# 2021 ANNUAL REPORT

INCLUDING THE INTEGRATED REPORT,
MANAGEMENT REPORT,
CORPORATE GOVERNANCE REPORT,
ANNUAL AND CONSOLIDATED FINANCIAL
STATEMENTS, AND STATUTORY
AUDITORS' REPORTS

bel
for all for good

# CONTENT

# ANNUAL REPORT 2021

## INCLUDING THE INTEGRATED REPORT, MANAGEMENT REPORT, CORPORATE GOVERNANCE REPORT, ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS, AND STATUTORY AUDITORS' REPORTS


**A French société anonyme (public corporation) with a capital of €10,308,502.50**

Registered office:
2 allée de Longchamp
92150 SURESNES

SIREN 552 002 578 RCS NANTERRE

SHARED
VALUE(S)

1

# INTEGRATED REPORT

# WE BELIEVE THAT ACCESS TO HEALTHY AND SUSTAINABLE FOOD IS A FUNDAMENTAL RIGHT.

**As growth of the world's population collides with the need to preserve the planet and the desire to consume better, we have made belief our mission and expressed it as a collective motto:**
***For All. For Good.***

**Determined and daring, we are taking up the challenge of inventing a new food model that is able to feed 10 billion people while preserving the Earth's major ecological balances.**

**Optimistic and caring, we believe in our ability to mobilize all our stakeholders to rethink the value of food and its positive impact, both now and for future generations.**

**Confident and committed, we are developing new fruit- and plant-based segments alongside dairy, and accelerating our decarbonization efforts.**

## THIS IS HOW WE ARE PREPARING FOR THE FUTURE.

## A SUSTAINABLE AND RESPONSIBLE FUTURE.

## LIKE BEL'S.

# A FAMILY-OWNED, INTERNATIONAL GROUP

Bel is a family-owned company with more than 150 years of history, and a major international player in the food industry. The Bel Group offers dairy, fruit- and plant-based products in individual portions with the goal of championing healthier and responsible food for all. With its roots in local communities, the Group operates state-of-the-art industrial equipment that is increasingly innovative and sustainable. As part of a continuous improvement process that involves its entire ecosystem, Bel aims to respond to major social and environmental challenges with a new food model that has a positive impact for all generations.

# THE BEL GROUP IN 2021

**5TH**
generation of family managers

3 values:
**DARING, COMMITMENT, CARING**

**11,800**
employees
68% M / 32% W

**5,100**(1)
suppliers

**1,400**
dairy producers

**120**
countries where sold

**29**
production sites

**57**
subsidiaries in 32 countries

**30+**
brands
including 6 international

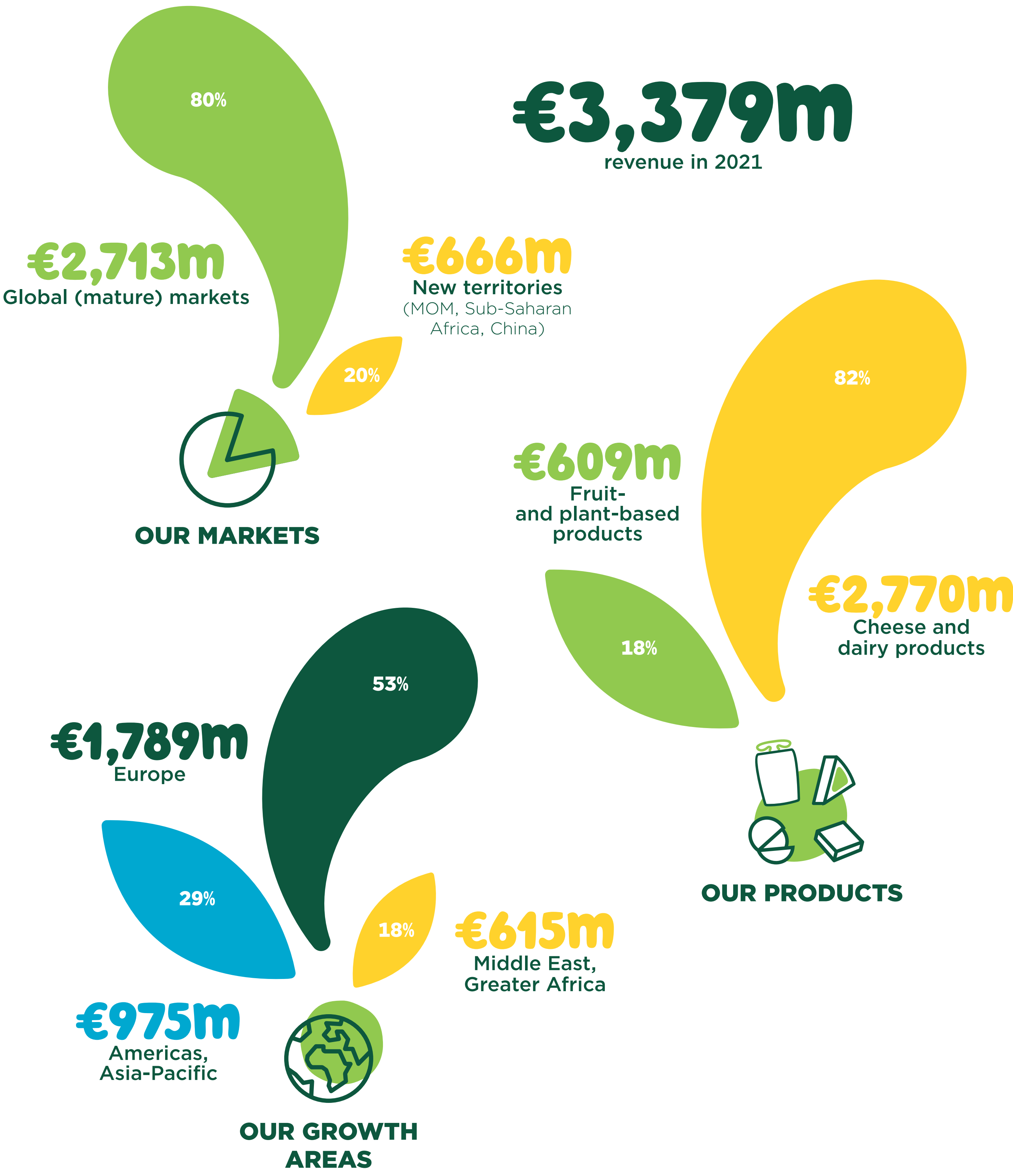
**74%**
sales
of *positive products*(2)

**93/100**
gender equality index(3)

**TOP 1%**
with a score of 79/100
and a Platinum medal
in the EcoVadis assessment

**SILVER AWARD**
at the Grand Prix de la Good Économie 2021, for "Establishing responsible and ethical governance"(3)

(1) With annual revenue of over €10,000. (2) Products having at least one of the following characteristics: organic, *Bel Nutri+ certified*, containing no more than one additive, originating from non-GMO fed animals. (3) In France.


€3,379m
revenue in 2021
80%
€2,713m
Global (mature) markets
20%
€666m
New territories
(MOM, Sub-Saharan Africa, China)
OUR MARKETS
82%
€609m
Fruit- and plant-based products
18%
€2,770m
Cheese and dairy products
OUR PRODUCTS
53%
€1,789m
Europe
29%
€975m
Americas, Asia-Pacific
18%
€615m
Middle East, Greater Africa
OUR GROWTH AREAS

# A FAMILY BUSINESS

**... THAT IS MEETING THE CHALLENGES OF ITS ENVIRONMENT**

JULES BEL

**1865**
Cheesemaking know-how and national ambition

**REGIONAL EXPANSION AND INFLUENCE**

AN ICONIC BRAND, AND A UNIQUE FORMAT

LÉON BEL

**1921**
Creation of **THE LAUGHING COW®**

Marketing know-how and respect for nature

**ACCESSIBILITY, INDUSTRIALIZATION AND NUTRITION**

**1958**
**1st TV COMMERCIAL**

**1958**
1st R&D center

POP QUIZ: IN WHAT YEAR... ?

**1960**
Creation of **APERICUBE®**.

**DELICIOUS AND FUN**


**1966**
Creation of **KIRI®**

**CONVENIENT AND EASY-TO-USE**

BREAD AND...


**2007**
Acquisition of **BOURSIN®**

**SECTORAL AND SOCIAL INNOVATION**


**2016**
Acquisition of **MOM GROUP**

LA VIE EST BEL (LIFE IS BELTIFUL)

bel for all for good

**2019**
**NEW IDENTITY** for the Bel Group

## 3 LEADERS, 3 VISIONS OF PROGRESS

**LÉON BEL**

**OFFERING** the nutritional benefits of dairy products to a wider population through industrialization

**ANTICIPATING** a circular economy by introducing processed cheese, allowing for a longer shelf life

BA, BA, BA...

ROBERT FIÉVET


**1925**
Creation of an in-house advertising department

**1929**
1st international subsidiary (United Kingdom)


**1933**
Creation of **BABYBEL®**

**1941**
Industrial know-how and international expansion

START OF INTERNATIONAL EXPANSION

TOUT ROND, TOUT BON (ROUND AND TASTY)

BERTRAND DUFORT

ANTOINE FIÉVET


**1977**
Creation of **MINI BABYBEL®**

**1996**
Stability and sound management

**2001**
Vision and CSR commitments

CORPORATE RESPONSIBILITY


**2002**
Acquisition of **LEERDAMMER®** (1)

AND STILL WITH ALL HER TEETH

FIRST 100% PLANT-BASED BRAND


**2020**
Acquisition of **ALL IN FOODS**

FLEXITARIANISM

Launch of **DAIRY-FREE BOURSIN**



**2021**
Launch of **NURISHH®**

Launch of the 1st hybrid milk and plant-based products by **THE LAUGHING COW**

**IN 2021 THE LAUGHING COW CELEBRATED 100 YEARS**

(1) Sold in 2021.

## ROBERT FIÉVET

**EXPANDING INTERNATIONALLY** beyond Europe, especially in Africa, the United States, Asia and the Middle East
**HIGHLIGHTING** creaminess with the launch of Kiri and the development of **SNACKING** with miniature formats
**STRENGTHENING** social commitments

## ANTOINE FIÉVET

**ACCELERATING** CSR innovations and building the new mission, *For All. For Good.*
**DIVERSIFYING** into the fruit-and plant-based segments
**STRENGTHENING** the family shareholding

# AN INTERNATIONAL GROUP

## RESPONSIVE TO GLOBAL CHALLENGES

**The Bel Group follows a strategy of geographical growth and, social and environmental concerns diversification while responding to new consumption habits and social and environmental concerns. Strengthened by the health crisis, these trends are spreading to all the territories where Bel operates, confirming the need for an increasingly virtuous value creation model.**

### Products for all

Physical and financial access to food remains a major issue, intensified by the health and economic crisis. The single-serving portion–at the heart of the Bel Group's model since its inception–is key to making its products accessible and affordable, whether in terms of consumption habits, distribution networks or income levels. Present in more than 120 countries, Bel strives to find just the right balance between price and nutritional benefits. It did this with La Vache qui rit Simply, fortified with calcium and vitamins A and D, which is sold in Algeria, Egypt and South Africa at 20% less than the original product.
The health crisis also changed the way people consume food, as it became more complicated to go shopping and they spent more time at home. This led to the return of "homemade" food, driven by remote working and a new approach to out-of-home consumption.
Bel responded to this trend by offering products such as the Kiri cooking cream and The Laughing Cow cheese sauce, which are used as ingredients for preparing balanced meals. The e-commerce market continues to grow, buoyed by travel restrictions. In 2021, online sales grew by 23%. Another trend is the preference for local products, with consumers paying more attention to the regional origin of products. In addition to developing a fairer and more sustainable agri-food model, the agreement between APBO (Bel West Producers Association) and the Group illustrates the Group illustrates Bel's willingness to assure consumers of the local origin of the milk it uses.

### Putting health and well-being first

Consumers' relationship with food continues to evolve, as they seek healthier food, more natural ingredients and shorter ingredient lists. This awareness of food as a health factor is reinforced by public action (information, regulations) and the availability of nutrition applications for the general public. To meet these expectations, the Bel Group offers products with simplified recipes whenever possible and ensures optimal food safety. For example, Bel has developed a new recipe for The Laughing Cow using only four dairy ingredients.
And in 2021, 28 production sites were Global Food Safety Initiative-certified.
Eating better also means eating a healthier, more balanced diet; Bel is responding to this trend by expanding its activities across its three territories: dairy, fruit-and plant-based products. As consumer trends shift toward more committed, flexitarian, vegetarian and vegan diets, the Group is developing and democratizing its organic and plant-based offerings.

### Businesses, drivers of change

Confronted with the challenges posed by health crises, climate change and resource scarcity, businesses in France are taking action to reduce the impact of their activities and adopt more sustainable and virtuous production and consumption habits.

The Group is thus committing its corporate responsibility efforts to addressing five priority farm-to-fork challenges: contributing to healthier food,promoting sustainable agriculture, designing responsible packaging, fighting against climate change, and keeping its products accessible and affordable.

### An innovation-driven organization

Mindful of new trends and focused on consumer benefits, Bel's innovation team develops solutions and experiences is notably centered on a range of plant-based products and the design of responsible packaging. At Group level, the Development Committee steers the innovation road map. The Research, Innovation and Development division, comprising 180 employees, identifies and analyzes medium- and long-term macro trends and monitors the eating habits of each local population. They develop and test prototypes with consumers. They collaborate with a partner ecosystem in order to broaden their approach and shorten the time to market. Innovation across the brands focuses on better understanding the competitive environment, creating synergies between them and meeting consumer expectations in each market.

**The Laughing Cow, a unique and global brand, fully embodies Bel's ability to develop its products to meet consumer expectations and needs, as well as to address social and environmental challenges.**

**MARIANA PAULA CORONEL**
Chief Global Brands Officer


## 100 YEARS OF DARING AND STILL NOT A WRINKLE!

**The Laughing Cow, an iconic and positive brand, is now 100 years old. On its 100th birthday, the brand generated 1.7 billion views on the TikTok social network! While its format and its laugh remain the same, the brand has always been in tune with new social expectations. The brand is sold in 120 countries and adapts to the local markets. The Laughing Cow® Blends responds to the demand for greater integration of plant-based ingredients in some regions of the United States by offering portions combining cheese, legumes and spices. The Laughing Cow 4 essentials, fortified with vitamins and minerals, helps to fight certain nutritional deficiencies (sold in South Africa, Algeria, Saudi Arabia, Ivory Coast, Egypt, Morocco, Tunisia, Vietnam, and, as of 2022, India).**

# A STRONG ECOSYSTEM

## OF STAKEHOLDERS

**Having a positive impact on its ecosystem and creating value for all its stakeholders: this is what motivates all of Bel's actions across the world. By paying close attention to the expectations of its stakeholders, Bel builds trusting, long-term relationships with each of them.**

### Farmers and dairy producer partners

want to be treated fairly and to be upported in the ecological transition of their farms. They are looking for long-term visibility, transparency and economic security.
Bel is responding by engaging in regular dialog and long-term partnerships to co-construct sustainable agriculture, such as the one it maintains in France with APBO, the Bel West Producers' Association.

### Local authorities

expect to benefit from the socio-economic impact of businesses located in their area. Close to its suppliers and consumers, Bel is committed to having a long-term presence in the areas where it operates, whether through plants or subsidiaries. Bel's activities generate jobs, promote economic vitality and enhance the attractiveness of these areas, especially when its plants are located in rural areas, as with its presence in the Jura region.

### Governments and institutions

The Group has established a Code of Good Business Practices that sets out the principles, values and rules of good business conduct that it expects its employees and partners to adhere to all around the world and in all circumstances. The Group has also established a responsible lobbying policy that requires the highest standards of integrity, honesty, transparency and professionalism in all interactions between its employees and public authorities. Bel discloses its actions and interests in the EU and French lobbying transparency registers.

### Customers and retailers

seek relationships based on cooperation and creating shared value. Bel's relationship with these stakeholders is more than just a business one – it is a partnership, particularly on issues of social responsibility, which are common challenges we share.
As examples, Bel partners with Carrefour to promote accessibility and healthy eating in France.
With its loyalty program, *Inaya*, Bel provides its retailers with access to health insurance services. Launched in Morocco in 2019, the program was extended to Egypt and Jordan in 2021.


### Suppliers and subcontractors
need to establish long-term business relationships governed by clear rules of conduct. To share its commitments and as part of a continuous improvement process, Bel promotes good social and environmental practices among its suppliers. Bel also supported its suppliers during time of crisis, as the Group did, for example by adapting its payment terms during the health crisis.

### Employees
seek to flourish in a meaningful job in pleasant, caring and safe surroundings. Bel cares about their personal and professional development, and we promote an innovative and inclusive workplace culture based on strong values. Bel continues to adapt its model to better meet the new needs of its teams. In 2021, we launched the "Your Voice" survey to enable continuous improvement based on employee suggestions, and implemented the "Hybrid Work" program for workplace flexibility.

### Consumers
are concerned with taste, quality, price, safety, origin, naturalness, and transparency about what goes into the products and how they are made. Anticipating, understanding and responding to these expectations requires that each brand stay close to consumers and interact with them often, as does Boursin in sharing recipes with its online community.

### Family shareholders
seek a business model that fairly balances responsibility and profitability. Their vision is long-term, and they expect a recurring dividend and a balanced redistribution of the value created.

### NGOs, scientific experts and start-ups
count on Bel's support and cooperation–whether human, technical, financial or technological–to tackle major challenges such as the fight against climate change, regenerative agriculture, sustainable packaging, and the proteins of the future. Initiatives Bel has joined include: the United Nations' Race to Zero global campaign to significantly reduce $CO_2$ emissions by 2050; the Consumer Goods Forum's global Collaboration for Healthier Lives to encourage better eating habits and healthier lifestyles; Too Good To Go's pact regarding best before dates to combat food waste; and the Natural Capital Lab initiative of the World Wide Fund for Nature (WWF) to measure its biodiversity footprint.

# A STRONG INDUSTRIAL FOOTPRINT

**With close to 30 production sites around the world, Bel is first and foremost an industrial group. The Group operates as close as possible to its markets and maintains long-term ties with its local partners. It continually upgrades its industrial equipment to enhance the safety and well-being of its employees, to accommodate innovations and to reduce the $CO_2$ emissions and environmental impact of its sites.**

## A local industry

Built in 1926 in Lons-le-Saunier, in the Jura region, The Laughing Cow's very first modern plant still houses the brand's production and its R&D center for processed cheeses.
Bel has always favored long-term community rooting by building close partnerships with growers, dairy farmers and fruit producers.
Many of Bel's 29 plants are located in sparsely populated rural areas and contribute to local employment and economic activity.
These plants are part of the local industrial landscape and heritage with several generations of employees. With its Lons-le-Saunier and Dole sites, for example, Bel is the largest private employer in the Jura region.
The Group has also been present in the United States and Morocco for over 50 years.
This location strategy also contributes to the accessibility and affordability of our products, as they are made at the right price and according to local tastes.

## An industry on the move

When the Group reaches a critical size in a market, it invests whenever possible in its own industrial equipment to produce locally.
Bel's priority today is the fast-growing Americas region, with the opening of the Sorel-Tracy plant in Canada in 2020.
To embrace the trend of naturalness without compromising quality, Bel is adapting its industrial equipment and upgrading the know-how of those who formulate its recipes.

This industrial momentum is reflected mainly in the increased focus on plant-based in the portfolio. In early 2023, the first 100% plant-based The Laughing Cow will come off the production lines at the historic Lons-le-Saunier site, where the original brand was born 100 years ago.

## A sustainable industry

All our plants are committed to reducing their environmental footprint. The Group has established ambitious targets for reducing energy use and is increasing the use of renewable energies. Today, 67% of the plants receive power from renewable energy sources.
Bel identifies the most carbon-neutral fuels, taking into account locally available resources.
In France, the Group uses biomass boilers at its Sablé-sur-Sarthe and Evron sites.
In Morocco, olive cake (biomass) combustion will power the Tangiers plant in 2023.
Everywhere, the Group is working to reduce its water consumption and improve the quality of its wastewater released into the natural environment. It is also taking action to reduce its transportation carbon footprint between the supply, production and consumption sites, in particular through the Fret 21 initiative in France and with its partner STEF at the European level.

**€973 MILLION IN CAPITAL EXPENDITURE OVER THE PAST TEN YEARS***

**7,600 EMPLOYEES**

**17 ISO 14001-CERTIFIED INDUSTRIAL SITES**

**29 PLANTS WORLDWIDE**

**1 BIOMASS BOILER IN OPERATION BY 2022 TO MEET 70% OF THE HEATING NEEDS OF THE EVRON SITE AND REDUCE $CO_2$ EMISSIONS BY 8,500 T/YEAR**

**Bel's industrial footprint is a strong marker of its identity. Deeply rooted in our communities, we intend to develop with and alongside local players, contributing to the social, economic and environmental development and influence of these regions.**

**STÉPHANE DUPAYS**
Group Executive Vice President, Industrial and Technical Operations

* Excluding MOM, before any subsidies.

# JOINT INTERVIEW

**CÉCILE BÉLIOT**
Group Executive Vice President

**ANTOINE FIÉVET**
Chairman and Chief Executive Officer

### What do you expect from the Group's new, separate governance system, which the Board of Directors will vote on in May 2022?

**A. F.** This change is the result of a lengthy process of reflection, and it is necessary to guarantee the Group's stability and sustainable growth. It comes at a symbolic moment as we mark The Laughing Cow's 100th anniversary, but also at a strategic one: we are moving faster into new growth areas, whether in expanding markets or in new geographical regions. Our goal is to shape Bel's future by working together to strengthen and sustain our growth and corporate social responsibility model. I will ensure that the long-term vision and family values are maintained, while Cécile Béliot, who has been with the Group since 2018, will accelerate its transformation process in a complex and changing environment. She is currently preparing the gradual combining of the Bel and MOM teams and continuing the roll-out of our strategy centered on our three segments: dairy, plant-and fruit-based products.

**The family model creates an ever-changing relationship with the business and enables a more balanced redistribution of wealth. Our model allows us to continue caring for all people.**

Antoine Fiévet

**C. B.** I am very proud to be working alongside Antoine Fiévet to ensure that the family model and Bel's unique DNA live on. I believe firmly in the strength of our model and its ability to develop the sustainable food of tomorrow, which will be accessible and affordable for as many people as possible. Drawing on our culture and our principles, we need to push the envelope within the Group and our ecosystem and create a more responsible agriculture and food industry. Bel's governance is unique due to the fact that it is both family-based and responsive to the world around us, similar to the partnerships we maintain with organizations such as WWF France and Action Against Hunger.

