as to the respect for human rights and the fight against corruption and tax evasion	3.1.4 3.1.5	Ethics: a common foundation for conducting business Vigilance plan
Climate change consequences of the Company's business and use of the goods and services it produces	3.5 3.6	Designing responsible packaging Fighting climate change and reducing the environmental footprint
Commitments to:		
- sustainable development - the circular economy - fighting food waste and the circular economy - respect for animal welfare - responsible, equitable, sustainable nutrition	3. 3.4 3.5.2 3.6.4	Corporate Social Responsibility Promoting sustainable farming Encouraging and facilitating the recycling of its products Fighting food waste
Collective agreements signed within the Company	3.2.1.4	Promoting a positive dialogue
Actions aiming to fight against discrimination and promotion diversity and measures taken in favor of people with disabilities	3.2.1.2	Promoting equal opportunity and diversity

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