### In what ways does the family business model allow for things to be done differently?

**A. F.** We are fortunate to have maintained this model to the fifth generation of managers, which I represent. Our family has always been here to serve the business and not the other way around. This model creates an ever-changing relationship with the business and makes it possible to redistribute the wealth in a more balanced way. It allows us to continue caring for all people–as reflected in our values and history–by doing the right thing and acting to serve the common good. Along with developing the talents and personal growth of its 11,800 employees, the Group also supports their families in the areas of health and education.

### What lessons have you learned from Bel's model during the crisis?

**C. B.** Despite the economic upheaval, Bel showed great resilience and agility in 2021. Against a background of continuing crisis related to the Covid-19 pandemic, volatility in the Near and Middle Eastern and North African markets, rising inflation, and supply chain disruptions, the Bel Group achieved revenues of €3.38 million. Organic growth continued to rise to 2.3%, which shows the renewed attractiveness of our offering. Organic growth was especially driven by the excellent momentum of our core brands, MOM's continued strong growth, continued market share gains in North America, and the confirmed positive growth trend in China, which recorded double-digit growth again this year.

**A. F.** The crisis reaffirmed the relevance of our profitable and responsible business model. It required us to move faster and more aggressively in implementing our strategic road map.
We took an important step this year by selling the Leerdammer brand. This sale strengthens our status as a family business and enables us to continue to fine-tune our dairy, fruit-and plant-based offerings, while freeing up the resources we need to accelerate our development in other geographical regions such as Asia-Pacific and North America. We regard our CSR commitments as a strength and are working to embed them throughout the business. Each brand and each country now incorporates a CSR approach and implements it through a specific road map. Our EcoVadis platinum rating rewards our efforts and performance, as it ranks Bel in the top 1% of agri-food businesses worldwide. Not every agri-food business in the world is assessed by EcoVadis.

### In 2021, The Laughing Cow celebrated its 100th anniversary! What are the ingredients of this success story?

**C. B.** The Laughing Cow is an iconic, upbeat and timeless brand. It is special in that it is truly global, accessible and affordable for all on a daily basis. It is a brand that appeals to everyone and has a unique connection with each individual. It has kept a youthful spirit by adapting to the dietary needs of the local population through recipes that are occasionally fortified, and by renewing itself with a 100% plant-based version that will be launched in 2023. For all these reasons, it perfectly embodies our values and our motto, *For All. For Good*.

CÉCILE BÉLIOT

**The stakes are very high, given that the global food chain accounts for one-third of carbon emissions. We need to drive changes in agricultural practices and in the way people eat in order to offer them healthier and more environmentally friendly food.**

### Is the move toward plant-based products in line with Bel's DNA?

**A. F.** Our history doesn't weigh on us. On the contrary, it fuels our thinking and clarifies our vision. We are now entering a new era marked by a growing demand for plant-based proteins as part of a more balanced diet and more sustainable agriculture. Our role is to support this trend by offering hybrid products that combine milk and plant-based ingredients, or 100% plant-based products such as those of our new Nurishh brand. This shift is taking place alongside dairy products, which remain the driver of our business and are essential to health because of their calcium content. Milk and plant-based products are complementary. Nurishh's good performance, especially in France and Belgium, confirms the soundness of our approach.
The plant-based segment is a wonderful opportunity to support the way people eat. It is good for everyone and for the planet. We achieve this while remaining true to our DNA: healthy products in individual portions, accessible and affordable for as many people as possible, and strong, positive brands that are loved by all.

CÉCILE BÉLIOT

### In what way does Bel have a positive impact on its ecosystem?

**C. B.** The stakes are very high given that the global food chain accounts for one-third of carbon emissions. Since 70% of our carbon footprint comes from upstream dairy production, our role is, first and foremost, to drive changes in agriculture and in the way people eat. We are taking action in three areas: upstream, by using more sustainable and regenerative agricultural practices' in our product portfolio, by introducing more fruits and legumes, and, finally, our industrial investments. In light of growing resource scarcity, we are rolling out action plans at our production sites to reduce our water and energy consumption and use more renewable energy sources. Through healthier and more accessible food, sustainable agriculture, animal welfare, resources, and waste management, the Group takes a holistic approach by working with other actors in the food industry, consumers, farmers, suppliers, customers, fruit producers and NGOs. Our goal is to spearhead a virtuous ecosystem of committed actors so that we can work better together for the benefit of the planet.

**The Laughing Cow is a brand that has an emotional, upbeat and timeless appeal. It perfectly embodies our values and our motto, *For All. For Good*.**

**A. F.** When a business generates wealth or value, it has a duty to act on behalf of its ecosystem. We believe that profitability and responsibility are not mutually exclusive because they feed into each other. This is why performance should be managed in an optimized and comprehensive way.
Today, the time is ripe to implement a principled capitalism. Businesses are the solution. For Bel, this means moving forward on two fronts at once: responsibility and profitability. We want to demonstrate that this approach is feasible and encourage other actors to do the same. The profit-only approach is an outdated model, and we are at an exciting turning point in our time, where we can create something new. The strength of our family model and its long-term vision provide an opportunity to show the way.

ANTOINE FIÉVET

**We are now entering a new era marked by a growing demand for plant-based proteins as part of a more balanced diet and more sustainable agriculture. Our role is to support this trend by offering hybrid products that combine milk and plant-based ingredients, or 100% plant-based products.**

# OUR RESPONSIBLE AND PROFITABLE MODEL

Responsibility and profitability are the levers of Bel's growth model, which combines financial and non-financial performance. The Executive Committee is the driving force behind this model, which results from a high level of integration between its growth strategy and its commitments. This model is gradually being implemented at all levels of the business: across its sites and brands, in its investments and decision-making processes.

# A POSITIVE BUSINESS MODEL

**OUR MISSION** TO CHAMPION HEALTHIER AND RESPONSIBLE

## OUR RESOURCES

**A solid family business structure**
- $5^{th}$ generation of family shareholders and managers

**Our values**
- Dare, Care, Commit

**Brands known by all**
- 30 iconic brands
- The individual portion, at the heart of our unique offering

**Committed employees**
- 11,800 employees worldwide and their know-how

**A solid financial base**
- €1,681.6 million in equity

**An industrial base rooted in local communities**
- 29 high-performance industrial sites in 14 countries

**Committed partners working alongside Bel**
- 1,400 farmers
- 5,100 suppliers
- and coalitions for a positive, collaboration-based dynamic: Carrefour's Food Transition Pact, UN's Race to Zero campaign, *Science-based targets for nature*, Too Good To Go pact

**Natural resources to preserve**
- Over 1 billion tons of milk per year
- 191,305 tons of apples per year
- Water: 4,837,651 $m^3$ of water
- Electricity: 292,912 MWh

## OUR AMBITION

**To establish a responsible and profitable growth model**


**Our farm-to-fork VALUE CHAIN**

# FOOD FOR ALL

## OUR IMPACTS

**FOR OUR EMPLOYEES**

**A caring work environment, a motivating sense of purpose**
- 81% of the Group’s employees applaud workplace safety at Bel (best “Your Voice” score)
- 77% are inspired by the Group’s mission

**FOR OUR CONSUMERS**

**Healthier food for all**
- 72% of all products for children and families comply with the *Bel Nutri+* promise
- 83% of subsidiaries have introduced nutrition education programs for their employees

**FOR OUR CUSTOMERS**

**Innovative distribution models and a presence in over 120 markets**
- Bel ranks among the top three suppliers preferred by its customers in eight countries: France, Belgium, Portugal, Spain, the Netherlands, Slovakia, the Czech Republic and Canada

**FOR OUR PARTNERS**

**Sustainable and responsible relationships throughout the value chain**
- 52.8/100: our partners’ average EcoVadis score

**FOR THE PLANET**

**An ambitious climate goal to help limit global warming to below + 1.5°C**
- Net reduction of 1/4 of greenhouse gas emissions across our value chain (compared to 2017, and taking growth into account)

**FOR OUR FAMILY SHAREHOLDERS**

**Steady growth**
- + 2.3% organic growth in 2021

**FOR NGOS AND SCIENTIFIC EXPERTS**

**Our shared experience and knowledge**

**FOR OUR LOCAL COMMUNITIES**

**A solid local presence**
- Taxes representing 28.5%* of income, paid in 26 countries
- Economic and social support for populations

* Excluding non-recurring transactions.

# OPTIMIZED AND COMPREHENSIVE
## PERFORMANCE MANAGEMENT

**From farm to fork, Bel is committed to a performance that creates value for all the stakeholders with whom it works and interacts. The Group places corporate and social responsibility (CSR) and the creation of shared value at the heart of its growth model.**

**In order to have a positive impact while remaining profitable, finance and CSR must be managed in an integrated manner. More importantly, this means that our employees must take full ownership of this responsibility. This approach enables us to make progress at all levels of the business and in collaboration with all our partners, which is essential to achieving our ambitious goals, particularly with regard to reducing our carbon footprint.**

**FRÉDÉRIC MÉDARD**
Chief Corporate Social Responsibility and Finance Officer

## OUR VISION

### SERVING society

For Bel, a company that respects the planet and positively impacts all generations, serving society and its communities forms an integral part of its DNA. In keeping with this spirit and in line with its values, the Group strives for a fair distribution of wealth.
It develops forward-looking solutions in order to offer healthy products for as many people as possible, and its production processes are continuously improved in collaboration with its stakeholders in order to reduce the impact on resources and the environment.

## OUR STRATEGY

### CSR at the heart of the business

CSR is at the heart of the Group's mission and is implemented at all levels of the business and in all regions. It guides the strategic choices and activities of the Group and its brands. The Executive Committee oversees the Group's sustainable growth model.
It is supported by the CSR Operational Committee, which includes several members of the Executive Committee. It validates CSR policies and monitors the CSR *scorecard* and changes in performance indicators.
This CSR strategy is then translated into the strategic plans of the countries and brands in order to meet the challenges faced by the regions. Bel aims to make its product portfolio a key lever for reducing its carbon footprint.

## OUR APPROACH

### Driving all performance

This overall performance is measured by financial and non-financial indicators to which Bel has chosen to link its results. The Group is convinced that these two dimensions are mutually enriching.
The creation of a department that brings together finance and CSR underlines its determination to build on these two equally important pillars for the development of a sustainable capitalism.

## OUR DRIVING FORCE

### A committed workforce

Inventing, producing, packaging, distributing, communicating... Employee commitment is paramount to the Group's success. In order to achieve a high level of overall performance, the Bel group ensures that all candidates adhere to its mission and that its employees have the necessary tools to fulfill it.
The Group will roll out a carbon impact analysis tool at all levels of decision-making within the business. Based on monthly data, this tool provides a consolidated, accurate and reliable view of the Group's carbon footprint across all its markets, brands, segments and products.
The carbon indicator will be part of an innovative positive impact indicator that integrates five criteria, including accessibility and nutrition.

# FOUR STRATEGIC LEVERS

## FOR A DIFFERENT AGRI-FOOD MODEL

**Developing tomorrow's agri-food model means providing access to healthier, more accessible, affordable and sustainable food for all. To ensure that all tastes are satisfied, the Group offers individual portions of dairy, fruit-and plant-based products and encourages good eating habits. To this end, Bel is evolving and focusing its strategy on four pillars.**

## 1 BUILDING POSITIVE BRANDS

The Bel brands embody the Group's values and commitments. The brands include an ever healthier and more responsible range of products.

### Activist brands

Bel brands intend to play a real social role, providing a positive impact on their ecosystem beyond the nutritional benefits of their portions. They take up important causes and advocate on behalf of issues that are meaningful to their communities, becoming true "mission-driven" brands:

- **The Laughing Cow** encourages everyone to choose to laugh at life. The brand champions solidarity and offers healthier products for everyone, all around the world. It is also the Group's standard-bearer in the fight against food waste.

- **Babybel** calls on consumers to "Join the Goodness", a campaign promoting healthier eating habits on a daily basis, through its cheese superheroes.

- **Boursin** inspires, you create! Through this motto, the brand encourages consumers to give free rein to their creative side in the kitchen. Boursin also supports young chefs in their first steps through specific actions.

- **Kiri** campaigns for a better world and reveals the power of kindness, both for others and for nature, by committing to actions to protect biodiversity.

- **Nurishh** brings all food lovers together, regardless of their diet, by offering a plant-based alternative that respects the resources of our planet.

### Evolving brands

Bel's brands are designed to provide consumers with the perfect portion of "healthy eating", adapted to their expectations and uses, while also protecting the planet. To this end, the Group continuously works to improve its product recipes and packagings.

- **Improving the nutritional profile of our products,** as was achieved with The Laughing Cow 4 Key Nutrients, fortified with iodine, zinc, iron and vitamin A or D in order to combat nutritional deficiencies in some populations.


BOURSIN TAPS INTO DIGITAL MARKETING TRENDS! 1.5 MILLION VIEWS WERE GENERATED ON TIKTOK IN THE UNITED STATES, BY USING THE "FETA PASTA" THEME

- **Simplifying our recipes,** as was done with The Laughing Cow Original in Europe, whose recipe has been revamped and now consists of just four dairy ingredients: carefully selected cheeses to enhance taste, butter for texture, high-quality milk and milk minerals.

- **Designing responsible packaging** in order to reduce product weight and make recycling easier. In 2021, 82% of our product packaging was recyclable-ready and/or biodegradable. Our goal: 100% in 2025.

### Experiential brands

Building positive brands also implies creating new experiences for consumers centered on the relationship they have with Bel's brands.

- **Engaging with our communities on a daily basis and building close and authentic relationships through social networks** and benefiting from greater knowledge of these communities and their expectations through precision marketing.

- **Our brands surprise consumers in their daily lives through immersive experiences**, where they are not expected: The Laughing Cow at Disneyland® Paris, Babybel at McDonald's France, and Kiri in themed cafés in major Chinese cities.

- **2021 highlight**
**Donating laughter.** At the age of 100, The Laughing Cow is still laughing. To mark its centenary celebrations, the brand launched the #laughtodonate initiative to help some 20 NGOs working for children. The laughter collected from Internet users was then converted into donations to help finance, among other things, visits by clowns from the Le Rire Médecin association to children in French hospitals.

## MARKETING ACUMEN ENHANCED BY DATA

**Nowadays, data has become paramount to the decision-making process It allows Bel to gain a better understanding of its consumers and to target its "supporters" by delivering relevant messages via the optimal media channels. Data is also used in predictive approaches to model growth scenarios. It helps to optimize the allocation of marketing budgets by country, by brand and by touchpoint, and to identify future growth opportunities for our brands.**

## 2 ACCELERATING POSITIVE INNOVATION

### Innovating to fulfill a mission

Innovation drives the Group's growth. Innovation helps to speed up the transformation of Bel's portfolio to achieve the right balance between its traditional dairy offering and its fruit-and plant-based products. This has resulted in a number of launches in 2021 and 2022:

- **Hybrid products** such as The Laughing Cow Blends, combining cheese, legumes and spices.

- **Plant-based versions of Bel's** core brands, Boursin and Babybel (beginning of 2022).
- **Plant-based desserts made from juices and plant-based milk alternatives** derived from oleaginous fruits such as Materne® Onctueux Végétal.
- **A new 100% plant-based brand:** Nurishh.

### Innovating for the consumer

Innovation is central to the company's strategy and is focused on the consumer. Each brand has its own innovation process, designed to keep abreast of market trends and propose new products and experiences to continuously improve products, revitalize product lines and accelerate the development of new product categories. In 2021, for example, Bel expanded into the culinary products market, which has grown rapidly as a result of the health crisis (The Laughing Cow cheese sauce, Kiri Cooking Cream, Boursin cheese and vegetable fritters, etc.).
The Group also launched the first range of functional cheeses with Babybel Plus+, fortified with probiotics or proteins, in the United States and the United Kingdom.

### Innovating to tap into the future

Bel engages in long-term research aimed at anticipating and deciphering the trends that will shape tomorrow's food, consumer habits and distribution methods.
Tapping into the future also means working with new sustainable ingredients such as sunflowers, peas, hemp seeds, lupines and cauliflower, identifying new technologies and studying disruptive fermentation technologies in order to manufacture sustainable packaging materials. Some of Bel's research is done in collaboration with universities, start-ups, SMEs, competitiveness clusters, industrial partners, academic and scientific players such as the CEA, INRAE and the CNRS, and investment funds such as Big Idea Ventures, CapAgro and C Ventures.

**2021 highlight**
Bel launched its first 100% plant-based range: Nurishh, which includes table cheeses and shreds. Nurishh was developed to meet the needs of consumers according to their different culinary preferences, choices and eating habits, and to meet the demands of a rapidly growing plant-based market. By launching this new international brand, Bel aims to become one of the players in the plant-based food industry and democratize the consumption of these new products.

**13 NURISHH PRODUCTS LAUNCHED IN 17 COUNTRIES**

## 3 ADAPTING TO TOMORROW'S DISTRIBUTION CHANNELS

### Accessible everywhere, for all

To fulfill its "for all" mission, Bel constantly adapts to distribution channels, purchasing power and local eating habits. Its model spans e-commerce, which has grown rapidly since the health crisis (in particular, hybrid distribution methods such as drive-through and click-and-collect), large-scale food retailing, small independent shops and even street vendors via the *Sharing Cities* program. This program currently benefits 2,892 partners in five major cities in emerging markets. It aims to extend its reach to consumers who do not have access to traditional distribution channels and to sustain the livelihoods of thousands of vendors.


BEL PRODUCTS ARE SOLD IN 120 COUNTRIES

### Opening up new avenues

Bel constantly adapts its distribution models to respond to the dual challenge of accessibility and new consumer trends. It is expanding into new distribution channels by entering into partnerships with players such as Disneyland® Paris and by distributing its products in stores like McDonald's and Starbucks.
Bel also sells its products in bulk, which allows it to attract new consumers and innovate to reduce packaging. The Group launched a pilot project for bulk sales in supermarkets with Babybel Organic. This project is in line with the French Climate and Resilience Act (*Loi Climat et résilience*), which calls for 20% of the sales area to be dedicated to bulk sales by 2030 in stores larger than 400 square meters.
The Group intends to work hand in hand with customers and retailers to make them genuine partners and by going beyond the commercial relationship. It is therefore becoming an essential link in the CSR approach of its retailer clients by taking part in their initiatives, as it did by joining Carrefour's Food Transition Pact, Casino's Carbon Forum, Monoprix's PACTE and in 2021, the fight against food waste initiative 10x20x30 alongside Metro.

**2021 highlight**
Bel entered into a partnership with Disneyland® Paris, Europe's leading tourist destination for the past 10 years.

23 SUPERMARKETS TOOK PART IN THE BULK SALES EXPERIMENT WITH BABYBEL ORGANIC

## 4 DEVELOPING IN KEY GEOGRAPHIES

Bel has a global presence.
The Group's growth strategy is based on international expansion, made possible thanks to strong, well-known brands whose formats and recipes are adapted to the specific characteristics of local markets. Bel intends to pursue its development in North America (United States and Canada), through increased resources and a local presence.
To this end, the Group inaugurated a dedicated plant in Sorel-Tracy, Canada, in 2020.
As regards its markets in China, India and Indonesia, the Group is implementing a pragmatic *test-and-learn* approach, city by city, by working to make its products accessible and affordable for as many people as possible, by entering into partnerships and by offering dairy products adapted to local uses. For instance, Bel launched Kiri Petit Sweets in China and The Laughing Cow cheese in sachets in India.

**2021 highlight**
**Kiri Petit Sweets**, which are sweetened versions of Kiri, were launched in China to win over young adults. With their unique form (5 or 15 cubes), they offer consumers a sweet and fruity snacking experience.

# OUR MARKETS AND ACTIVITIES IN 2021

### A resilient business despite a difficult economic context in 2021

The Bel Group posted organic revenue growth of 2.3% in 2021 despite a challenging economic, political and financial context, driven by:
- the excellent momentum of core brands, Babybel and Boursin in particular (growth in sales of four out of six core brands compared to 2019);
- the continued growth of MOM;
- further market share gains in North America;
- the confirmation of a positive growth trajectory in China;
- promising initial results from the launch of Nurishh and the plant-based version of Boursin;
- the growth of e-commerce and *out-of-home* catering, particularly in the North American and Chinese markets.

### Dairy, a secure and sustainable industry

At the end of 2021, a year marked by two priorities for the upstream dairy industry, namely improving animal welfare and reducing the carbon footprint, Bel and APBO entered into a new annual agreement to promote a more profitable and low-carbon dairy industry. While two-thirds of the Group's carbon footprint is linked to dairy raw materials, this new agreement on milk prices and volumes incentivizes more virtuous practices.
It also provides for a new reference price (€377/1,000 liters), in line with the "MonBBLait®" specifications, integrating sustainable practices: cattle pasture grazing, non-GMO animal feed, and, as of October 2022, a fully European milk supply, with a specific guaranteed premium of €5/1,000 liters.
In addition, by 2022, all APBO farms will have completed a CAP'2ER® carbon diagnosis, climate trainings and put together a tailored action plan.

**With the sale of the Leerdammer brand, Bel furthered its strategy of broadening its activities beyond cheese products. Indeed, this move provides the Group with additional room for maneuver, enabling it to expand its diversification into fruit-and plant-based products and accelerate the launch of such products in markets with strong growth potential.**

**ÉRIC DE PONCINS**
Group Executive Vice President, Strategic Partnerships and Tactical geographies

**COUNTRIES WITH PROMISING PROSPECTS**
**INDONESIA, INDIA**

**COUNTRIES EXPERIENCING GROWTH**
**UNITED STATES, CANADA, CHINA, JAPAN, FRANCE**


**We created the Nurishh brand, which is a 100% plant-based product, based on the technology developed by All In Foods. Creating a brand from scratch was a challenge that the teams met with flying colors. Nurishh has been well received by consumers and meets the requirements of a flexitarian lifestyle and all consumption uses, whether at the table or for cooking. Our goal is to make it available in Bel's largest markets.**

**Sven Lamote**
General Manager Nurishh CEO

### The move to plant-based products

Bel has chosen to expand its business beyond cheese, as shown by the acquisition of the All in Foods start-up in 2020, which is developing a wide range of plant-based alternatives, and by the launch of several products. The highlights of 2021 were:

- **Boursin Dairy Free's excellent performance in the United States and Canada.** This plant-based version is now also being produced in Croisy-sur-Eure, Normandy, and will be launched on the European market in spring 2022.
- **Launch of the Nurishh brand in northern and southern Europe and the United States,** with 13 products introduced in 2021 in 3 key segments: slices, grated and spreadable.
- **The successful launch of The Laughing Cow© Blends in the U.S.,** Germany, the U.K., Canada and Australia. This hybrid version of The Laughing Cow combines the best of dairy and legume products.
- **The planned launch of Babybel Plant-Based in the United Kingdom and the United States in 2022.**

### Fruit, a winning strategy

After acquiring a stake in the MOM Group in 2016, Bel bought out 17.5% of the minority shareholders' shares in 2021 and now holds 82.5% of MOM's shares.
This new milestone sets the stage for combining the teams and confirms Bel's strategic interest in fruit-based products.
This merger between two major players in the global healthy snacks market, both of which focus on individual portions, will have a multiplier effect. They will build on their complementary products and industrial know-how to solidify their international leadership.

# COMMITTED TO TACKLING FIVE PRIORITY CHALLENGES

## SERVING OUR MISSION

**CSR is an integral part of the Group's mission and is at the heart of its strategic plan. It is driven forward by the Executive Committee and implemented in the road maps of the brands and countries. In this way, every decision and action can be scrutinized through a CSR filter. Five priority challenges have been identified based on the findings of the Group's materiality and risk analyses.**

At the heart of the Group's mission, Corporate Social Responsibility (CSR) is managed using a selection of indicators to measure the Group's performance and its positive impact from farm to fork. These include the carbon footprint, nutritional improvement programs, the accessibility and affordability of its products for as many people as possible, and the commitment of its 11,800 employees.
The indicators help guide and engage employees on a daily basis, whether they work at the head office, at subsidiaries, or form part of the CSR Operational Committee, which ensures that CSR policies are aligned with the Group's strategy. Employees are, in particular, guided by the *Actors for Good* program, built around three principles: *"I know"*, *"I act"* and *"I am an activist"*.

### BEL AWARDED THE ECOVADIS PLATINUM RATING

EcoVadis, a CSR performance assessment platform, awarded a score of 79 out of 100 to the Bel Group's CSR strategy, placing it in the top 1% of the world's best rated companies in its sector. Four themes were assessed: the environment, social responsibility and human rights, responsible purchasing and ethics. The assessment also covered commitments, action plans and tangible results.

1

## CONTRIBUTING TO HEALTHIER FOOD

Bel's products are consumed all around the world, and the Group contributes at its level to ensuring that a safe, nutritious and balanced diet is accessible and affordable for as many people as possible. Thanks to its individual portions, the Group provides everyone with the right nutritional amount and combats food waste. It offers healthier food by carrying out strict control of raw materials, simplifying its recipes whenever possible, such as with the launch of The Original Laughing Cow in Europe, with only four dairy ingredients, and developing new 100% plant-based or hybrid offerings, combining milk and plant-based ingredients.

**2021 HIGHLIGHT**

La Vache qui rit 4 essentials was launched in the Middle East and North Africa. Fortified with iodine, iron, zinc and vitamins A and D, it addresses the major nutritional deficiencies of local populations.
Bel also rolled out its nutrition education programs – particularly in Egypt in collaboration with the Food and Agriculture Organization of the United Nations.

**2021 FIGURE**

**58 revamped recipes and innovations launched** to offer products with shorter ingredient lists and improved nutritional profiles.

2

## PROMOTING SUSTAINABLE AND REGENERATIVE AGRICULTURE

The Group is committed to having a positive impact across its entire value chain from upstream, starting with the choice of raw materials. The Group's goal? To promote sustainable and "regenerative" agriculture by encouraging more sustainable agricultural practices. Bel collaborates with organizations such as WWF France and Compassion in World Farming as well as with producers on issues such as improving animal welfare, reducing the carbon footprint of farms and promoting pasture grazing and local sourcing of feed for the herds.

**2021 HIGHLIGHT**

Bel is conducting a three-year sustainable agriculture pilot program in the United States in collaboration with the Land O'Lakes cooperative. Several initiatives have been implemented, such as supporting animal feed production with regenerative crops to reduce the carbon footprint and protect against price volatility.

**2021 FIGURE**

**In 2021, 77% of the Group's milk producers** had access to innovative social schemes designed to improve the quality of life, working conditions and agricultural practices of producers.

## COMMITTED TO TACKLING FIVE PRIORITY CHALLENGES SERVING OUR MISSION

**WWF France supports more sustainable production models that promote alternatives to soy and access to pasture for dairy cows. These topics are fully in line with the charter developed together with the Bel Group.**

**ARNAUD GAUFFIER**
Conservation Director,
WWF France

3

### DESIGNING RESPONSIBLE PACKAGING

The individual portion is at the heart of Bel's model. It makes products more accessible and affordable, while offering the right amount of nutrition. It also means that Bel has a duty to limit the environmental impact of its packaging. Bel prioritizes the use of paper and cardboard, versus plastic and aluminum, as they are renewable and recyclable materials. It aims to have 100% of its packaging recyclable-ready and/or biodegradable by 2025.
Bel is currently researching eco-design with partners. In 2021, Bel was a beta-tester for a life cycle analysis tool launched by Quantis in order to gauge the impacts of its packaging and determine the priority actions to be taken to reach its 2025 target.

**2021 HIGHLIGHT**
After conducting a pilot project within the Day by Day network, Bel is now testing the bulk sale of Babybel Organic in 23 supermarkets in France in an effort to reduce packaging. The cheeses are being sold in their one-of-a-kind wax shells.

**2021 FIGURE**
**82% of Bel's packaging** was recyclable-ready and/or biodegradable.

## 4 FIGHTING AGAINST CLIMATE CHANGE AND REDUCING ITS ENVIRONMENTAL FOOTPRINT

The Group made the fight against global warming a priority in 2019. Its ambition is to reduce its carbon footprint by 27.5% per ton of product between 2017 and 2035. It is lowering its carbon emissions by changing agricultural practices, implementing actions at its own industrial sites, and working with its entire ecosystem in order to minimize the environmental impact of its activities, from the production of raw materials to the products' end of life.
The Group recognizes the urgency of climate change and is stepping up its efforts to reduce its carbon footprint in line with expert recommendations to limit global warming to +1.5°C. It is supported by Bel Carbone Impact, the Group's carbon footprint management platform, which will be rolled out in 2022.
In order to improve its energy mix, the Group is working to increase the use of renewable energies at its sites. Bel also joined the Livelihoods Fund, which supports reforestation projects. Lastly, it joined the United Nations' Race to Zero initiative, with the aim of achieving carbon neutrality across its entire value chain by 2050 at the latest.

**2021 HIGHLIGHT**
Bel set a goal to reduce emissions from upstream agricultural activities by 20% (compared to 2017 levels) by 2030. Together with the Centre National Interprofessionnel de l'Économie Laitière, Bel has developed a tool to measure the environmental impact of farms in France and to identify potential courses of action.

**2021 FIGURE**
**Nearly 900 assessments** were carried out in 2021 on the 1,400 farms working with Bel (i.e., 64% of its milk collection).

## 5 IMPROVE THE ACCESSIBILITY AND AFFORDABILITY OF OUR PRODUCTS

Central to the Bel Group's model, the portion format makes it easier for everyone to access its products. This accessibility and affordability depend on distribution, lifestyles and purchasing power. Quality is also important, given that a quarter of the world's population does not have regular access to healthy food. This situation was made worse by the health crisis. Bel provides healthy food portions that can be consumed in different settings: at home, on the road and outside the home. It democratizes organic and 100% plant-based products. Bel launched its *"Sharing Cities"* program in 2013.
This program aims to supplement traditional marketing channels with alternative distribution networks rooted in local buying practices, while improving the quality of life for vendors involved in the project. For example, the Group uses existing networks of street vendors to sell its products in five major cities in emerging countries. In this way, Bel helps these vendors develop their business and revenue and offers them access to health coverage and professional training. Lastly, the company is developing products that combine dairy and plant-based raw materials and that are fortified with calcium and vitamins A and D, while still remaining more affordable, such as La Vache qui rit Simply, which was launched in Egypt in 2021.

**2021 HIGHLIGHT**
Bel helped rebuild a street vendor network in Madagascar that was severely affected by the health crisis.

**2021 FIGURE**
The *Sharing Cities* program counted **2,892 partners** at the end of 2021.

# A SHARED AMBITION, FROM EMPLOYEES TO MANAGERS


The Bel Group is a “family” united by its values and its compelling mission, and not just by its successive generations of managers. As a business with a long-term vision, the Group aims to lead by example and act for the common good. This exemplary approach and ambition are most evident with regard to our employees, who are key to the success of our corporate project. Through its transformation process, Bel is now laying the foundations for an innovative labor relations model and is changing its governance to better reflect its vision and model.

# A TEAM THAT REINVENTS ITSELF

**Bel's employees are key to the accomplishment of its mission. The Group is working to create a safe, fulfilling and stimulating work environment, while at the same time reflecting on changes to its labor relations model to ensure that everyone understands the Group's mission, plays an active role in carrying it out and measures their contribution.**

Being a part of the Bel Group means sharing its values, which have been passed down from generation to generation, namely: daring, caring, committing.
In an effort to further decipher its DNA, Bel conducted a **qualitative study on "Culture and Transformation"** in 2021 in order to rethink the Group's historical foundations and assess how the most recent changes introduced by the Group are felt and understood by its employees. The study helped identify the cultural assets that can be leveraged to successfully carry out the transformation, as well as a number of areas requiring oversight and optimization.

As the Group continues to transform, grow and diversify, while pursuing its international expansion, this study will help to:

- **prepare for the integration of the MOM teams while ensuring** that the best qualities of each of the two groups are preserved;
- **support the Executive Committee** in measuring its impact on the business;
- **guide Bel's management model** to support the teams throughout this transformation.

## "CULTURE AND TRANSFORMATION" STUDY 2021

**76**
people interviewed

**31**
interviews with top management

**8**
focus groups

# RETHINKING BEL'S LABOR RELATIONS MODEL

The **Nurture program** is Bel's value proposition to its 11,800 employees during a period of transformation marked by a shift in the balance between dairy and non-dairy products and by a changing scope of consolidation (sale of Leerdammer and integration of MOM). By focusing on the needs of its employees, the program aims to support the Group's changes and better serve its customers. The program charts a course to meet everyone's expectations at work and build a renewed labor relations model over the next ten years. In order to meet this challenge, Nurture aims to transform the Group's management culture to ensure that managers act as coaches for all employees and their teams. In 2021, two steps were undertaken: the "Your Voice" survey and the "Hybrid Work @ Bel" approach.

nurture

97%(1) OF BEL EMPLOYEES WANT TO CONTINUE WORKING REMOTELY

77% OF EMPLOYEES BELIEVE IN THE COMPANY'S MISSION

13,000 COMMENTS

### The "Your Voice" survey helps assess needs

The Group carried out a global employee survey in 2021, the results of which were published in July. With an 87% participation rate and a 74% engagement rate, the survey underscores the strong involvement of employees. The two main positive findings were a strong commitment to the company and broad support for its mission, with a rate of 77%. The "Your Voice" survey also highlighted areas for improvement, such as the need to simplify work methods, decision-making processes and information systems, as part of the drive to improve performance and accelerate business cycles.

### The "Hybrid Work @ Bel" solution in response to the need for flexibility in the workplace

Faced with the rebound of the Covid-19 pandemic, the Group's strong commitment to health, business continuity and working conditions was largely maintained in 2021 and continued to yield positive results. Remote working was rolled out across all business lines, where feasible. The "Your Voice" survey shows that the company is seen as a safe workplace and that the crisis affected employees' work-life balance. One of the main findings was that 78%(1) of employees preferred a flexible mode of working that alternated between working at the company and at home. In order to meet this need, Bel decided to become a pioneering company by developing a hybrid work model as of the end of 2021. The aim of this model is to maintain teamwork, to encourage social interaction and collaboration, while allowing for greater flexibility to focus on individual tasks or interactions between two people. Hybrid working is seen as an opportunity and is based on trust and collective intelligence to enhance performance. Each business line sets its own specific rules as part of a *test-and-learn* process, with the aim of implementing the model by the end of the first quarter of 2022.

**(1) Source: Survey of approximately 700 employees carried out at the Suresnes corporate headquarters in January 2021.**

# AN HR ROAD MAP BUILT ON SIX PILLARS OF PROGRESS

The Nurture program is designed to be tested and refined on an ongoing basis, and focuses on six key areas to ensure that the Bel Group's value proposition to its employees is consistent:

- **Safety and well-being:** top priority given to safety, quality of life at work, the right to disconnect, remote working, streamlining and efficiency at work with the Time's Up tool.
- **People Development:** training, management culture, career paths, opening up to the world through hands-on experiences.
- **Support for Family Care:** social welfare and health care, solidarity fund, access to Bel products at preferential prices, access to Bel University, support during important moments in life.
- **Self-fulfilment development:** a solidarity day once a month, autonomy, accountability, listening to the opinions and feelings of each individual.
- **Recognition:** fair and variable compensation for all.
- **Sense of Belonging:** inclusion, diversity, connectedness for all, networking with alumni, common values and shared behaviors, employee share ownership project.

## CHARTER FOR THE RIGHT TO DISCONNECT

**In light of the increased reliance on digital tools and remote work, Bel established a Charter for the right to disconnect in 2021, duly signed by the union organizations and extended to all employees. The purpose of the Charter is to contribute to the creation of a work environment conducive to collective well-being by laying out key rules to ensure that employees enjoy quality time off and rest periods.**

## GENDER EQUALITY IN THE WORKPLACE

**Bel received a score of 93/100 in France. The gender equality index, set up by the French government, is calculated by cross-referencing five indicators: compensation, distribution of annual raises and promotions, number of women employees who received a raise after returning from maternity leave, and parity among the ten highest paid employees.**


**The foundation of the Nurture program was laid in 2021 by launching the "Your Voice" survey and defining our vision of flexible working. The survey highlighted our employees' strong commitment and sense of belonging to the company, as well as the need for greater streamlining. Soon, we will embark on a major project: that of improving the management culture by making sure that every manager acts as a coach and responds positively to employees' needs on a daily basis.**

**Jeanne Renard**
Group Executive Vice President,
Human Resources and Transformation

# STORIES ABOUT PEOPLE

**The Laughing Cow**, an iconic and globally recognized brand, celebrated its 100th anniversary in 2021.
Bel wanted to shine a spotlight on the people who contribute to the brand's success every day around the world.
A web series was created to share these stories about family and legacy, passion for business and professional fulfillment.
The web series also highlights Bel's commitments through its century-old brand: access to health insurance for shop owners thanks to the *Inaya* program, and the *Sharing Cities* program, which enables street vendors to develop their entrepreneurial skills and benefit from health coverage.

**Carole, Jonathan** and **Amy, Hammou** and **Thi Phê...** Like them, thousands of people around the world are part of the stories of Bel and The Laughing Cow and write their own stories every day.

# OUR BOARD OF DIRECTORS

**ANTOINE FIÉVET**
Director, Chairman and Chief Executive Officer

**THIERRY BILLOT**
Lead Independent Director P P

**FATINE LAYT**
Director

**NATHALIE ROOS**
Director

**FLORIAN SAUVIN**
Director

**Unibel SA**
represented by
**BRUNO SCHOCH**
Director

**PHILIPPE PERCHE**
Director

**Non-director members**

**ERNST PANKERT**

**JOËLLE PACTEAU**

**CÉCILE TANDEAU DE MARSAC**

**43%**
Independence rate of members

**33%**
Percentage of women on the Board

**84%**
Average attendance rate of members at meetings of the Board of Directors

**56 years**
Average age

## THE MAIN TOPICS ADDRESSED BY THE BOARD OF DIRECTORS IN 2021

In 2021, as part of its duties the Board reviewed the quarterly, interim and annual **financial information**, the annual financial statements and the consolidated **financial statements**, the interim 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.
In addition to reviewing organizational issues relating to **acquisitions** and **disposals,** the directors also discussed the Group's **industrial investments and financing**.
The Board of Directors also approved **the evaluation process for its work**.

Independent Director
Audit Committee: Chairman P — Members
Appointments and Compensation Committee: Chairman P — Members

# OUR EXECUTIVE COMMITTEE

**ANTOINE FIÉVET**
Chairman and Chief Executive Officer

**CÉCILE BÉLIOT**
Group Executive Vice President

**FRÉDÉRIC MÉDARD**
Chief Corporate Social Responsibility and Finance Officer

**STÉPHANE DUPAYS**
Group Executive Vice President, Industrial and Technical Operations

**JEANNE RENARD**
Group Executive Vice President, Human Resources and Transformation

**ÉRIC DE PONCINS**
Group Executive Vice President, Strategic Partnerships and Tactical Locations

**CAROLE JAIS**
Secretary-General, Legal, Risk and Corporate Governance Department

## MOVING TOWARDS A SEPARATE GOVERNANCE SYSTEM

**Antoine Fiévet and the Nominating Committee will submit the appointment of Cécile Béliot as Group Chief Executive Officer to the Board of Directors for approval in May 2022.**

This development, which has been in the works since Cécile Béliot joined Bel as Group Executive Vice President, Strategy, Growth Drivers and Markets, will enable the Group to continue to pursue its transformation, while maintaining the vision and values upheld by the family since the company was founded over 150 years ago. During this transition period, Cécile Béliot prepared to combine the Bel-MOM teams and continued to implement the Group's strategy centered on its three complementary product segments – dairy, plant- and fruit-based products.
In 2022, a new Executive Committee will be appointed to support the new senior management.

# GLOBAL RISK MANAGEMENT

**The Group's *Enterprise Risk Management* (ERM) system is organized and managed by the Legal and Risk Department, which is headed by the Secretary-General.**

## Unified risk management

Bel's risk management system addresses all types of risks, including:

- **Group risks:** operational risks, reputation risks, financial or strategic risks, human risks, legal risks, risks related to the Group's image;
- **risks relating to the "duty of vigilance":** aimed at combating corruption and respecting human rights and the environment
- **non-financial risks.**

## Standardized risk assessment

A common methodology and language are deployed across the entire Group at all levels of organization: central functions, brands, commercial entities and plants.
The methodology includes a risk universe and assessment scales for impact, probability and the degree of control.

## A coordinated risk map

The functional directors, the brand general managers and the general managers of the subsidiaries (including MOM) identify and evaluate the main risks that could affect their objectives within their area of responsibility over three-year period.
Then they ensure that those risks are properly managed.
This process is carried out in workshops with the Management Committees and coordinated locally by the markets' finance directors.
The risk management approach enables the consolidation and prioritization of risks identified at the market, brand and function levels, and provides an overview of the main risks at the Group level. This overview is validated by the Executive Committee.

**The common risk management "language" used at Bel enables the Group to anticipate and manage risks that could affect the continuity of the food chain.**

**CAROLE JAIS**
Secretary-General, Legal, Risk and Corporate Governance Department

# GOVERNANCE OF CSR ISSUES

## AT EVERY LEVEL OF THE BUSINESS

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

**The Board of Directors**
decides on the Group's strategic, economic, social, environmental, financial and industrial objectives and ensures that they are implemented by Senior Management.
In 2021, the Board of Directors devoted two days to CSR.

**The Executive Committee**
oversees the Group's sustainable growth model.

**The CSR Operational Committee**
includes several members of the Executive Committee. It validates the alignment of CSR policies with the Group's strategy, monitors the CSR *scorecard* and performance indicators, and oversees long-term strategic CSR issues.

**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 Investment Committee**
reports to the Chairman and Chief Executive Officer.
It ensures that any new Bel industrial investment of more than €300,000 complies with its CSR commitments.

**The CSR and Finance Department**
implements and monitors the Group's ambition to be responsible and profitable.

**The Brand Steering Committees**
invite the CSR teams to participate in managing the brands' innovation and renovation project portfolios.

**Specific committees,**
such as the Sustainable Agriculture Committee, oversee the Group's priority challenges.
They define and monitor the implementation of road maps.

**Employee networks**
support the implementation of the Group's commitments at all levels of the business and initiate new approaches to positive innovation.

### Climate Fresk

In 2021, members of the Board of Directors, the Executive Committee and nearly 200 employees took part in collaborative workshops organized by the Climate Fresk association (known as La Fresque du Climat in French) in order to better understand the main climate issues. **Nearly 50 employees were trained to become Fresk facilitators.** Bel will get all its employees to take part in the workshops in 2022.

# BEL SITES AROUND THE WORLD

# 2 RISK FACTORS AND INSURANCE POLICY



# 2.1 — RISK MANAGEMENT POLICY

## General risk management policy

Bel pursues an active general risk management policy aimed at protecting its assets, as well as those of its employees, suppliers, consumers and shareholders, while supporting its growth ambitions.

This policy is based on the Group's Enterprise Risk Management (ERM) that is structured, steered and led by the Risk Department, which itself reports to the Group's General Secretary.

Risk management is a process aimed at controlling operations in order to:

- protect people and property, and secure the Group's assets;
- secure and support decision-making;
- ensure that prevention and response mechanisms are appropriate and effective, in the event of a risk occurring.

More specifically, the purpose of ERM is to:

- identify, analyze and assess risks, the occurrence of which would result in major losses for the Group, prevent it from achieving its objectives, or threaten its assets or values;
- ensure these risks are dealt with within accepted risk limits;
- provide an overall view of the main risks to management, Group General Management and to the Audit Committee;
- participating in the Group's decision-making processes by providing insight into operational risks;
- 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 entities and plants). The methodology includes a risk universe and assessment scales for impact, probability and the degree of control. the functional directors, the brand general managers and the general managers of the subsidiaries (including MOM) identify and evaluate the main risks that could affect their objectives within their area of responsibility over three-year period. Then they ensure that those risks are properly managed. This process is carried out in workshops with the Management Committees and coordinated locally by the markets' finance directors. The ERM approach enables the consolidation and prioritization of risks identified at the market, brand and function levels, and provides an overview of the main risks at the Group level. This overview is validated by the Executive Committee. Risk management covers all kinds of risks, including operational, financial, strategic, human resources, and legal risks, or those related to the Group's image. This approach also allows the Group to adapt to the changing regulatory environment. It was supplemented in 2017, 2018 and 2020 by a risk mapping exercise dedicated to fighting corruption and respecting human rights and the environment (see section 3.1.6 "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 not aware of or considers to be not material at the date of this Annual Report.

The Group's risk management system is described in sections 4.2.2 "Internal control environment of the company", and 4.2.3 "Managing of primary major risks".

## Crisis management

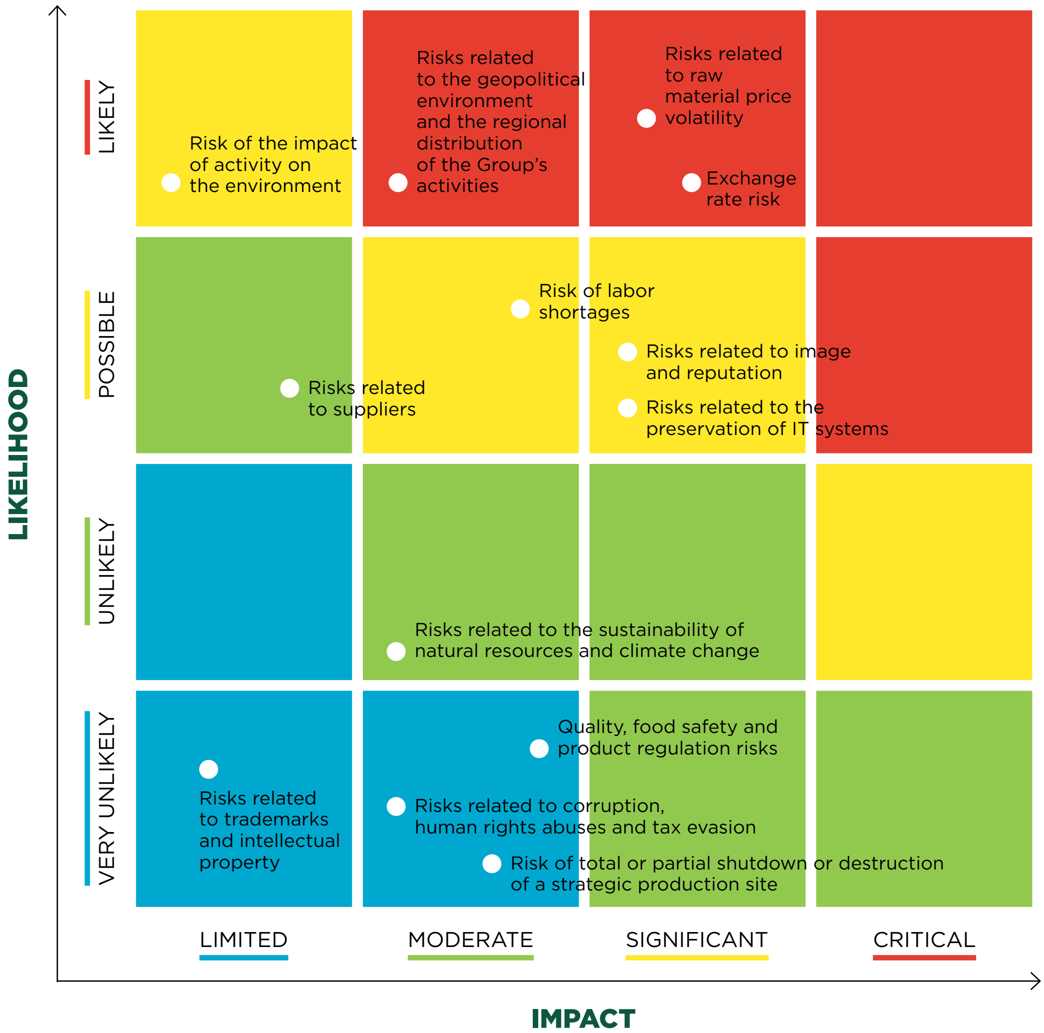
The Group may be required to deal with crisis situations. Bel has therefore developed a crisis management and communication procedure that sets out the general principles, preliminary measures and roles of various parties in the event of a crisis.

This procedure is deployed and applied by Group entities.

The system's effectiveness is assessed during crisis management simulation exercises and it was tried and tested during the global health crisis.

## 2.2 — RANKING OF RISKS

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



These risk factors are presented below in a limited number of categories according to their type. Within each category, the most significant risk factors are presented 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 regional distribution of the Group's business | ↗ |
| | 3 | Risks related to image and reputation | = |
| | 4 | Risks related to preservation of IT systems | = |
| | 5 | Risks related to labor shortages | ↗ |
| | 6 | Risks related to corruption, human rights abuses and tax evasion | = |
| | 7 | Risks related to the sustainability of natural resources and climate change | ↗ |
| **Risks related to the business** | 1 | Risk of environmental impact from operations | = |
| | 2 | Risks related to suppliers | = |
| | 3 | Quality, food safety and product regulation risks | ↗ |
| | 4 | Risk of total or partial shutdown or 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 above depicts the upward or downward trend or stability in the company's perception of the relevant risk.

The upward trend in some risks is directly related to the geopolitical tension and climate-related pressures witnessed in 2021.

## IMPACT OF COVID-19 AND THE CONFLICT IN UKRAINE ON RISK FACTORS

Over the course of 2021, the Group continued to make it an absolute priority to ensure the safety and health of its employees by implementing very strict preventive measures at all of its sites throughout the world. As a result of these measures, no site closures took place, and the Group was able to ensure the continuity of production and marketing of its products despite the constant adaptation of the required public health measures and, in particular, the subsequent lockdowns.

In order to limit the impact of the crisis, the Group made ongoing efforts to actively manage its stocks and raw materials in view of fluctuating consumer demand and to limit operating surcharges caused by management of the crisis.

For 2020 and 2021 as a whole, the Group estimates the overall impact of the Covid-19 crisis on sales was not material, albeit with substantial regional disparities.

However, the end of the 2021 financial year did point to an inflationary environment with regard to raw materials, which was related to intense pressure on the supply chain, which is expected to persist into 2022.

Although demand is trending up, the beginning of 2022 remains marked by severe disruptions against an inflationary backdrop that has intensified and persists.

In line with what we saw in 2021, the additional costs are such that they may not be immediately absorbed by higher sales prices and productivity gains.

Following the sale of Bel Shostka Ukraine on September 30, 2021, the conflict in Ukraine has had little impact on the Group's sales. However, the Group is still exposed to the even higher inflation brought about by this crisis, as well as to a heightened risk of certain suppliers experiencing shortages in raw materials.

# 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 materials 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 materials (milk, powder, butter and cream).<br><br>Markets continue to be heavily impacted by the health crisis, with strong volatility and a rise in inflation driving up prices of raw materials, particularly in the second half of 2021. | **The Group regularly conducts market reviews in order to best assess the impact of expected price volatility over the year. It then uses this information to guide the Company's management.**<br><br>**In France, the agreement on milk purchase conditions with the Bel West Producers Association (APBO) that Bel works with helped limit this volatility.**<br><br>**Aside from the agreements reached with its customers and retailers, the Group's ability to pass on changes in the prices of raw materials 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.**<br><br>**In addition, the Group is now committed to the healthy snacks sector and has diversified its supply to become present in both dairy and plant-based raw materials, including fruit (see section 3.4.2 "Using plant-based raw materials 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 raw materials 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, while maintaining the possibility of offsetting them with more favorable situations in other markets.**<br>**Geopolitical events and the economic protectionist measures implemented 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.**<br>**The sharp deterioration of the political, economic, social and security situation led the Group to reduce or slow its business in one or more of these countries and to step up its development in other more stable and favorable markets.**<br>**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.**<br>**As a signatory of the United Nations Global Compact, Bel is committed to protecting the essential 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 partly 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 the 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.<br><br>Given its international presence and the strong recognition of its brands, Bel is exposed to varied risks that could harm its image and reputation. These attacks may or may not be founded, may or may not be the result of an actual situation, and may concern a very wide range of issues, such as the quality and safety of its food products, the Company's ethics and its social and environmental commitments, or may be linked to geopolitical tensions.<br><br>In addition, Bel's international communication strategy, particularly through social networks, is likely to amplify the impact of criticism of the Group and its commercial brands. | **The Group conducts its business in an ethical manner. It therefore aims to ensure that its employees and partners adhere to the principles and rules defined in its Code of Good Business Practices, throughout the world and in all circumstances (see Section 3.1.5 "Ethics: a common foundation for conducting business").**<br><br>**The Bel Group is especially vigilant concerning its brands' communication. It has joined the EU Pledge voluntary initiative and is a signatory to the FAIRe program led by the Union des Marques, the French association representing advertisers (see section 3.2.4 "Communicating responsibly and transparently with its consumers").**<br><br>**The Group's brands are stepping up their communications on issues that may help consumers make informed food choices. They seek to capitalize on the trust that they have forged with consumers to guide them toward balanced and more environmentally friendly behaviors. The Group also takes care to ensure that its messages accurately reflect its practices (see section 3.2.4 "Communicating responsibly and transparently with its consumers").**<br><br>**At the same time, Bel has strengthened its crisis management measures in order to better anticipate weak signals, rapidly mobilize the organization in the event of a crisis, and provide suitable responses to various crisis scenarios.**<br><br>**Since December 2017, Bel measures its reputation on a quarterly basis, using the Reputation Institute method in France. This method has also been used in the United States and Morocco since 2021.**<br><br>**Finally, the Bel Group joined the European Union's 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. In addition, it is difficult to predict the impact this will have. |

## RISKS RELATED TO INFORMATION SYSTEMS

| DESCRIPTION OF THE RISK | TREATMENT OF THE RISK |
|---|---|
| The Group relies on data from integrated IT systems to make decisions concerning operational management and traceability. Although these applications are continuously monitored and upgraded, any failure of the applications or communication networks could adversely affect some decision-making processes and the profitability of operations.<br><br>Bel is also exposed to cyberattacks and hacking that can lead to data loss, theft or leaks. Against a backdrop of increased digitalization and following the emergence of the health crisis, the number of cyberattacks and hacking attempts has also risen considerably. | **To mitigate these risks, the Group makes use of specialist operators to manage its critical infrastructure (IT systems and telecommunication networks). The contracts governing the Group's relationship with these firms have been drawn up to ensure a high level of availability and security compatible with maintaining centralized applications in operational condition. These contracts and their associated services are reviewed on a regular basis, and the business recovery procedures to be implemented in the event of a major incident at the Group's processing center are tested periodically.**<br><br>**At the same time, the Group has systems and procedures in place to track and manage fraud risks, hacking attempts and the spread of computer viruses. Procedures and tools are continuously updated to mitigate threats that arise from changes in technology. Measures aimed at reducing the Bel Group's exposure to cyberattack risks include an increased focus on IT system security with priority given to cybersecurity projects, a faster roll-out of the strategy at the management level, and changes in governance. These security measures are audited and tested, and awareness campaigns are held. Additional information is provided in section 4.3.4 "Procedures for preparing and processing the Company's accounting and financial information".**<br><br>**Furthermore, following the cyberattack that affected MOM during August 2020, MOM has strengthened all of its IT infrastructure and developed additional measures to guarantee protection of its IT systems and its data.** |

**RESIDUAL RISK**

To further reduce Bel's exposure to the risks of system failure and cyberattack, the Group has developed a continuous improvement process for its technologies and methods. This approach helps optimize the resilience of the IT systems and the Group's ability to deal with eventual cyberattacks.

In addition to this policy of prevention, Bel has taken out a cyber risk insurance policy with leading insurance groups. Its scope covers the Group's civil liability, potential damages and operating losses incurred in the event of various types of incidents: data breaches, security incidents, IT extortion attempts and injurious digital publication. This policy is taken out in accordance with audits conducted by experts specialized in cyber risk analysis.

## 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 increase in extreme weather events such as heat waves, droughts and floods is coupled with underlying trends such as rising temperatures and changing rainfall patterns. These phenomena have profound consequences for the agricultural sector and food security at the global level. | **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 2020, two-thirds of the Group's production sites (58% restated for the exit of Leerdammer from the consolidation scope) were located in areas where the availability of water resources was identified as being at risk. In 2021, 67% of the production sites were concerned. This percentage represents the follow-on consequence of the exclusion of four industrial sites classed as risk-free or low-risk in the context of the Leerdammer disposal.**<br><br>**The Group is developing programs to reduce its water requirements. Priority action plans are implemented for any production site exposed to periodic drought exceeding a warning threshold (see section 3.6.3 "Using water sustainably").**<br><br>**Elsewhere, in order to reduce its dependence on fossil fuels and its greenhouse gas emissions, the Group is working on its entire value chain to develop programs improving the resilience of its raw materials supply (protein self-sufficiency of farms, choice of renewable materials etc.), optimizing its energy requirements (logistics chain, energy efficiency program for the factories, eco-design approach etc.) and the use of renewable energy (see section 3.6.1 "Fighting against climate change"). The Group also began to study the workings of residual carbon capture, notably by joining the Livelihoods Funds and exploring other projects with multiple positive impacts (economic, social and environmental).**<br><br>**The Group is also diversifying its product portfolio to rebalance the share of plant and animal protein through fruit and plant-based products (see section 3.4.2 "Using plant-based raw materials within strict limits"). These products require fewer natural resources to make them and emit lower levels of greenhouse gases (see section 3.6.1 "Fighting climate change").**<br><br>**Finally, to limit the use of new resources, the Group aims to adopt a circular economy approach 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, HUMAN RIGHTS ABUSES 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 at-risk countries, the Group is naturally faced with exogenous risks of corruption, tax evasion or human rights abuses.<br><br>These risks may concern employees, but also relations with local communities and authorities, as well as the Group's partners, and in particular farmers. | **The General Management continually monitors compliance with its policies to control the risks related to corruption, human rights abuses and tax evasion.**<br><br>**It is conscious of these issues at all times and has long-standing commitments to tackle them (see section 3.1.5 "Ethics: a common foundation for conducting business" and 3.1.6 "Vigilance plan").**<br><br>**The Group has carried out an in-depth mapping exercise of its related risks in accordance with the provisions of the "Sapin II" and "Duty of Vigilance" laws, covering its own activities and those of its suppliers, to identify these risks and formulate appropriate action plans (see section 3.1.6 "Vigilance plan"). This exercise is updated regularly 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").**<br><br>**In the area of taxation, the Bel Group has a measured and well-controlled tax policy. It is not present in countries considered as tax havens.**<br><br>**The Group has implemented a sound price transfer policy and negotiates advance transfer pricing agreements with various tax authorities so as to secure its most important inter-company transactions.** |

### RESIDUAL RISK

Despite such ongoing vigilance, the exposure to a risk of isolated, marginal acts that are counter to the Group's practices and commitments in this are cannot be totally ruled out. If such a risk were to occur, the necessary sanctions and actions would be taken without delay.

## RISKS RELATED TO LABOR SHORTAGES

| DESCRIPTION OF THE RISK | TREATMENT OF THE RISK |
|---|---|
| The "Great Resignation" phenomenon, which initially started out in the United States before spreading to Europe, may cause the Group to face difficulties in recruiting, managing and retaining its human resources, which are essential to ensuring that the Group can continue to run its operations. | **The Group is continuously adapting its remuneration policy to the market practices where the Group operates, in order to limit and anticipate the potential impacts of the Great Resignation phenomenon on its ability to recruit and retain talent.**<br>**In addition to remuneration, at the end of 2020 the Group outlined a new, innovative and ambitious social model dedicated to employees, which is organized around six principles:**<br>• **strengthening a sense of belonging based on the employer brand, employee share ownership, and employee diversity and inclusion;**<br>• **increasing personal fulfillment by emphasizing team autonomy and accountability;**<br>• **promoting personal development by assessing and developing employee skills, managing career paths and fostering internal mobility;**<br>• **improving individual recognition by ensuring a common base of benefits and a fair wage for all Bel employees;**<br>• **providing safety and well-being in the workplace by ensuring compliance with health and safety rules, but also by improving the quality of life at work and the work/life balance;**<br>• **supporting families by making various Group programs accessible to employees' families.** |

**RESIDUAL RISK**

The Bel Group has implemented the necessary measures to limit the impact of the Great Resignation phenomenon but it is still vulnerable to temporary difficulties in recruiting in certain markets.

# 2.4 – RISKS RELATED TO THE BUSINESS

## 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 upstream dairy, water resource use, in particular in certain areas with water scarcity, risks of a negative impact on biodiversity and deforestation through its supply chain.<br><br>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. | **To meet these challenges, the Group has specifically assessed the risks mentioned in the environmental risk mapping exercise (see section 3.1.2 "Analysis of primary non-financial risks").**<br><br>**As part of this work, the Group implements continuous improvement plans or encourages these plans when it is not directly in charge.**<br><br>**The Group is working to reduce its environmental footprint across its entire value chain:**<br>• **reducing greenhouse gas emissions through ambitious action plans for a sustainable upstream dairy, including a carbon analysis of the farms and the implementation of "greener" practices by the farmers, development of a low-carbon fruit and plant-based product offering, economical and innovative production plants (energy efficiency and greater use of renewable energy), eco-designed packaging, optimized transportation etc.;**<br>• **reducing risk of biodiversity loss and deforestation related to procurement through its "zero deforestation" policy, ranging from the cow feed to packaging design and the ingredients used in recipes;**<br>• **preserving water resources by reducing consumption and minimizing the impacts on the quality of waterways (from farm to factory).**<br><br>**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 the environmental footprint"), but Bel cannot claim today that it is entirely neutral in 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 materials 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 could affect its results and business.<br><br>Moreover, Bel is now faced with the challenges of agricultural sustainability and the 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.**<br><br>**The Group has launched a risk management policy for packaging by establishing contingency plans.**<br><br>**To meet the challenges associated with sustainability in the milk industry, Bel has developed a global Charter for a Sustainable Upstream Dairy and defined a set of baseline commitments for 2025. In France, the Group renewed its partnership with the Bel West Producers Association(APBO) in the form of an unprecedented agreement for better milk prices (see section 3.4.1 "Taking action for a sustainable upstream dairy").**<br><br>**In addition, the Group is now committed to the healthy snacks sector and has diversified its supply to become present in both dairy and plant-based raw materials, including fruit (see section 3.4.3 "Delivering the goodness of fruits").**<br><br>**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, safeguards 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. |

## QUALITY, FOOD SAFETY AND PRODUCT REGULATION RISKS

### DESCRIPTION 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. Risks depend on the type of product concerned, but exist at every stage of the production cycle, from raw materials purchases to retailers and consumers (end-to-end vision necessary).

Upstream risks are mainly chemical and physical in origin (foreign bodies) or related to fraud (origin/composition), and could affect the Group's raw materials, 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 naturalness 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 ever-changing laws and regulations that are becoming increasingly restrictive. Any changes to these laws and regulations and any administrative decision may have a material impact on the Group's business and financial results. Numerous regulations may also indirectly limit the sale of its products.

### TREATMENT OF THE RISK

**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 (especially due to the rising sensitivity of consumers to food quality and safety). After weighing potential risks, it applies the best adapted and most effective measures at the time, depending on the seriousness of the risk. Since the level and the type of risk evolves along with changes in the Group's portfolio (e.g. plant-based products), the means of controlling risk are adapted accordingly.**

**Bel has implemented an organization, reporting to the Group's Industrial Operations Department, responsible for leading, coordinating and ensuring the effectiveness of all the processes, management systems, crisis management systems and structures dealing with:**

- **food safety, regulations and customs;**
- **quality, including management systems;**
- **standards and certification;**
- **technological expertise.**

**See section 3.3.1 "Offering products with optimal quality and safety".**

**It recommends the policies and strategic guidelines to be implemented, ensures the consistency of systems and reporting at the various levels, supports Group structures, and audits the organizations to assess the systems' effectiveness (including the product recall and withdrawal process).**

**Its mission is to alert the Chairman and Chief Executive Officer and the Executive Committee of any major situation relating to its fields of activity.**

**Food safety and product regulations and customs**

**This organization is responsible, via the subsidiaries Regulations network for:**

- **the Group's food safety policies and preventive strategy, compliance and the coordination of resulting actions;**
- **the processes for anticipating food safety risks and preventing crises as well as managing alerts and crises;**
- **creating a monitoring system through multiple channels, including reporting by the subsidiaries;**
- **participating in professional associations or government groups dedicated to food safety and customs, at all levels (national, European and global).**

**It also ensures that regulations applying to products are followed, particularly in relation to composition, labeling, packaging, hygiene when it comes to processes, safety/security of imported/exported goods, 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:<br>• the monitoring and control plans implemented by the industrial entities;<br>• the quality of the traceability system (upstream, downstream, and components/constituents).<br>It is responsible for:<br>• implementing defined policies and standards, 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;<br>• the safety and security of incoming and outgoing goods through an Authorized Economic Operator certification process (securing of import/export flows);<br>• implementing the Food Defense policy integrating processes for:<br>  • preventing risks of intrusion,<br>  • preventing risks of tampering;<br>• implementing the Food Fraud policy integrating processes for:<br>  • preventing risks related to raw materials,<br>  • monitoring plans implemented by production sites;<br>• creating and steering a reporting system that continually assesses control of food safety processes.<br><br>Quality<br>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 missions are carried out through the quality network at the corporate/platform and production site level and include:<br>• defining the Group's quality policy and making it available, by taking account of changes in customer expectations and implementing it once it is validated;<br>• defining the rules, best practices and standards to be applied and making them available, as well as guaranteeing their implementation;<br>• defining and enforcing process and product risk analysis procedures;<br>• defining, making available and enforcing the HACCP (Hazard Analysis Critical Control Point) and Food Safety management regulations across the Group;<br>• determining and deploying product conformity control measures (detection of foreign bodies, etc.);<br>• assisting with the implementation of certification standards;<br>• determining the means for certifying products and processes;<br>• auditing organizations, whether internal (production sites) or external (subcontractors, suppliers and service providers) in terms of quality and food safety;<br>• managing complaints and customer quality perception assessment tools (retailers or consumers) using the Salesforce tool;<br>• analyzing performance, conducting quality reporting and implementing continuous improvement processes, using the SAP quality management module to guarantee consistency of information, consolidated control and optimal integration of information required for product traceability;<br>• 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**<br>**The Group's health, safety and traceability approach is governed by a very strict regulatory framework.**<br>**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.**<br>**At the European level, the "Hygiene Package" took effect 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".**<br>**To the greatest extent possible, the Group applies the strictest rules – mostly European Regulations – to all its stakeholders, from the production of raw materials 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.**<br>**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 TOTAL OR PARTIAL SHUTDOWN OR DESTRUCTION OF A STRATEGIC PRODUCTION SITE

| DESCRIPTION OF THE RISK | TREATMENT OF THE RISK |
|---|---|
| The Group has 29 production sites in operation. 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 and security of these facilities and employees, while also regularly implementing and auditing prevention and business continuation plans. The Bel Group has also developed and implemented policies and standards on safety and security. To cover these risks, the Group has also taken out property 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 loss 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 INTELLECTUAL PROPERTY

| DESCRIPTION OF THE RISK | TREATMENT OF THE RISK |
|---|---|
| Bel owns trademarks, patents, domain names and copyrights around the world. Intellectual property is a substantial share of its intangible assets and its brands are a fundamental part of its competitiveness.<br><br>Any difficulties encountered in protecting and defending its intellectual property rights - mainly its trademarks and patents - and combating counterfeiting, could affect the Group's business and profits.<br><br>In addition, the Group must secure its product launches so as not to infringe on prior rights. | **The Group therefore makes considerable efforts to protect and defend its portfolio of brands, especially its core brands, all around the world. Given the reputation of these brands, Bel is objectively exposed to the risk of counterfeiting and unfair competition.**<br><br>**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 infringe 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.**<br><br>**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, patents, domain names and copyrights. It centralizes the entire portfolio of trademarks, patents, domain names and legal disputes and implements a coherent global protection and defense strategy.**<br><br>**In addition, before being launched, new product and brand projects undergo a freedom to operate analysis with respect to the prior rights of third parties.** |

| RESIDUAL RISK |
|---|
| The Group cannot fully control the risk of counterfeiting by a third party. In contrast, its specific policies enable it to act effectively to defend 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 foreign exchange risks due to significant sales and purchase commitments in currencies other than their functional currency. Bel also holds assets, receives revenues, and incurs expenses and liabilities, either directly or via 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 highly probable transaction risk on foreign currency transactions using firm or optional derivative financial instruments to reduce its sensitivity to unfavorable currency fluctuations. The Group implements a centralized foreign exchange policy to hedge the annual budgetary risk on purchases and sales of freely convertible and transferable currencies 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 time horizon of 18 months.**<br><br>**The hedging policy is set out in Note 4.15 to the consolidated financial statements in Chapter 5.**<br><br>**For subsidiaries in countries where there are no financial instruments for budgetary hedging, 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. Since the hedged, the foreign currency portion of the subsidiaries' contributions to the Group's consolidated results remains subject to changes in the euro against the local currency of these subsidiaries.

# 2.6 – INSURANCE AND RISK COVERAGE POLICIES

## 2.6.1 – 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 Department controlled by the Industrial Environment Security Department, in liaison with the Legal Affairs and Risk Department and the Insurance Department placed under the authority of the Finance Department.

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.

## 2.6.2 – PROPERTY DAMAGE, OPERATING LOSSES AND TRANSPORTATION

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.

## 2.6.3 – 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.

## 2.6.4 – 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.

# 3 CORPORATE SOCIAL RESPONSIBILITY

## NON-FINANCIAL PERFORMANCE REPORT

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

## 3.1.1 — A POSITIVE BUSINESS MODEL

The Bel Group has been a family business for over 150 years. Now a major global player in the food sector, it offers individually portioned dairy, fruit and plant-based products, with the aim of providing everyone with access to healthier and more sustainable food. The Group has strong local roots and makes use of industrial equipment that is continually evolving to become more innovative and responsible. With its entire ecosystem engaged in a drive for continual progress, Bel wants to respond to the major social and environmental challenges through a new food model that has a positive impact across the ecosystem and that creates value for all its stakeholders.

The Group signed on to the United Nations Global Compact in 2003, a testament to its commitment to promote sustainable development. Since then, Bel has published an annual "Communication on Progress" report, in which it tracks the initiatives taken and progress made by the Group to further the principles of the Global Compact, such as human rights, international labor standards, environmental protection and anti-corruption practices.

In 2016, the Group structured its approach to place Corporate Social Responsibility (CSR) and shared value creation (economic value created by a company that also benefits society by meeting its needs and challenges) at the heart of its growth model, by forging trusting, lasting and profitable relations for all players in its value chain (see the visual "*Our business model creates value for all*" in section 1.1 "Group presentation").

To address growing climate and demographic issues and to respond to the emerging concerns of its stakeholders, the Group is redoubling its efforts to tackle the challenge of feeding 10 billion people by 2050 while protecting the planet's resources. In 2018, it willingly embarked on a profound transformation of its business model to ensure that profitability and responsibility go hand in hand. For this, the Group adapted its corporate mission to "champion healthier and responsible food for all," thereby restating its commitment to sustainable and inclusive nutrition.

A year later, Bel unveiled its new corporate identity *For All. For Good* and its five priority changes to support its mission:

- contributing to healthier food;
- promoting sustainable and regenerative agriculture;
- committing to responsible packaging;
- fighting climate change and reducing its environmental footprint;
- improving the accessibility and affordability of its products.

These priority challenges were defined based on lessons learned from the Group's materiality and risk analyses. They form the foundation of the Bel Group's sustainable growth model and include concrete objectives for 2025 that complement the Group's strategy and its four pillars:

- building positive brands;
- accelerating positive innovation;
- adapting to tomorrow's distribution challenge; and
- developing in key geographies.

From farm to fork, Bel is committed to a performance that creates value for all the stakeholders with whom it works and interacts.

Bel has chosen to tie its financial to its non-financial performance, and its growth model is driven by both responsibility and profitability. This model, which is promoted by the Executive Committee, is the result of closely integrating the Group's growth strategy and commitments. It is being implemented gradually at all levels of the business: across its sites and brands, and in its investments and decision-making processes.

This overall performance is measured by financial and non-financial indicators to which Bel has chosen to link its results. The Group is convinced that these two dimensions are mutually enriching.

CSR is managed using a selection of indicators to measure the Group's performance and its positive impact from farm to fork, such as the carbon footprint, nutritional improvement programs, the accessibility and affordability of its products to the greatest number of people, and the commitment of its 11,800 employees. These indicators guide and inspire our employees every day.

In 2020, the Group created a department that brings together Finance and CSR, underlining the Group's determination to build on these two equally important pillars for the development of a sustainable capitalism.

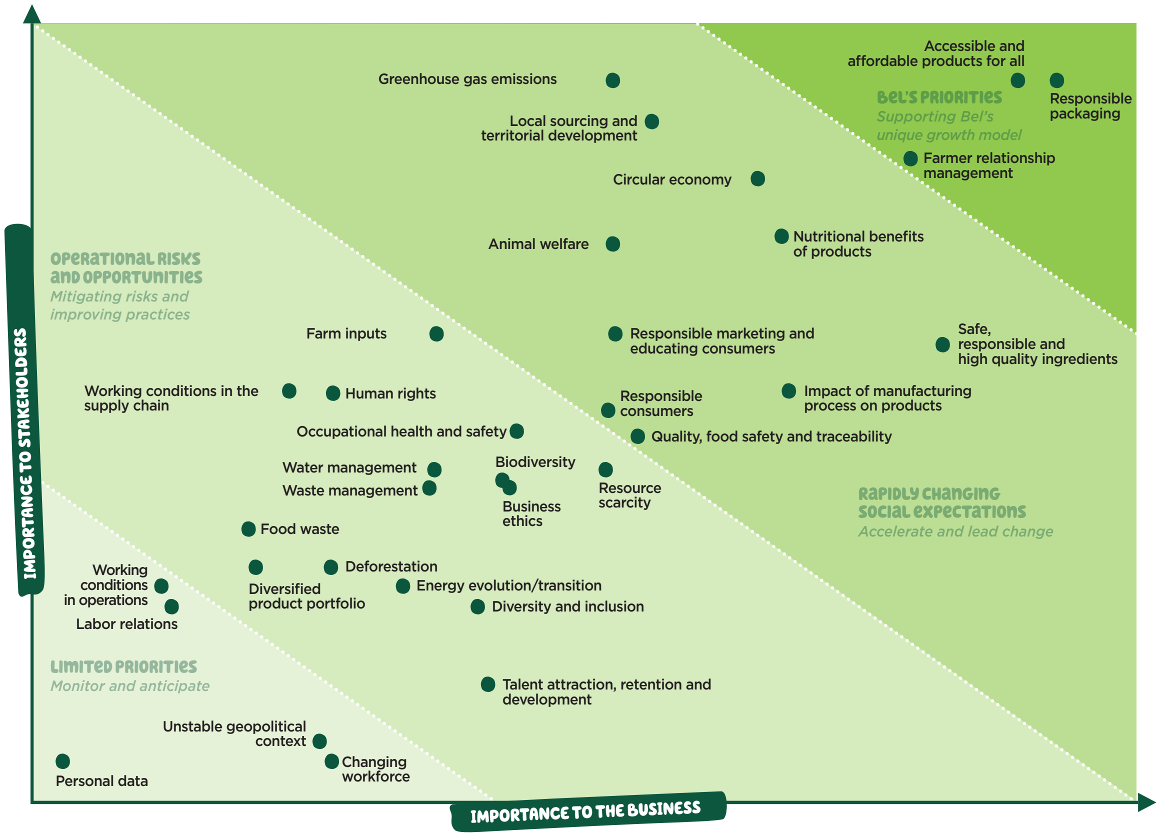
The Group reports annually on its progress toward these goals in its Non-Financial Performance Report, which is audited by an independent third-party organization.

## 3.1.2 — ANALYSIS OF PRIMARY NON-FINANCIAL RISKS

The selection of non-financial risks and opportunities 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 the sustainability of natural resources and climate change,
  - risks related to corruption, human rights abuses and tax evasion,
  - risks related to suppliers and the priority challenge to promote sustainable agriculture,
  - risks related to quality, food safety and product regulation,
  - risk of environmental impact from Bel's direct and indirect operations and the priority challenge of committing to responsible packaging,
- 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 3.1.5 "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" through 3.7 "Improving the accessibility and affordability 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 and affordability of its products.

Based on this work, the Group identified seven priority non-financial risks and opportunities. This Non-Financial Performance Report aims to present all the policies and action plans implemented by the Group to manage these risks, as well as the results of these policies.

Bel has set 18 objectives for 2025 and 2030 as part of its CSR strategy.

## OBJECTIVES FOR 2025

### SUMMARY TABLE – BEL'S MATERIAL NON-FINANCIAL RISKS AND CHALLENGES AND REMEDIATION POLICIES AND CORRESPONDING OBJECTIVES

| Non-financial risks and opportunities | Corresponding material challenges [1] | Remediation policies |
|---|---|---|
| **Risk of environmental impact from Bel's direct and indirect operations and the priority challenge of fighting climate change** | • Deforestation<br>• Greenhouse gas emissions<br>• Waste management<br>• Biodiversity<br>• Water management<br>• Responsible packaging | • Farming practices to reduce the environmental impact of upstream agricultural activities (see sections 3.4.1 "Taking action for a sustainable upstream dairy" through 3.4.3 "Delivering the goodness of fruits");<br>• Environmental policy (see section 3.6.3 "Using water sustainably");<br>• Programs intended to protect biodiversity and fight deforestation and ecosystem conversion (see section 3.6.2 "Preserving biodiversity and fighting deforestation and ecosystem conversion");<br>• Promotion of the circular economy for packaging (see section 3.6.2 "Preserving biodiversity and fighting deforestation and ecosystem conversion"). |

| Bel's objectives | KPI | 2030 |
|---|---|---|
| Reduce its global carbon footprint to meet Paris Agreement targets[2]. | Global carbon footprint (kg $CO_2$ eq./metric ton produced). | -27.5% [3] |
| **Bel's objectives** | **KPI** | **2025** |
| Preserve natural ecosystems and fight deforestation through its supply chain. | Zero deforestation (area of at-risk land/ total area needed for production of monitored raw materials). | 0%[4] |
| Achieve net zero emissions in Scopes 1 and 2. | Scopes 1 and 2 greenhouse gas emissions after offsetting (kg $CO_2$ eq./metric ton produced). | 0 |
| Reduce the water footprint of production sites. | Water consumption per ton produced versus 2008. | -55%[4] |
| Work towards 100% recyclable-ready and/or biodegradable packaging. | Recyclable-ready and/or biodegradable packaging. | 100% |

| Non-financial risks and opportunities | Corresponding material challenges [1] | Remediation policies |
|---|---|---|
| **Risks related to human resources, health and safety of Group employees and labor relations** | • Workplace health and safety<br>• Labor practices in operations<br>• Diversity and inclusion<br>• Labor relations<br>• Talent attraction, retention and development<br>• Changing workforce | • Health and safety programs (see section 3.2.1.1).<br>• Diversity and talent development programs (see sections 3.2.1.2 and 3.2.1.3).<br>• 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. | 35% |
| Develop its employees' talent. | Employees who attended training during the year. | 100% |

| Non-financial risks and opportunities | Corresponding material challenges [1] | Remediation policies |
|---|---|---|
| **Risks related to suppliers and the priority challenge to promote sustainable agriculture** | • Producer relationship management<br>• Local sourcing and community development<br>• Animal welfare<br>• Farm inputs | • 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 | 2025 |
|---|---|---|
| Promote sound social and environmental practices among its suppliers. | Average EcoVadis supplier score (/100), excluding collected milk. | 55 |

• Bel Global Sustainable Upstream Dairy Charter (see section 3.4.1 "Taking action for a sustainable upstream dairy").

| Bel's objectives | KPI | 2025 |
|---|---|---|
| Contribute to better quality of life and working conditions for partner producers. | Producer access to innovative social models. | 100% |
| Encourage good practices to promote animal welfare. | Share of farms abiding by the Animal Welfare Charter certified by a third party. | 100% |
| Foster non-GMO feeding of the cows providing milk. | Milk collected from non-GMO fed cows. | 100% |

| Non-financial risks and opportunities | Corresponding material challenges [1] | Remediation policies |
|---|---|---|
| **Quality, food safety and product regulation risks** | • Safe, responsible and high-quality ingredients<br>• Quality, food safety and traceability<br>• Impact of manufacturing process on products | • Organization and dedicated processes (see section 3.3.1 "Offering products with optimal quality and safety"). |

| Bel's objectives | KPI | 2025 |
|---|---|---|
| Guarantee 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). | 100% |

<table>
<tr><th>Non-financial risks and opportunities</th><th>Corresponding material challenges [1]</th><th>Remediation policies</th></tr>
<tr><td>Risks related to innovation and consumer expectations and the priority challenge to contribute to healthier food</td><td><ul><li>Responsible consumers</li><li>Diversified product portfolio</li><li>Responsible marketing and consumer education</li><li>Nutritional benefits of products</li></ul></td><td><ul><li>Product offers that meet consumer needs (see section 3.3 “Contributing to healthier food”);</li><li>Programs to promote better eating habits and healthier lifestyles (see sections 3.3.2 “Improving the nutritional quality of its products” and 3.3.3 “Promoting better eating habits and healthier lifestyles”);</li><li>Actions to improve the accessibility and affordability of its products (see sections 3.7.1 “Adapting its products to the needs of everyone” and 3.7.2 “Improving the accessibility and affordability of its products by developing innovative and inclusive distribution models”).</li></ul>
<table>
<tr><th>Bel’s objectives</th><th>KPI</th><th>2025</th></tr>
<tr><td>Offer positive products to consumers.</td><td>Share of revenue generated by the sale of positive products.</td><td>NA [4]</td></tr>
<tr><td>Continuously improve the nutritional quality of its products.</td><td>Children and family product portfolio meeting Bel Nutri+ criteria (Bel nutritional profiling system).</td><td>80%</td></tr>
<tr><td rowspan="2">Foster healthy consumption habits and lifestyle.</td><td>Key countries where a program is implemented for consumers (“Educanut”).</td><td>10</td></tr>
<tr><td>Proportion of subsidiaries where a program is implemented for their employees (“Healthy Smiles”).</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Risks related to corruption, human rights abuses and tax evasion</td><td><ul><li>Human rights</li><li>Labor practices in the supply chain</li><li>Business ethics</li></ul></td><td><ul><li>Risk mapping exercise and training program (see section 3.1.6 “Vigilance plan”).</li><li>Internal and external alert system (see sections 3.1.5 “Ethics: a common foundation for conducting business” and 3.1.6 “Vigilance plan”).</li></ul></td></tr>
<tr><td>Priority challenge to improve the accessibility and affordability of its products</td><td><ul><li>Accessible and affordable products for all</li></ul></td><td><ul><li>Adapt recipes to the nutritional needs of everyone, see section 3.7.1 “Adapting its products to the needs of everyone”.</li><li>Develop innovative and inclusive distribution models, see section 3.7.2 “Improving the accessibility and affordability of its products by developing innovative and inclusive distribution models”.</li></ul>
<table>
<tr><th>Bel’s objectives</th><th>KPI</th><th>2025</th></tr>
<tr><td>Improving the accessibility and affordability of its products.</td><td>Number of people benefiting from Bel’s inclusive business programs.</td><td>40,000 [5]</td></tr>
</table></td></tr>
</table>

| Non-financial risks and opportunities | Corresponding material challenges [1] | Remediation policies |
|---|---|---|
| **Risks related to the sustainability of natural resources and climate change** | • Greenhouse gas emissions<br>• Circular economy<br>• Energy transition<br>• Sustainability of resources<br>• Food waste | • Farming practices to reduce the environmental impact of upstream agricultural activities (see sections 3.4.1 "Taking action for a sustainable upstream dairy" through 3.4.3 "Delivering the goodness of fruits").<br>• 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").<br>• Programs intended to fight the risk of biodiversity loss and deforestation (see section 3.6.2 "Preserving biodiversity and fighting deforestation and ecosystem conversion").<br>• Promotion of the circular economy for packaging (see section 3.6.2 "Preserving biodiversity and fighting deforestation and ecosystem conversion").<br>• Fighting food waste (see section 3.6.4 "Fighting food waste"). |

(1) The material challenges are taken from the materiality matrix. Two challenges – identified in the materiality matrix "unstable geopolitical conditions" and "personal data" – are excluded from this table because they are covered and managed by other policies at the Group level.
(2) The Group's carbon footprint corresponds to Scopes 1, 2 and 3.
(3) Objective for 2030 compared to the benchmark year 2017.
(4) This indicator is currently in development and an objective will eventually be defined.
(5) Objective updated in 2021.

## 3.1.3 – GOVERNANCE OF CSR ISSUES AT EVERY LEVEL OF THE COMPANY

CSR is at the heart of the Group's mission and is implemented at all levels of the company and in all regions. It guides the strategic choices and activities of the Group and its brands. The Group's structure facilitates the consideration of CSR challenges at all levels, from management bodies to operational employees.

The Group has chosen to combine responsibility and performance and to measure the overall performance of financial and non-financial indicators, based on the conviction that these two aspects are mutually reinforcing. The creation in 2020 of a department that brings together Finance and CSR underlines its determination to build on these two equally important pillars for the development of a sustainable capitalism.

Bel's employees have a responsibility to act to ensure that we have a positive impact while remaining profitable. This responsibility extends well beyond the management of financial and CSR aspects.

### 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. In 2021, two one-day sessions devoted to CSR were organized for the first time for the Board of Directors.

### 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 CSR OPERATIONAL COMMITTEE AS THE PROMOTER OF STRATEGIC CSR PRIORITIES

The Executive Committee, headed up by the Chairman and Chief Executive Officer 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 Operational Committee that includes several members of the Executive Committee and meets five times a year. The objectives of this committee's 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. In addition, four annual sessions of the Executive Committee focus more specifically on long-term strategic CSR matters. Depending on the strategic issues at stake, Executive Committee sessions devoted to CSR may be organized more frequently, as was done in 2021.

### 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 €2 million. It meets eight to nine times a year.

The committee ensures that any new Bel investment of more than €300,000 complies with its CSR commitments. Indeed, such plans are reviewed 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 CSR Operational Committee is supplemented by specific steering committees dedicated to priority challenges for the Group's sustainable growth model. Their purpose is to define a road map and to track its operational deployment and progress. These dedicated committees meet five times a year and convene multidisciplinary teams.

### BRAND STEERING COMMITTEES

The CSR teams participate in all Brand Committees, which are entities in charge of managing the portfolios for strategic brand innovation and renovation projects. A CSR assessment matrix for projects was introduced in 2020 to carefully review each project against the Group CSR strategy.

### 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 main mission is to monitor and report on Group KPIs and to lead CSR initiatives in their functions and communities; and
- a network that includes, among others, employees from the Marketing and Regulatory Departments, is deployed to all the Group's subsidiaries to further strengthen this system. The role of this network is to speed up the deployment of the CSR initiative to all the Group's functions and regions.

## 3.1.4 – A COMPANY FULLY MOBILIZED TO ADDRESS THE HEALTH CRISIS

The last two years were marked by an unprecedented global health crisis that triggered many economic, social and environmental challenges. In this difficult situation, the Bel Group successfully rallied its employees, its partners and citizens to maintain the continuity of the food chain, lend its support to communities and keep everyone safe and healthy – especially the most vulnerable. In 2021, the Group largely continued the actions implemented in 2020.

### ORGANIZING CRISIS MANAGEMENT ACROSS THE GROUP

The Group transitioned to crisis management mode in January 2020 with three objectives: monitor the global evolution of the pandemic and its consequences on each market, protect its employees and ensure the continuity of operations and of the food chain. The Group stood up a multidisciplinary crisis unit with representatives from all key functions in the Company. In parallel, crisis units were also mobilized in each country to operate either in crisis mode or standby mode depending on the local health situation.

The crisis management strategy was founded on advance planning, preparation in the form of measures taken at each level of the organization and gradual adaptation to the instructions issued by health authorities and to the consequences of the crisis in each country.

The uncertain conditions of the health crisis have led to a lasting change in work organization methods within the Group. As part of the "Nurture" program and the Hybrid work charter, hybrid working methods are being deployed in the Group to determine the most suitable types of organization for each department (see section 3.2.1.1 "Guaranteeing health, safety and well-being at work").

### PROTECTING EMPLOYEE HEALTH: AN ABSOLUTE PRIORITY FOR THE BEL GROUP

From the start of the pandemic, Bel adopted extremely strict preventive measures in accordance with the Group's internal health and safety procedures and with guidance from the World Health Organization (WHO). Based on those recommendations, Bel drew up a list of 80 measures to implement at all its sites.

For example, the Group established systematic temperature checks before entry, distributed health supplies (gloves, masks, hand sanitizer, etc.) and installed protective barriers at its 29 plants.

Access to the Group's other facilities was limited during the lockdown periods and remote working was encouraged. The behaviors and key measures applied in the plants (e.g. temperature taking, masks, social distancing, cleaning and disinfection) were extended to other sites and everyone participated in a 15-minute mandatory training that reviewed the rules to be followed. In 2021, the Group also facilitated access to vaccine doses for employees and their families. The management of the health crisis was applauded by the employees through satisfaction surveys which showed strong feelings of safety.

In addition to these personal safety measures, the Group developed several initiatives to support its employees during this trying period. For example, Bel gave its employees access to various training modules to help them successfully work from home, eat healthier food, and exercise. The training team also encouraged employees who were working fewer hours because of the pandemic to sign up for training. Counseling and support services have also been made available to Bel employees in several countries (such as France, Italy, Greece and Canada), should the need arise.

Upholding its value of responsibility, the Group chose not to resort to partial unemployment arrangements for the entire duration of the crisis. Moreover, Bel was particularly attentive to maintaining financial support for its employees during this period. All plant staff who were forced to stay home during the crisis were able to continue receiving their base salary. Moreover, Bel decided to stop counting the days of lost work for employees on leave of absence so their bonuses and profit-sharing benefits would not be affected. Finally, in compliance with French legislation, all eligible employees were paid a bonus.

## 3.1.5 – ETHICS: A COMMON FOUNDATION FOR CONDUCTING BUSINESS

### DEFINITION OF THE CHALLENGE

Bel is firmly committed to fighting the risks of corruption, human rights violations and environmental damage, and has always placed ethics at the heart of its business methods.

Moreover, by adopting the “Sapin II” and “Duty of Vigilance” 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.

### 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 also stipulates that the principles laid out do not stand in place of applicable 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.

In order 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.

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 (see section 3.2.2 “Promoting responsible practices with our business partners”).

### ACTION PLAN

#### Establishing strong governance

To ensure ethical behavior along its entire value chain, several years ago the Group put in place strong governance bodies, whose respective roles were determined by the Executive Committee, to ensure adherence to Bel’s values and principles at all levels within the Company. This governance was revised in 2021 with the creation of a Risk and Compliance Department.

The Group’s Ethics and Compliance Committee – created in 2012 – is now supported by the Risk and Compliance Department, which in turn is supported by the relevant functional departments (Legal, Finance, Industrial Operations) and a network of ethics and compliance officers to oversee the implementation of the commitments and their operational application. The Risk and Compliance Department interacts 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.

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. It may be tasked with addressing any unresolved ethics alerts locally and may be asked to issue an opinion on any compliance matters, including on entering or maintaining relationships with strategic partners.

The role of the Risk and Compliance Department 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 the ethics and compliance officers. It regularly briefs the Ethics and Compliance Committee on these actions.

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

### Taking part in international initiatives

In addition to vigilance measures and other actions taken to prevent the risks of corruption, human rights violations and environmental damage in all the companies where Bel operates (see section 3.1.6 "Vigilance plan"), the Group has historically participated in several voluntary ethics initiatives. 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 United Nations Global Compact, UNICEF and Save the Children, are Bel's reference framework and are fully incorporated within its Code of Good Business Practices.

### Alert system

In addition to the conventional alert reporting channels (contacting human resources officers, employee representative bodies or ethics officers), since 2015 Bel has operated a system which gives all employees 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 enables the Group's employees, partners and all third parties who do business with the Group to 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 handled 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 2021, four alerts were submitted. One of them was received in December 2021 and will be processed in 2022.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|---|
| **Promote ethics as a common foundation** | Number of alerts received | 2 | 3 | 4 | **4** |
| | Number of alerts processed | 2 | 2 | 4 | **4** |
| | Number of employees trained on corruption risks (in-person training) | 500 | 500 | 0 | **0** |
| | Number of employees trained on corruption risks (e-learning) | 594 | 652 | 1,034 | **1,034** |

(a) Values on a like-for-like basis.

## 3.1.6 — VIGILANCE PLAN

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

The Group's longstanding commitment to the ethical conduct of its activities has 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.

### 3.1.6.1 — A SYSTEM FOUNDED ON RISK IDENTIFICATION

Corruption risks and the risk of violations of human rights and individual health and safety and environmental damage 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 "Duty of Vigilance" 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, the Group carried out its first risk mapping in 2017, which was updated in 2019. Risks were evaluated 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 all 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 3.1.5 "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 to educate the local staff about the corresponding issues. After these training sessions, participants completed self-assessment questionnaires about risks relating 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 applicable policies and control points at the subsidiaries.

In 2018, action plans were developed based on analysis of these self-assessment questionnaires, then deployed to the Group's subsidiaries.

The gross risk mapping and the analysis of the compliance and effectiveness of Group policies and control points were updated in 2019 and 2020 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 enabled it to complete a corruption risk mapping in 2020 and 2021. Bel opted for a qualitative approach that essentially consisted in formalizing corruption scenarios specific to each of the Group's subsidiaries and taking into account aggravating exogenous factors, where applicable (for more details, see section 3.1.6.2 "Actions implemented"). The local Management Committees played an active role in determining the corruption risk scenarios, identifying aggravating factors and assessing the degree of control over those risks. Their involvement allowed local operational staff to become more confident and proficient in addressing these issues as they are responsible for defending the Group's ethical standards 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 this initial mapping exercise led to the identification of the "purchasing category/country" combinations most at risk and the reinforcement of the vigilance measures taken prior to approving suppliers that fall within these categories.

In 2021, the Group acquired a digital tool enabling it to perform a mass analysis of its portfolio, which pinpoints suppliers for whom greater diligence is required, based on a theoretical risk level. The digital resource can then be employed to access detailed reports about this set of theoretically risky suppliers to make well informed decisions about whether to continue doing business with the partner in question. These reports and the content of due diligence work performed are stored and can be viewed on a dedicated digital platform. In this respect, subcontractors, intermediaries and other consultants are considered to be suppliers and will, therefore, be included in the aforementioned category.

The supplier risk mapping will be updated in 2022 based on the mass analysis of the portfolio of suppliers with whom a purchase has been made in the previous year. In addition, a specific upgrade of the digital tool for validating the listing of suppliers was implemented in 2021, enabling the integration of the "compliance profile" of the supplier whose listing is being considered in order to permanently secure the entry of suppliers in the panel.

### 3.1.6.2 – ACTIONS IMPLEMENTED

#### To fight 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 targeted with an initial educational program about 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 was conducted again in 2020 for all subsidiaries and will be updated on a regular basis 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 launched in late 2018. The training was offered again in 2019, 2020 and 2021. The module was completed by all Management Committee members at every Bel Group subsidiary in 2020, prior to carrying out the dedicated risk mapping exercise for their subsidiary. As a result, this e-learning was completed by 1,000 Group employees.

Lastly, the entire anti-corruption system underwent an internal audit in 2019. The report's conclusions were presented to the Group Audit Committee and resulting action plans are being monitored on a regular basis.

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 with a mapping focused on corruption risks. Its conclusions made it possible to base the degree of vigilance on the risk level identified by the "purchasing category/country" combination (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 was supplemented with in-depth assessments of the most exposed stakeholders in 2021 thanks to a dedicated digital tool that will soon be directly incorporated into the digital supplier creation process (see section 3.1.6.1 "A system founded on risk identification").

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, with an emphasis on fighting corruption. 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 inserted an anti-corruption clause in its terms and conditions of purchase and in its Sustainable Purchasing Charter. In 2021, the Group also acquired a digital tool for drawing up contracts in which ethical and anti-corruption clauses have been introduced by default. 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 3.1.5 "Ethics: a common foundation for conducting business").

#### To fight 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 3.1.5 "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 employee safety standards, especially for employees based in countries with a high risk of violations of human rights and individual health and safety.

(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.

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, like the work carried out to fight corruption (see 3.1.6 “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 to the addition of new control points focused on compliance with the Group’s policies in this area.

The digital tool used to produce anti-corruption risk maps will be used to update all these maps in 2022 (see section 3.1.6.1 “A system founded on risk identification”).

Employee awareness is central to the Group’s actions in this area: employees are constantly reminded of the importance of respecting human rights and related policies during in-house training sessions on the Code of Good Business Practices.

The Group also continued its long-standing labor initiatives and, at the end of 2020, adopted a new, innovative and ambitious labor model known as “Nurture,” which sets out the strong commitments that the company wishes to make to its employees. This model is built on six key pillars: a sense of belonging, personal fulfillment, development, recognition, safety and well-being in the workplace, and support for employees’ families (see 3.2.1 “Building a sustainable future with its employees”).

Lastly, the Group further strengthened its continuous improvement approach aimed at ensuring the health and safety of its employees by adopting a Zero Accident Vision and, in particular, reviewing, harmonizing and compiling its 32 safety standards and 21 technical standards in a safety manual made available to all employees.

These health and safety criteria (accident frequency rate in particular) have also been directly incorporated into the calculation of managers’ bonuses in order to ensure the proper implementation of such policies and to encourage the achievement of the Group’s objectives in this area (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.

Lastly, in 2021, the Group selected five specific steering indicators within the Ecovadis assessment system, consistent with its CSR objectives in this area, and noted an improvement in the performance of suppliers with regard to these five indicators, thereby confirming the effectiveness of the policies and actions implemented with its partners (see section 3.2.2 “Promoting responsible practices with its business partners”)

## To ensure respect for 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.

### 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 scarcity, biodiversity, deforestation and waste management.

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”).

For example, the Group adopted a strict environmental policy a long time ago, which sets out the Group's goals and the guidelines for achieving them, and aims to ensure sustainable management of natural resources by reducing the Group’s impacts along the entire value chain, from the production of raw materials to the consumption of the finished product.

This policy was revised in 2021 and is based on several key priorities: reducing the greenhouse gas emissions of the Group and its products, adapting to the impacts of climate change on natural resources, developing and rolling out environmental best practices and standards, and selecting suppliers that are aligned with Bel’s sustainable commitments (see section 3.6 “Fighting climate change and reducing the environmental footprint”).

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 the entire Bel value chain (Scopes 1, 2 and 3).

In order to further bolster its contribution to the management of the climate emergency, Bel set new ambitious targets in 2021, in line with the recommendations of experts to limit the rise in temperature to below 1.5°C, and joined the United Nations Race to Zero initiative (see section 3.6 "Fighting climate change and reducing the environmental footprint").

All the policies adopted are accompanied by targets, and the related action plans are rigorously monitored (for more details, see section 3.6 "Fighting climate change and reducing the environmental footprint").

The Group is currently working on using climate-related scenarios to assess the resilience of its activities, based on two adaptation scenarios (global warming of 1.5°C or 4°C compared to pre-industrial levels). This ongoing work includes a quantification of the possible financial impacts for the Group.

**Along its entire value chain**

In light of the significant impact of agricultural raw materials on the Group's overall carbon footprint (72%), Bel has made its commitment to a sustainable dairy sector a priority within its corporate social responsibility strategy, especially to achieve objectives set in connection with the Science-Based Targets initiative. It uses several nationally recognized tools (CAP2'ER, Cool Farm Tool, etc.) to identify and assess the carbon reduction levers to be recommended to its milk producers and to support them in achieving this transformation (see section 3.4.1 "Taking action for a sustainable upstream dairy").

The acceleration of the Group's strategic penetration into the plant-based segment also helps further its GHG emissions reduction goals.

Bel is fully mobilized to reduce the direct and indirect emissions generated by its operations all along its value chain.

In addition to its direct actions to reduce its environmental impact, and aware of the full breadth of this impact (from upstream agriculture to the consumption of its products by the end consumer), the Group has rolled out policies enabling it to indirectly contribute to the reduction of GHG emissions at all levels of its value chain (see sections 3.4.1 "Taking action for a sustainable upstream dairy," 3.5 "Designing responsible packaging," 3.6.2 "Preserving biodiversity and fighting deforestation and ecosystem conversion," 3.6.3 "Using water sustainably," and 3.6.4 "Fighting food waste").

#### 3.1.6.3 – 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 adjust corrective plans where applicable.

## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Creation of a "Risk and Compliance" department.
- Implementation of a new governance structure to address the challenges of ethics and compliance.

### PRIORITIES FOR 2022

- Roll out a new communication and awareness-raising plan for employees on ethics and compliance issues.
- Launch a new training plan, targeted by population, enhance it with virtual classes and define the corresponding monitoring indicators.

## 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.

This is why 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.

## 3.2.1 – BUILDING A SUSTAINABLE FUTURE WITH ITS EMPLOYEES

### DEFINITION OF THE CHALLENGE

Bel's mission to "Champion healthier and responsible food for all" guides the Group's 11,757 employees in rolling out a sustainable and profitable model that places the consumer and shared valued creation at the heart of its decisions.

Bel's human capital is the indispensable foundation which enables it to fulfill its corporate mission. Therefore, the Group strives to offer its employees working conditions that promote wellness and safety and to enhance their employability by providing fair and appealing career opportunities.

### POLICY

Programs have already been in place for several years to advance the topics of people development, health, safety and well-being in the workplace. These actions are described in dedicated sections within this Non-Financial Performance Report. Given the important issues at stake in the Group's transformation, Bel decided at the end of 2020 to go further by defining a new, innovative and ambitious people policy to support the employees in these changes. This ambitious, innovative program, called "Nurture", defines the Group's HR commitments toward its employees and the Group's strategic vision in this regard, as well as the expected behaviors and new management model that will be implemented to meet its goal. The vision is built upon the Group's longstanding key values – Dare, Care and Commit – and expresses the fundamental value that Bel wants to create for its employees.

The HR commitments of the "Nurture" program were defined in 2021 and are organized around the six following principles:

- strengthening a sense of belonging based on the employer brand, employee share ownership, and employee diversity and inclusion;
- increasing personal fulfillment by emphasizing team autonomy and accountability, enabling each employee to receive training and engage in social responsibility projects, and strengthening employee satisfaction;
- promoting personal development by assessing and developing employee skills, managing career paths and fostering internal mobility;
- improving individual recognition by ensuring a common base of benefits and a fair wage for all Bel employees, and by enhancing the value of individual know-how;
- providing safety and well-being in the workplace by ensuring compliance with health and safety rules, but also by improving the quality of life at work and the work/life balance;
- supporting families by making various Group programs accessible to employees' families.

In 2021, Bel's road map included the launch of several programs:

- *Your Voice,* an employee commitment program consisting of a survey allowing employees to express their opinions anonymously and enabling managers, leaders and heads of human resources to gather transparent feedback and draw up action plans, at both Group and local level. The first survey, addressed to all employees, was conducted in June 2021 and will be repeated every year,
- *Actors for Good,* a program aimed at raising employee awareness of social responsibility issues and encouraging them to get involved in initiatives with a positive impact.

#### Workforce

As of December 31, 2021, the Group employed 11,757 people in over 30 countries. Bel's workforce (permanent and fixed-term employment contracts in effect on December 31, 2020) fell by 753 people. This change was due to the sale of the Leerdammer and Bel Shostka Ukraine business assets[1] to Lactalis on September 30, 2021.

| Workforce by market type[b] | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Global (mature) markets | 11,091 | 11,058 | 10,209 | 10,144 |
| New regions[c] | 1,347 | 1,452 | 1,452 | 1,613 |
| **TOTAL GROUP** | **12,438** | **12,510** | **11,661** | **11,757** |

(a) Values on a like-for-like basis.
(b) Active permanent contracts and fixed-term contracts on December 31.
(c) China, Mexico, Ivory Coast, South Africa, MOM.

(1) Scope including the sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all related rights, and Bel Shostka Ukraine.

| Workforce by status[b] | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Managers[c] | 2,498 | 2,676 | 2,453 | 2,591 |
| Non-managers | 9,940 | 9,834 | 9,208 | 9,166 |

(a) Values on a like-for-like basis.
(b) Active permanent contracts and fixed-term contracts on December 31.
(c) The definition of "manager" is based on a standardized grading system applied to all subsidiaries: grades 1 to 7 as well as Executive Committee members are considered to be managers whether they manage a team or not.

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

In a particularly demanding market environment, Bel is constantly adapting its business lines and human resources to match its needs to maintain its competitiveness, strengthen the Group's employer brand and fuel the growth of its core brands on the cheese and dairy products market, as well as on the promising healthy snacking segment. The Group hired 1,834 people in 2021. The majority of the 1,710 departures in 2021 were voluntary (resignations and retirements).

The Group's average rate of job insecurity is 11% (calculated excluding temporary staff). This rate represents the number of fixed-term positions compared to the total number of staff (fixed-term + permanent + temporary staff). This average conceals significant local differences. For example, in some Middle Eastern and African countries, a fixed-term contract is standard legal practice and is not a sign of job insecurity.

| Hires and departures | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Number of new hires | 1,563 | 1,615 | 1,537 | 1,834 |
| Number of departures | 1,698 | 1,516 | 1,427 | 1,710 |
| Of which redundancies/dismissals | 276 | 229 | 228 | 243 |

(a) Values on a like-for-like basis.

| Terminations by market type | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Global (mature) markets | 211 | 218 | 217 | 192 |
| New regions[b] | 65 | 11 | 11 | 51 |
| **TOTAL GROUP** | **276** | **229** | **228** | **243** |

(a) Values on a like-for-like basis.
(b) China, Mexico, Ivory Coast, India, South Africa, MOM.

| Rate of job insecurity[b] | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Global (mature) markets | 11% | 11% | 12% | 11% |
| New regions[c] | 26% | 31% | 37% | 51% |
| **TOTAL GROUP** | **13%** | **12%** | **12%** | **11%** |

(a) Values on a like-for-like basis.
(b) Proportion of fixed-term contracts to all contracts (in full-time equivalent jobs).
(c) China, Mexico, Ivory Coast, India, South Africa, MOM.

### 3.2.1.1 – GUARANTEEING HEALTH, SAFETY AND WELL-BEING AT WORK

#### Policies

**Health and safety**

Health and safety are absolute priorities for Bel, both for its employees and for all other persons working within the Company. Bel has a health and safety policy in common with the MOM teams, which aims to achieve "zero accidents or occupational illnesses" by committing to:

- maintaining safe and healthy working conditions to limit accidents and occupational illnesses through risk prevention and management and a continuous improvement initiative;
- complying with all regulatory requirements; and
- eliminating hazards and reducing health and safety risks.

This policy also calls for the commitment and active participation of each and every employee. An incentive system encourages them to set a good example and to take actions to prevent and eliminate any dangerous behaviors or processes.

This policy is reviewed every two or three years and approved by the Group Executive Committee. It was updated in 2020 and disseminated to all Group sites. Bel also deployed a new safety organization aligned with its operational model to increase the efficiency with which action plans are rolled out and to leverage good practices and incidents identified in the Group.

In 2021, the Group's 32 safety standards and 21 technical standards aimed at harmonizing employee safety procedures were revised, summarized and compiled in a safety manual available to all employees.

To ensure that these policies are applied and to encourage the achievement of Group objectives, managers' bonuses are indexed to health and safety criteria, particularly the accident frequency rate and the completion of behavior safety visits.

Furthermore, a new Security policy has been in force since 2020 to protect employees from malicious acts of material or immaterial origin (see section 3.3.1. "Offering products with optimal quality and safety").

**Well-being at work**

In parallel, two Group charters were validated in 2021 on the topic of well-being at work:

- the *Hybrid Work Charter,* in the context of the "Nurture" program, to encourage employee autonomy and flexibility around the organization of work and to find the right balance between the Group's performance and the well-being of its employees. Through this charter, the Group demonstrates its trust in the responsibility and collective intelligence of its employees, who are involved at every stage of its design and implementation. This charter is based on four principles:
  - prioritizing the business: to safeguard the Group's performance, the needs of the business may take precedence over individual preferences,
  - policies based on business realities: the pace of remote working will depend on the business and be determined by team to reflect the realities of each business line and function,
  - fairness and reversibility: criteria for a fair and transparent process will be defined by each site. Flexible working by an individual or team may be revoked if it does not meet expectations,
  - trust and autonomy: Bel places its trust in the sense of responsibility and collective intelligence of its teams, who work to maximize their individual performance and that of the Company;
- the Right to Disconnect Charter has been deployed across the entire Group. This charter establishes a framework concerning respect for working hours and quality of life at work, with a work/life balance.

#### Action plan

**Ensuring the health and safety of its employees during the Covid-19 pandemic**

For the second consecutive year, the Bel Group took decisive actions to address the Covid-19 pandemic with extraordinary measures to protect its employees (see section 3.1.4 "A Company fully mobilized to address the health crisis").

**Adopting exemplary practices and preventing the risk of accidents**

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. The Group also tracks near-misses and incidents requiring first aid using another indicator.

While the accident frequency rate (AFR) has been in constant decline since 2013, it fell significantly faster in 2021, to 3.78, down 20% from 2020. This extremely encouraging result, in view of the 2025 target of 3, was helped in particular by 8 plants that declared no accidents over the entire year, and by a significant decrease in commuting accidents.

| | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| Bel accident frequency rate[(b)] Bel AFR<br>Accidents with and without lost time for all persons present on Bel sites | 5.45 | 4.75 | 4.73 | 3.78 |
| Accident frequency rate[(b)] AFR1<br>Accidents with lost time for Bel employees | 3.81 | 2.87 | 2.9 | 2.49 |
| Accident severity rate[(c)]<br>for Bel employees | 0.11 | 0.10 | 0.10 | 0.08 |

(a) Values on a like-for-like basis.
(b) Number of workplace accidents per million hours worked.
(c) Number of days not worked due to accidents suffered by Bel employees per 1,000 hours worked.

People's behavior remains a major factor in preventing accidents and occupational illnesses. This is why Bel has set up a behavior safety visits (BSV) program on 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". Each employee should see at least three BSVs per year at the production sites. The goal is to change behaviors and improve communication on safety and trust between employees and managers. In spite of Covid-19, more than 32,390 BSVs were completed in 2021. In 2021, a major communication campaign and an e-learning training program were launched for managers to improve the quality of the BSVs.

In addition to monitoring workplace accidents, sites are also required to report and investigate near-misses to prevent the recurrence of risky situations. An awareness-raising campaign on the monitoring and reporting of near-misses was conducted at several sites in 2021. In a further step, the Group also uses biannual audits of all sites to check that the principles of its health and safety policy are applied properly. These audits may be internal (conducted by 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. This road map was updated for the 2021-2025 period, and several actions were initiated in 2021:

- deployment of tablet computers at each site for recording BSVs, accidents, near-misses and risky situations using the "Intelex" app;
- launch of a safety performance guide that encourages employees to comply with the ules by setting out measures to penalize non-compliance and, conversely, to recognize compliance with the safety rules;
- acceleration of the "LOTO" *(Lockout/Tagout)* program to install protective mechanisms on all site machines and develop procedures and training measures;
- the "Safety Leadership" training program, which gives managers skills to positively influence their own and their employees' behaviors to make their practices safer;
- a Group campaign on hand protection, following a risk analysis performed on each workstation;
- the gradual deployment of the "Dry Plant-Safe Plant" program, whose goal is to reduce slips caused by wet floors.

### Reducing discomfort and preventing occupational illnesses

Bel is taking action to prevent musculoskeletal diseases by reducing load lifting and uncomfortable postures through ergonomic improvements and the progressive introduction of cobots, in France and the USA. Furthermore, the Group has notably identified 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 to create a healthy working environment for all employees. Improving workstation ergonomics is included as a criterion when assessing all Group investment projects.

### Providing an organization more conducive to well-being at work

Well-being at work is a key issue for Bel, whose ambition is to increase employee commitment and fulfillment.

In the context of the "Nurture" program, the Group launched the Your Voice employee commitment program, which includes an annual survey of all employees. In 2021, the results of the survey showed a very high level of employee commitment, with a participation rate of 87% and more than 13,000 qualitative comments collected. The employee commitment rate[(1)] in 2021 was 74% and highlights several strengths of the Group, such as the feeling of safety at work, employees' buy-in to the Company's mission, and their desire to contribute more to the Group's CSR strategy. The Group has set a target to achieve a 77% commitment rate by 2025.

(1) The employee commitment rate reflects the results obtained from answers to the following questions: "How satisfied are you with your job at Bel?" and "I would recommend Bel as a good place to work."

The results of this survey are directly accessible online to all managers and Human Resources staff and are analyzed at both local and Group level. Priority actions have been defined at these different levels and shared with employees.

A road map has been defined by the Group to go deeper on the questions of work/life balance and well-being at work, some of are already the subject of specific actions:

- in 2021, in the context of the Nurture program and the Hybrid Work Charter, questions of hybrid working were carefully studied with the aim of placing greater emphasis on employee autonomy and accountability, while continuing to meet the needs of the Group. In line with the Group's desire to involve employees in developing this innovative work model, collaborative workshops were launched at team-level in order to identify the most suitable types of working arrangements at that scale (e.g., flexibility in working hours and remote work);
- also as part of the Nurture program, measures were taken to change modes of working in order to enhance employee well-being, such as streamlining reporting requirements, establishing meeting-free days in Group plants in 2021, etc.;
- historically, the Group's subsidiaries have granted more paid leave than the minimum imposed by national laws and regulations;
- managers receive have received training in the awareness of psychosocial risks and quality of work life (QWL) since 2020. An e-learning program and workshops related to workplace well-being have also been created for head office employees.

| | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| % of employees receiving at least three weeks of leave per year | 98% | 96% | 96% | 97% |

| ABSENTEEISM RATE | 2019[(b)] | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| Hours of absence due to illness/theoretical working hours | 2.05% | 2.90% | 2.78% | 2.70% |

(a) Values on a like-for-like basis.
(b) Excluding MOM.

### Involving employees in social responsibility issues

Lastly, as part of the Nurture program, the Actors for Good project is being deployed to raise employees' awareness of social responsibility issues and encourage them to get involved in initiatives with a positive impact. To this end, the Group has committed to training all of its employees in climate change over three years through La Fresque du Climat, a collaborative workshop based on the IPCC reports that aims to raise awareness and develop individual or collective solutions. In 2021, around 200 employees were trained in a workshop and some 60 employees were trained to become in-house workshop leaders.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| Work towards zero accidents at sites | Bel accident frequency rate | 5.45 | 4.75 | 4.73 | 3.78 | 3.0 | ☺ |

(a) Values on a like-for-like basis.

## 3.2.1.2 — PROMOTING DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

### Policies

The Bel Group is committed to fighting against all forms of discrimination. Bel fosters diversity and promotes equal opportunity when hiring and throughout the careers of its employees. To support these commitments, the Group introduced a "Diversity and Inclusion" program in 2016 that laid out gender diversity and multiculturalism targets for the Company for 2020 and 2025. It is built on three pillars:

- creating an inclusive corporate culture by publishing a Diversity and Inclusion Commitment Charter, which allows for the expression of individual differences within a framework that ensures collective performance, and by training and raising employees' awareness of the issue;
- attracting, retaining and developing diverse talents by adapting all its HR policies and processes to foster diversity and ensure equal opportunity (diversification of recruitment channels, career management for all, transfer opportunities between business lines, increased representation of women in management, etc.);

- effectively monitoring the Group's performance in these areas by organizing a mechanism to track employee perception through the Group's commitment survey and by giving local leaders (country general managers, plant directors, business line managers, etc.) the necessary management tracking and reporting tools to help them identify local issues and implement appropriate actions.

As part of the Nurture program, the Diversity & Inclusion program will be revised in 2022 to accelerate the Group's transformation and incorporate cross-cutting diversity and inclusion issues into all new HR policies.

## Action plan

### 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).

| BREAKDOWN BY GENDER | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| Total employees | 69%/31% | 69%/31% | 69%/31% | 68%/32% |
| Non-managers | 73%/27% | 72%/28% | 73%/27% | 72%/28% |
| Managers | 57%/43% | 56%/44% | 54%/46% | 56%/44% |

| BREAKDOWN OF NEW HIRES BY GENDER | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| Men | 1,026 | 975 | 916 | 1,048 |
| Women | 537 | 640 | 621 | 736 |
| **TOTAL NEW HIRES** | **1,563** | **1,615** | **1,537** | **1,834** |

(a) Values on a like-for-like basis.

Although women account for between 40% and 50% of middle managers in the workforce, they make up a smaller proportion of the highest ranks of the business. To remedy this situation, the Group set a goal in 2016 to have 40% women in the highest ranks (grades 1, 2 and Executive Committee) by 2025. The threshold of 30% [(1)] was reached in 2021. As a result of the Covid-19 crisis and how it has affected the organization, recruitment and development of employees over the last two years, this goal was revised in 2021 to bring it more in line with the actual situation on the ground. It is now set at 35%.

The Group's progress in placing more women in management bodies since 2020 is illustrated by the attainment of gender parity on the Executive Committee. The percentage of women has also risen considerably since 2017, forming a growing pool of women candidates for more senior positions. To this end, more than 100 women on staff have participated in the new leadership training program for female employees in the last few years, including 25 women in 2021, in order to promote the development of skills and access to management positions.

(1) Excluding MOM.

| GENDER BREAKDOWN BY GRADE | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Board of Directors[b] | 3/2 | 2/5 | 2/5 | 2/5 |
| Executive Committee[b] | 6/2 | 3/3 | 3/3 | 3/3 |
| Grade 1 | 80%/20% | 77%/23% | 75%/25% | 69%/31% |
| Grade 2 | 79%/21% | 77%/23% | 77%/23% | 73%/27% |
| Grade 3 | 63%/37% | 59%/41% | 57%/43% | 56%/44% |
| Grade 4 | 60%/40% | 56%/44% | 54%/46% | 56%/44% |
| Grade 5 | 54%/46% | 57%/43% | 55%/45% | 51%/49% |
| Grade 6 | 55%/45% | 53%/47% | 50%/50% | 50%/50% |
| Grade 7 | 53%/47% | 53%/47% | 53%/47% | 59%/41% |

(a) Values on a like-for-like basis.
(b) Absolute values.

In France, a new agreement to promote skills development and diversity was negotiated and signed in 2021 for a three-year period. This agreement covers measures 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 out in previous agreements and aims to increase the number of women and the digital inclusion of employees in the production channels.

Under the new agreement, processes have been revised to avoid all forms of discrimination and to ensure inclusion and diversity in the recruitment of candidates. Several pilot plants have also received awareness training on gender-based misconduct.

Moreover, with regard to equal pay, Bel carries out an annual analysis of the average ratio of women's salaries to men's salaries among managers in France, this being only sample group that is representative on a Group scale. Bel classifies a wage gap greater than 5% in the same country for equivalent grades as a wage discrimination problem.

Lastly, as a company with more than 1,000 employees, Bel met its obligation in France to publish its gender equality index. In 2021, Bel in France achieved a score of 93/100, down slightly from 98/100 in 2020. This decline can be explained by the implementation of a project to improve the status of blue-collar work, which is mainly done by men. 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 only applied to the Company's France scope (including the Group's head office), this result is an indicator of the efforts made by the Bel Group to fight gender discrimination.

### Multiculturalism as a means of promoting diversity and inclusion

Bel sells products in more than 120 countries and pays close attention to the diversity of the world in which it operates. The Group believes that diversity is a driving force for innovation and team agility and a source of wealth creation essential to achieving the ambitious goals it has set for itself. Bel is thus committed to promoting diversity in all its forms within its teams. Several training programs on the awareness of cultural diversity and inclusion are currently being prepared for deployment in 2022.

### Disability

Bel is determined to be a committed player in the employment and inclusion of people with disabilities. In 2011, the Group signed a partnership agreement in France with AGEFIPH (an association providing funding and assistance to integrate people with disabilities into the workplace) and, since 2014, it has signed three-year Disability Agreements with social partners. In 2020, Bel and its social partners renewed the agreement with the aim of achieving a minimum employment rate of 6% of employees with disabilities across all its sites in France and enabling persons who are disabled or likely to become disabled to work in an environment conducive to their professional and personal development. This agreement is driven by four main areas of action:

- the involvement and education of all employees;
- participation in or creation of actions to show that Bel is disability-friendly;
- the hiring of disabled employees; and
- prevention and job retention efforts.

In addition, Bel works with numerous institutions in France that provide work to people with disabilities (known as "ESATs" or "EAs"), 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. In 2021, 14 employees were trained to become "Disability Ambassadors" and play an active role in promoting the inclusion of employees with disabilities.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Promote gender diversity and inclusion[(b)]** | Share of women in Top Management | 21%[(c)] | 25%[(c)] | 25%[(c)] | **30%[(c)]** | 35%[(d)] | ☺ |

(a) Values on a like-for-like basis.
(b) As part of the *Nurture* program, a study is under way to define a new indicator that takes into account other diversity-related issues.
(c) Group scope excluding MOM.
(d) Objective updated in 2021.

### 3.2.1.3 – DEVELOPING ITS EMPLOYEES' TALENT

#### Training programs

Bel is striving to lay the groundwork for a learning organization that enables its employees to hone their skills and advance their careers. Each year, Bel University issues guidelines in consultation with its business lines and countries that set out training priorities, both in light of employee needs and the key competencies and job skills to be developed for the Group's requirements.

The Group aims to facilitate access to training for every employee and, more generally, to help all employees develop their skills.

In 2021, 81% of employees completed at least one training course during the year. The Group's training plan focused on the following priorities:

- supporting cultural and managerial transformations;
- supporting business transformations;
- simplifying and enhancing the learner experience;
- strengthening data management and culture.

#### In-person and digital training opportunities

Since 2018, the Group has made use of the Learning Management System (LMS) training platform, which hosts a large number of training courses. The *Bel University* training catalogue offers a comprehensive range of training courses and is updated every year in line with the Group's skills development strategy and with input from the various business lines.

In addition to the training courses in the catalogue, Bel University offers online training with unlimited access on the topics of personal development, general culture and social responsibility issues. The *Pick & Learn* platform can be accessed via PC, tablets and cell phones at any time by all connected Bel employees[(1)].

In 2021, greater emphasis was placed on training related to CSR. For example, a first training module on carbon was provided to a number of functions at headquarters and will be added to Bel University in 2022. A training module on nutrition, with a focus on plant-based products, was also provided to the nutrition and R&D teams, representing more than 190 people in 26 countries.

The training courses provided target all of the Group's employees and offer a range of teaching methods designed to adapt to all learning modes (synchronous, asynchronous, face-to-face and distance learning). By diversifying teaching methods, such as virtual classrooms, video and game-based learning and SPOC (small private online course), we were able to maintain access to training during the health crisis from early 2020. The Group has therefore been able to provide its employees with the best possible support in this uncertain context, covering areas such as time management, team accountability, remote working and collaborative work practices, psychosocial risks and resilience.

| EMPLOYEE TRAINING | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| Percentage of employees who attended at least one training course during the year | 75% | 76% | 76% | 81% |
| Average number of training hours per employee | 18.0 | 17.0 | 17.1 | 19.5 |

(a) Values on a like-for-like basis.

(1) Concerns employees who have access via a Bel email address or a personal email address.

## Highlights for the year in building employee skills

In order to best support the development of its employees and enhance their employability, Bel has put various programs in place to guide them throughout their careers.

### Group onboarding program

All newly hired, connected employees participate in a digital onboarding program called “Bel'Come”.

### Evaluation and feedback

Each year, the annual performance review[1] is an ideal occasion for employees to share the year's achievements and challenges with their line manager and to assess leadership, technical and soft skills. This meeting also affords an opportunity to discuss the employee's professional goals and to co-design a suitable individual development plan that can include training, mentoring and work placements. In this context, Bel is committed to supporting the “1 young person, 1 mentor” program launched by the French Ministry of Labor and the Haut-Commissariat à l'Emploi et l'Engagement des Entreprises to promote youth employment.

Furthermore, in addition to the annual review, Bel promotes a 360° feedback culture. As such, any employee can request 360° feedback from staff in the same department, on a cross-functional project team or who have a functional relationship with the employee in question.

All the Group's employees can share feedback throughout the year after a presentation or project.

| INDIVIDUAL PERFORMANCE REVIEWS | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| % of eligible managers[(b)] receiving an individual performance review (annual basis) | 90% | 87% | 86% | 91% |

(a) Values on a like-for-like basis.
(b) (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.

### Career management and mobility

Bel wants to offer its employees interesting and growth-oriented career paths. In order to ensure that current resources match future organizational needs, Bel's HR teams and managers participate in people review and succession planning processes, which make it possible to build appropriate forward-looking action plans. These processes also serve to promote transfers within the Group and anticipate hiring and retention needs.

In addition, in order to encourage mobility, internal 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 or the required skills do not exist in-house. Bel also enhances the visibility of the career paths available to managers through the various tools it provides: skills guidelines, career guides and potential job transfers.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Develop our employees' talent** | Employees who completed at least one training course during the year(b) | 75% | 76% | 76% | 81% | 100% | ☺ |

(a) Values on a like-for-like basis.
(b) As part of the Nurture program, a study is underway to define a new indicator that better aligns with the Group's training strategy and more accurately reflects the new learning methods in line with identified needs.

(1) The annual review is mandatory for all salaried employees and managers. A paper form is also provided to workers.

## 3.2.1.4 – ENSURING A FAIR REMUNERATION SYSTEM

### Policies

Bel is persuaded that offering fair, motivating and non-discriminatory remuneration 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.

### Action plan

**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. To attract and retain its employees, Bel ensures that it offers them competitive salaries and benefits. Accordingly, the Group's subsidiaries undertake regular salary surveys with specialized firms to identify the best market practices.

**Employee benefits**

Beyond the minimum base set by national laws and regulations, Bel wants to ensure that all its employees receive benefits that are in line with Group standards. Mindful of the well-being of its employees, the Group aims to ensure that the benefits packages offered locally to employees are commensurate and aligned with market practices.

| | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| % of employees[b] with health coverage | 93% | 93% | 92% | 93% |
| % of employee[b] with death and disability coverage | 91% | 92% | 91% | 93% |

(a) Values on a like-for-like basis.
(b) Permanent or fixed-term employees.

**Recognition of individual and group performance**

Individual performance is recognized based on merit. Many of the Group's managers are eligible for individual variable remuneration. At least 10% of this variable remuneration is contingent on meeting non-financial objectives in connection with its CSR strategy. For example, one of the criteria for managers' variable remuneration is the reduction of the Group's carbon footprint.

| | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| % of employees who have a remuneration system based on the overall performance of the subsidiary or Group | 59% | 59% | 59% | 59% |

(a) Values on a like-for-like basis.

## 3.2.1.5 – PROMOTING A POSITIVE DIALOGUE

### Policies

Since 2016, Bel has implemented an International Labor Relations Charter at the global level, which organizes its approach around essential principles to be implemented or enhanced in each of its regions. The principles enshrined in the charter underscore the importance of compliance with legislation and of open, informed dialogue with representative bodies and with managers and employees.

### Action plan

Labor relations

A healthy, ongoing social dialogue improves the workplace experience. The Group therefore encourages continuous exchanges between all the Company's stakeholders: employees, managers, personnel representatives and senior executives.

Personnel representatives, whether they are elected or appointed by employees, play a critical role in ensuring a positive social dialogue. This is why the Bel Code of Good Business Practices recognizes its employees' right to a representative body.

The framework may differ by region (employee committee, value committee, trade union, local representatives and so on), but the goal is always the same: to encourage dialogue. A study is underway to map the professional bodies present at the Group's various sites.

In addition to local representative bodies, a European-level works council has been in place since 2019 to enable transnational dialogue. It comprises 21 employee representatives from 11 countries. The quality of its discussions reflects a high level of interest in the works council, which continues to meet remotely during the public health crisis.

**Employee commitment survey**

To obtain a clearer picture and assessment of its employees' level of commitment, Bel conducts satisfaction surveys.

The Your Voice survey, conducted for the first time this year as part of the launch of the Nurture program, had a very high participation rate of 87%. The survey was based on 18 pillars and measured an employee commitment level of 74% in 2021 (see section 3.2.1 "Building a sustainable future with its employees").

This survey will be conducted annually at the Group level and more regularly depending on the needs of the countries where Bel operates.

## 3.2.2 – PROMOTING RESPONSIBLE PRACTICES WITH ITS BUSINESS PARTNERS

### DEFINITION OF THE CHALLENGE

As the standard bearer for a responsible business model, Bel strongly believes that it is possible to combine rigorous management with exemplary practices, profitability with integrity, and growth with ethics. The Group fosters lasting, trust-based relationships with all its business partners (suppliers, subcontractors and retailers) and works to promote exemplary environmental, social and ethical practices all along its value chain.

### POLICY

For over 10 years, the Bel Sustainable Purchasing Charter[1] has set forth the Group's commitments to its partner suppliers, as well as its expectations from them, in matters related to the environment, labor and business ethics. This charter was revised in 2019 to strengthen the process for selecting suppliers and monitoring their performance and to reinforce requirements related to suppliers' vigilance plans.

MOM is also committed to a responsible purchasing approach with the adoption of a dedicated charter[2] at the end of 2020 which outlines the Group's requirements in terms of environmental, social and human rights issues, business ethics, management and purchasing.

### ACTION PLAN

Bel's Purchasing Director monitors the Group's overall policy, which is tailored to the specific characteristics of the various purchasing categories. The Group's buyers, whose variable remuneration is indexed to CSR criteria, are then responsible for its effective deployment.

In light of the specific nature of the issues related to the upstream dairy sector and their strategic importance for Bel, the measures taken to promote responsible practices among dairy producers are presented in a dedicated chapter (see section 3.4 "Promoting sustainable agriculture").

#### Identification of risks in the supply chain

In the context of the Duty of Vigilance and "Sapin II" laws, the Group has mapped out its CSR risks and its risks of corruption linked to its supply chain, based on outside data. These exercises performed in 2017-2018 helped fin- tune the identification of purchasing categories and geographic areas requiring special vigilance (see section 3.1.6 "Vigilance plan"). The Group plans to update these risk maps in 2022.

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 less than 2% and combinations with high CSR and corruption risk made up less than 5%.

A dedicated tool that uses the results of these mapping exercises has been deployed since 2019 to the Group's community of buyers. 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 CSR performance of those suppliers.

#### Roll-out of a supplier evaluation and control system

From the start of the tendering process, suppliers receive a copy of the Group's Sustainable Purchasing Charter. To motivate suppliers to comply with this 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, their duty of vigilance within their own supply chain, and to set out the consequences in the event of a breach on their part. The criteria Bel applies when selecting suppliers include the supplier's willingness to make a commitment and its ability to translate its commitments into suitable practices over time. Category-specific CSR requirements can also be added to the specifications defined in calls for tender and contracts depending on the main risks or challenges identified.

(1) For more information, the Sustainable Purchasing Charter is available on the corporate website: (https://www.groupe-bel.com/wp-content/uploads/2019/11/sustainable-purchasing-charter.pdf [groupe-bel.com]).

(2) For more information, the MOM Responsible Purchasing Charter is available on the MOM Group website (https://www.momgroup.com/wp-content/uploads/2021/07/demarche-amelioration-continue.pdf).

Furthermore, since 2009, the Group has been assessing the CSR performance of the suppliers and subcontractors that it deems key given their business volumes, the potential risks associated with the products/services supplied or their location. These assessments, carried out in cooperation with EcoVadis, a sustainable purchasing specialist, are based on 21 criteria grouped into four themes: environment, labor law and human rights, ethics and sustainable purchasing. Bel has established a gradual, corrective approach based on the supplier's score and asks its suppliers to be re-assessed on a regular basis. In some cases, the Group may require a corrective action plan and an early re-assessment. In 2021, the average supplier score was 52.8/100, continuing its positive year-on-year trend.

MOM has also been working with EcoVadis since 2017 to evaluate the performance of its suppliers In 2021, the average supplier score was 59/100.

In 2021, the Group's buyers compiled the CSR initiatives of suppliers assessed through Ecovadis in order to continually improve the Bel Group's knowledge of its suppliers' actions and CSR commitments.

From among some thirty indicators identified, five KPIs were selected as being representative of each of the EcoVadis areas of assessment and the Bel Group's CSR strategy: Environment (Actions on energy consumption and GHGs, $CO_2$ emissions reporting), Social and Human Rights (Actions taken in relation to employee health and safety), Ethics (Anti-corruption policy), Responsible Purchasing (CSR audit or assessments of suppliers). Bel and MOM have noted an improvement in the performance of the most recently assessed suppliers compared to the average of the last four years. This improvement reflects the growing maturity of our suppliers in the implementation of CSR policies and initiatives.

In addition, since 2017, Bel has been committed to the EcoVadis AIM-Progress initiative, which strives to improve transparency and responsible, sustainable practices in the food sector. As part of this initiative, the ten participants share their suppliers' EcoVadis assessments on the platform, which simplifies processes and prevents the duplication of effort for members and suppliers alike.

Lastly, as a promoter of a responsible business model, Bel also completes the EcoVadis questionnaire and was awarded the EcoVadis Platinum Medal in 2021, representing the highest level of recognition, with a score of 79/100, for its CSR performance. The Group is thus ranked in the top 1% of the world's best-rated companies in its business sector.

## Roll-out of a subcontractor evaluation and control system

Subcontractors making finished products allow Bel's brands to develop their presence in new regions. They produce around 8% of the cheese volume sold by the Group; seven major subcontractors alone accounted for 83% of the subcontracted volume.

Bel requires that all its subcontractors providing finished products be assessed by EcoVadis with the same management rules as other suppliers. In 2021, the average score for subcontractors making finished products was 46.8/100 and none of the subcontractors assessed had a high risk (EcoVadis score under 25/100).

## Buyer training

Since 2019, Bel has offered a training program in collaboration with EcoVadis for all of the Group's buyers. Since the beginning of 2020, the program can be accessed anytime on the Group's training platform and all new buyers must complete this training within their first three months on the job. The goal of the training is to teach buyers how to incorporate CSR and EcoVadis assessments throughout the buying process and thereby improve the performance of their sourcing chain.

Since 2020, Bel has also provided its buyers with an EcoVadis handbook that summarizes the essential details on how the assessments and corresponding platform work to help them make the most of CSR data in their practices.

In 2021, a new training course and an update of the EcoVadis guide were made available to buyers to present the new features of the platform and facilitate the process of inviting suppliers to be assessed.

## PERFORMANCE INDICATORS

| BEL | 2019[b] | 2020[c] | 2020 pro forma[a] | 2021[d] |
|---|---|---|---|---|
| Number of Bel suppliers assessed (excluding collected milk) | 559 | 614 | 597 | 641 |
| Average score of Bel suppliers assessed (excluding collected milk) | 51.7/100 | 51.8/100 | 51.8/100 | 52.8/100 |
| Average score of companies assessed by EcoVadis over the year | 45.1/100 | 46.1/100 | 46.1/100 | 47.9/100 |

(a) Values on a like-for-like basis.
(b) Suppliers assessed between 2016 and 2019 – data excludes MOM and Safilait.
(c) Suppliers assessed between 2017 and 2020 – data excludes MOM.
(d) Suppliers assessed between 2019 and 2021 – data excludes MOM.

| MOM | 2019[b] | 2020[c] | 2020 pro forma[a] | 2021[d] |
|---|---|---|---|---|
| Number of Bel suppliers assessed (excluding collected milk) | 153 | 155 | 155 | 149 |
| Average score of Bel suppliers assessed (excluding collected milk) | 55.7/100 | 56.6/100 | 56.6/100 | 59/100 |

(a) Values on a like-for-like basis.
(b) Suppliers assessed between 2016 and 2019.
(c) Suppliers assessed between 2017 and 2020.
(d) Suppliers assessed between 2019 and 2021.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | | 2019[b] | 2020[c] | 2020 pro forma[a] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|---|
| Promote sound social and environmental practices among its suppliers | Average EcoVadis supplier score (/100)[e] | Bel data excludi ng MOM | 51.7[d] | 51.8 | 51.8 | 52.8 | 55 | |
| | | MOM data. | 55.7 | 56.6 | 56.6 | 59 | | |

(a) Values on a like-for-like basis.
(b) Suppliers assessed between 2016 and 2019.
(c) Suppliers assessed between 2017 and 2020.
(d) Excluding Safilait.
(e) Excluding collected milk.

### Vigilance concerning retailers, customers and agents

In line with the provisions of the “Sapin II” and “Duty of Vigilance” laws (see section 3.1.6 “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.

## 3.2.3 — PROMOTE RESPONSIBLE FINANCING PRACTICES AMONG INVESTORS

### DEFINITION OF THE CHALLENGE

Committed to building a responsible and profitable business model, Bel firmly believes in the importance of combining financial and non-financial performance and aims to promote more responsible financing practices. This is why the Group embarked in 2017 on setting up credit lines that put its environmental and social objectives at the heart of its financing strategy.

### POLICY AND ACTION PLAN

The Group links its financing to its overall corporate approach to focus its efforts on key social and environmental responsibility issues in the context of two financing transactions in 2017 and then 2019.

In 2017, Bel signed an addendum to extend the maturity of its multi-currency revolving credit facility and elected at that time to include environmental and social impact criteria in the agreement.

The Bel Group has been committed to corporate social responsibility (CSR) for more than ten years and, with the support of its lending banks, has chosen to include environmental and social impact criteria in its credit agreement, based on the achievement of three objectives stemming from its sustainable development strategy for 2025:

- reduction of its greenhouse gas emissions (GHG);
- development of nutrition education programs in the Group's key countries;
- deployment of an effective action plan for a sustainable upstream dairy sector.

The amended line of credit includes duty of good-faith performance: in the event that objectives are not met, the Bel Group agrees to take corrective actions through direct investments or financing of non-profit associations or non-governmental organizations.

This agreement makes Bel the first group in the dairy industry to voluntarily index a credit line to its sustainable development performance.

In 2019, following on from its first financing transaction with non-financial objectives, the Bel Group completed a private placement (EURO PP) that included environmental and social criteria.

The environmental and social criteria relate to the achievement of objectives for the two pillars of its sustainable development strategy:

- deployment of an effective action plan for a sustainable upstream dairy sector;
- reduction of its GHG emissions : the Group is committed to rolling out an ambitious plan with targets set annually until 2029.

### RESULTS IN 2021 FOR THE TWO FINANCING TRANSACTIONS LINKED TO ENVIRONMENTAL AND SOCIAL IMPACT CRITERIA (CREDIT LINE AND EURO PP)

| | DEFINITIONS | GOAL FOR DECEMBER 31, 2021 | RESULTS AS OF DECEMBER 31, 2021 | GOAL MET |
|---|---|---|---|---|
| Upstream dairy[(a)] | *The Bel Group pledges to define and deploy to its 10 dairy supply basins a "Sustainable upstream dairy" program to improve the sustainability of the dairy sector (see section 3.4.1 "Taking action for a sustainable upstream dairy")* | Formalized monitoring of adherence to the roll-out schedule by the "Roll-out" steering committee | 100% compliance with commitments | ☺ |
| Reduction of greenhouse gas emissions[(a)] | *Greenhouse gas emissions ratio: greenhouse gas emissions in kg $CO_2$ (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 3.6.1 "Fighting climate change")* | -15% | -15% | ☺ |
| Nutritional education programs | *Nutritional education program: a civic initiative by the 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 long-term, contractual partnerships (see section 3.3.3 "Promoting better eating habits and healthier lifestyles").* | 6 countries | 7 countries | ☺ |

(a) Environmental and social criteria relate to the achievement of objectives included in the credit line and EURO PP agreements.

## 3.2.4 – COMMUNICATING RESPONSIBLY AND TRANSPARENTLY WITH ITS CONSUMERS

### DEFINITION OF THE CHALLENGE

Bel products are consumed by millions of people around the world, 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.). This Charter is due to be updated in 2022.

### ACTION PLAN

#### Communicating responsibly

##### Integration of CSR issues from the advertisement design stage

The various departments at the Group (Marketing, Nutrition, Sustainable Development, Legal, Communications) work actively from the brand communication 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 (e.g. 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 Group's 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. The Group’s CSR commitments feed into the brands’ messaging and enhance their credibility; in return, the brands, through their name recognition, shine a spotlight on the Bel Group’s mission.

With this in mind, all the Group’s core brands have adopted their own three-year CSR road maps that define objectives to tackle the five priority CSR challenges which they will share widely with consumers. Thus, in addition to addressing consumers’ expectations and concerns, the brands aim to play a real societal role by leveraging the trust they have established with them to guide them towards balanced and more environmentally friendly food choices and responsible social practices.

For example, in 2021, for its 100th anniversary, The Laughing Cow® launched the “laugh to donate” campaign, inviting its consumers to give laughter to those who need it most, in partnership with around 20 associations around the world. In France, more than 10,000 laughs were recorded, resulting in €70,000 being donated to Le Rire Médecin association to pay for clowns to visit hospitals and bring joy to the lives of many hospitalized children.

In addition, during the multi-brand CSR communication campaign “For all, for good, and for our regions” launched in France in 2021, Bel found that linking the Bel brand to product brand communications had a positive impact on responsible brand image elements such as the naturalness of ingredients in recipes, local manufacturing and fair remuneration for farmers. This campaign also showed that clear and transparent communication on CSR issues enhances consumers’ feelings of proximity and trust and reinforces their purchase intention.

In 2021, sales of positive products stood at 74%, remaining stable compared to last year.

**Communicating responsibly to children**

Bel is especially careful when it comes to messages intended for children. That is why, in addition to the Internal Nutrition Communication Charter, Bel and MOM have been committed to the voluntary European movement EU Pledge. Through this initiative, Bel and MOM pledge not to advertise any of their products that do not meet the nutritional criteria of the EU Pledge (Nutrition White Paper[1]) to children under the age of 12 via television, the press or digital channels.

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

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Offer positive products to consumers** | Share of revenue generated by the sale of positive products[(b)] (%) | 73.4% | 76.0% | 74.3% | **74.2%** | N/A[(c)] | 😐 |

(a) Values on a like-for-like basis.

(b) For the purposes of calculating this indicator, positive products are those which have at least one of the following characteristics:
- are organic;
- are qualified as "Bel Nutri+";
- contain no more than one additive; or
- are made from non-GMO fed animals.

(c) This indicator is currently in development and an objective will eventually be defined.



## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Launch of Your Voice, a satisfaction survey carried out among all employees.
- Launch of the Actors for Good program and the Group's commitment to train all employees on climate issues through La Fresque du Climat.
- Bel was awarded the EcoVadis Platinum Medal with a score of 79/100, placing it in the top 1% of the world's best-rated companies in its business sector.
- Achievement of a historically low accident frequency rate at Bel, reflecting the significant reduction in accidents at the plant and on the road.

### PRIORITIES FOR 2022

- Increase employee commitment and improve managers' skills, particularly through Bel's new managerial model (We@Bel).
- Publish an internal Bel Group Diversity & Inclusion Commitment Charter.
- Continue the Actors for Good program, including having recourse to *La Fresque du Climat* and Solidarity Week.
- Implement remote working charters.
- As part of the combining of the Bel and MOM purchasing teams, identify potential synergies in responsible purchasing approaches and leverage respective good practices.

# 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 a food processing Company, Bel is serious about its responsibilities to:

- support UN Sustainable Development Goal 2: Zero Hunger, to end hunger by 2030 and ensure that all people, especially the most vulnerable, have year-round access to safe, nutritious and sufficient food;
- offer safe, healthy products and encourage better eating habits. To this end, the Group is continuing to transform its brand portfolio by strengthening its strategy in three complementary areas: dairy, fruits and plant-based. Bel is also maintaining its single-serving portion format designed to encourage the consumption of its products in reasonable quantities;
- 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 takes the measures necessary to ensure a strict standard of food safety and quality in line with regulatory requirements. To do this, the Group works in close collaboration with all the participants in the food chain, from sourcing raw materials to processing and distributing its 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:

- the 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;
- the 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 – since 2019 – packaging. This policy was reinforced in 2021 following the vulnerability assessment of materials and packaging in 2020. The policy is overseen by the Group Quality and Regulation Department and implemented locally in conjunction with the quality and purchasing departments;
- the new Security policy intended to protect the Group and its products from material or immaterial malicious acts. It lays out eight commitments pertaining to prevention measures and includes the Food Defense policy, which aims to protect the food chain against malicious, criminal or terrorist acts that could result in product contamination. This policy was reinforced in 2021 to include new measures related to IT risks and customs requirements. It is overseen by the Group Quality and Regulations Department and implemented locally by each site manager;
- the Food Safety Culture policy, which laid the groundwork for the Group-wide roll-out of the food safety culture. The aim of this policy is to raise awareness and encourage everyone to contribute to ensuring that our products are safe for the consumer.

Building on these policies, in 2021 Bel revised and improved a set of standards to harmonize the quality procedures in place at the Group to ensure food safety (contaminants, allergens, certifications, etc.).

### ACTION PLAN

#### Performing strict upstream controls on raw materials and packaging

**Assisting dairy producers**

On the farm, dairy producers are responsible for the safety and compliance of the milk they produce. To prevent any risk such as bacteriological risk, Bel's dairy production technicians continuously teach producers about good practices for producing quality milk. Samples are taken during milk collection to verify that it meets content and health requirements and does not contain any 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 considered to be inadequate. However, this is a very rare occurrence.

Moreover, 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 and packaging

Quality audits are conducted on major suppliers of the most sensitive raw materials and packaging. If any minor non-compliance is identified and poses no food safety risk, the suppliers pledge to the Group that corrective actions will be taken within a specific time frame.

Each year, Bel revises its supplier auditing system to reflect newly identified and emerging risks. For example, in 2021, a thorough audit was conducted on plant-based contaminants such as alkaloids following the introduction of new plant raw materials.

### Rigorous safety controls when raw materials arrive at its plants

All the ingredients used in Bel's recipes, including liquid and solid dairy raw materials, 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 quality certification of its production sites against recognized GFSI standards (FSCC 22000, IFS, BRC, SQF[CB1]). To date, 25 of the Group's production sites have earned GFSI certification.

In 2020, Bel was designated as a "security and safety" authorized economic operator ("OEA FULL") for all its French sites and the head office. This customs status enhances the safety and security of merchandise flows into and out of the European Union. This initiative will continue to be gradually rolled out to other production sites between now and 2024. Beyond certification, Bel has strict procedures that define everyone's roles and responsibilities and a department devoted exclusively to managing customs operations and monitoring regulatory changes. This department also audits the Group's customs and export partners, transportation providers and brokers.

### Strong, standardized quality processes

Bel maintains and improves its 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. This standard is updated each year to reflect regulatory changes and emerging risks identified by the Group, such as those relating to raw materials of plant origin, which are currently being incorporated into the standard.

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 these risks. The Food Fraud policy was supplemented in 2020 with a vulnerability analysis to identify the products, raw materials and packaging most exposed to the risk of fraud and which, therefore, require regular, advanced controls. Following this analysis, a monitoring plan was drawn up for packaging in 2021 in order to ensure product quality and durability while preventing the migration of contaminants.

At the same time, a regulatory training plan was drawn up in 2021 and implemented in 2022.

### Strict safety controls

Bel adheres to product inspection plans along the entire production chain to guarantee its products comply with regulatory requirements for many variables, including foreign bodies, allergens and microbiological, chemical and nutritional criteria.

These quality control plans concern 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.

In addition, subject-specific monitoring plans are implemented each year at all plants for all products. In 2021, 30 contaminants were studied.

### Appropriate preservation conditions

The pasteurization or sterilization processes used at Bel sites ensure that manufactured products are properly preserved. The packaging of products in individual portions further ensures their proper preservation.

### 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. The Group 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 of subcontractors whose products bear Bel brand names and if any minor non-compliance is identified that poses no food safety risk, the suppliers pledge to the Group that corrective actions will be taken 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. The Group has shared a Good Storage and Distribution Practices Charter with its retailers in various regions. Bel has also set up a network of quality coordinators for the supply chain and subcontractors in order to monitor and optimize compliance with storage/distribution and processing requirements and to make it easier to report any complaints. Furthermore, pursuant to its certification as an authorized economic operator, the Group carries out numerous controls on its logistics chain (carrier audits, vehicle integrity inspections upon arrival and departure from the plant, etc.).

## A robust traceability system to prevent risks

### Product traceability all along the food chain...

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

As regards raw materials, regular traceability tests are conducted and suppliers are required to meet an optimal deadline for obtaining traceability results.

Ensuring product traceability entails 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 by means of labels that link each unit to the corresponding product batch code.

A single Group tool also provides information about where all its products are stored, whether with the end customer or anywhere within its distribution network.

### ...to effectively prevent and manage risks

The methods applied make it possible to identify, at any time, product batches containing a batch of ingredients that has been reported, which guarantees that any withdrawals or recalls are carried out efficiently. 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 3.2.4 “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 and food safety 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).

| Bel’s objectives | KPI | 2021 | 2025 objective |
|---|---|---|---|
| **Have all Bel plants certified as “security and safety” authorized economic operators (FULL AEO)** | Percentage of Bel plants certified as “security and safety” authorized economic operators (FULL AEO) | 36.67% | 100% |

## 3.3.2 – 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. Overweight and obesity are widespread among adults and children around the world(1), and undernutrition is still a problem in developing countries. At the same time, the trend towards more natural products is strong and growing among Bel's consumers around the world as they seek out products with shorter, simpler ingredient lists, perceived as a guarantee of quality.

As a result, the Bel Group continues to pursue the strategic transformation of its brand portfolio to offer its customers products that combine taste, nutrition and quality ingredients.

### POLICIES

In order to accelerate the transformation of its brands in line with its new identity *For All. For Good,* Bel has adopted an organizing policy called *Healthier* (2)*,* that is founded on two pillars:

- nutritional quality, to guide the development of new products and continuously improve the nutritional quality of existing products; and
- naturalness, in order to shorten the list of ingredients and limit the use of additives.

This policy is supplemented by

- its position papers on flavors and colors.

### ACTION PLAN

**Improving the nutritional quality of its products**

#### A first filter to ensure that products are compatible with a balanced diet

The products distributed by Bel are an important source of calcium, protein and vitamins, nutrients that are essential for growth and compatible with the dietary needs of all. In portions, i.e., in reasonable quantities, the fat and salt content of the products can be part of a balanced diet. To this end, the Group ensures first and foremost, ahead of any product development, that the maximum thresholds per portion for fat, added sugar and salt, established jointly with an international committee of experts, are respected.

In addition, as a major player in the food industry, Bel is well aware of its responsibility to avoid encouraging snacking, and has developed a good practices guide on “mindful snacking” in order to guide marketing teams when it comes to responsible communication.

#### A nutritional profiling system and improvement objectives

In addition, based on the dietary recommendations of the World Health Organization (WHO) and several international nutrition experts, Bel has deployed a nutritional profiling system called *Bel Nutri+* since 2017.

“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:

- nutrients to promote: calcium, proteins; and
- nutrients to limit: fat, saturated fatty acids, added sugars, salt.

This nutrient profiling system was adapted at the end of 2020 to include the plant-based category, setting out the thresholds for nutrients to be limited and those to be promoted depending on the role the product will have in the meal. Indeed, the plant-based segment is very broad, featuring a wide range of nutritional features (fruits, vegetables, legumes, cereals) and different uses (product consumed as a cheese substitute or a plant-based spread).

Bel teams are working so that 80% of child and family portfolio will be compliant with Bel Nutri+ in 2025. At the end of 2021, 72% of volume met this target.

The Group’s main advancements cover the following areas:

- reductions of fat and salt content (e.g. The Laughing Cow®, Babybel Original®, Kiri®);
- compliance of recipes with the EU Pledge;
- launch of ranges fortified with essential nutrients "The Laughing cow" (iron, iodine, zinc, vitamins A and D) and BBY probiotics;
- launch of hybrid ranges, combining cheese and legumes (e.g. *The Laughing Cow blends*® in the United States, the United Kingdom and Canada).

Moreover, to improve the nutritional quality of its products, the MOM Group now offers an additional line of products with no added sugar for most of its ranges. By the end of 2021, 81% of products sold (3) under the Materne and Pom’Potes® brands contained no added sugar. MOM’s goal is to increase this share to 100% by 2025. In addition, from 208 MOM undertook to display the Nutriscore on its entire portfolio. 80% of products are ranked as A.

(1) According to the World Health Organization, overweight or obesity affected: 42% of adults over 18 in 2016 (i.e. 1.9 billion adults), 340 million children and adolescents aged 5 to 19, and 9 million children under 5.
(2) More information is available on the Bel Group's website, groupe-bel.com (exe-200630-brochure-bel-nutrition-hd-franais-200630.pdf).
(3) In number of references.

### Committing to constantly improving naturalness

Bel's mission is to champion healthier and responsible food for all. Bel's Group "Healthier" policy features an entire pillar on naturalness designed to guide the Group's developments, renovations and innovations. The goal is to offer simpler products, with shorter ingredient lists, while continuing to ensure optimal health safety and the great taste of its products that are so well liked by millions of children and families every day.

Today additives have become a major source of concern for customers. The Group has voluntarily initiated a sweeping plan to rework its recipes in order to reduce or remove additives and ensure that all core brands are free of artificial colors and flavors by the end of 2021. In late 2021, Bel achieved this goal, thanks to extensive work on product innovation and renovation, with more than 50 recipes revamped over the past three years.

The recipes for many of the Group's products, including Mini Babybel Original®, are historically 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®, much effort has been made in the last few years to improve their recipes by scaling back and/or eliminating additives. Obviously, the Group's priority is to meet its customers' demands for naturalness, without compromising taste, safety or quality.

Several major innovations and renovations have been carried out in recent years, with the following key highlights in 2021:

- the elimination of all artificial flavors and colors from the Group's core brands by the end of 2021;
- the relaunch of The Laughing Cow® Original in Europe with a simplified recipe and a much shorter list of ingredients, with four dairy ingredients, following on the heels of a similar approach to simplifying the Kiri® recipe that was relaunched in 2020;
- the launch of the Nurishh spread in Belgium in October 2021, to be rolled out more widely from 2022.

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

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[a] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Continuously improve the nutritional quality of its products** | Children's and family product portfolio meeting the *Bel Nutri+* criteria [b] | 69% | 72% | 72% | **72%** | 80% | 😐 |

(a) Values on a like-for-like basis.
(b) Excluding MOM.

## 3.3.3 – PROMOTING BETTER EATING HABITS AND HEALTHIER LIFESTYLES

### DEFINITION OF THE CHALLENGE

Bel feels a strong sense of responsibility to help feed the world's populations, and it knows that families and their children must be educated to shift their eating habits. The Group is therefore committed to promoting healthier lifestyles among its employees and consumers through nutrition education programs.

### POLICIES

Bel has developed nutritional education programs and projects that shape its approach to 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 deployment to 100% of subsidiaries by 2025[(1)]; in 2021, 83% of subsidiaries had implemented the program. This program is organized around three fundamental principles: promoting a balanced diet and healthy lifestyle, encouraging physical activity and improving the food offering. All subsidiaries are committed to providing the Group's employees with healthier food on a daily basis in their workplace.

As part of this program, several awareness-raising actions are organized each year (distribution of educational tools, games, sports competitions, culinary contests, etc.). In 2021, Bel organized a virtual Active Challenge, in order to adapt to the health context, via a dedicated application, to raise awareness among its employees through games, quizzes and contests regarding the importance of making healthy eating habits part of their daily routine. A total of 29 subsidiaries took part in the event, bringing together more than 700 employees.

#### Encouraging consumers and children 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 led in partnership with other actors, such as public health associations, governmental and non-governmental organizations and universities and take a variety of forms (distribution of teaching tools, organization of events, talks by nutritionists/dietitians, etc.). Bel's goal is to support programs in 10 key Group countries by 2025. In 2021, Bel:
- maintained existing programs in France (Vivons en Forme project), Ivory Coast (partnership with Action Contre la Faim), South Africa (deployment of nutrition education programs in selected schools), and Egypt (partnership with the FAO);
- launched a new program in Algeria with the local NGO Ness El Khir, in order to promote, educate and raise awareness on nutrition;
- designed an awareness kit in collaboration with the Senegalese Ministry of Education and with the support of The Laughing Cow® to encourage the adoption of a balanced breakfast, which was distributed in selected schools;
- developed an application in Iran to promote good eating habits and help families make better food combinations.

In the coming years, the Group aims to continue rolling out nutrition programs worldwide, particularly in countries where Bel has a significant presence.

Moreover, Bel is involved in the international SUN (Scaling Up Nutrition) movement to combat malnutrition in developing countries. The Group is also advancing healthier diets for children through its Corporate Foundation, which was formed over 10 years ago to tackle this issue.

In addition, to encourage healthier behaviors and lifestyles, Bel has established new global guidelines for responsible communication on the consumption and promotion of alcohol. Beyond the applicable regulations in the countries where alcohol is permitted, these guidelines aim to prohibit any communication that would encourage the consumption of alcohol and to limit its use in products to the quantity needed just for flavoring.

(1) In number of references.

## SELECTED PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Foster healthy consumption habits and lifestyle.** | Key countries where a program is implemented for consumers ("Educanut") | 5 | 6 | 6 | 7 | 10 | ☺ |
| | Share of subsidiaries where a program is implemented for their employees ("Healthy Smiles"). | 63% | 72% | 73% | 83% | 100% | ☺ |

(a) Values on a like-for-like basis.

## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Revisions of the raw materials and packaging monitoring plans to take account of risks related to the introduction of plant-based raw materials.
- Revision of the Food Fraud and Food Defense policy.
- Elimination of all artificial flavors and colors from the Group's core brands.
- 58 "positive" renovations (nutrition and naturalness) in 2021.
- Nutritional education programs rolled out to employees (four new subsidiaries) and consumers (one new country in 2021).

### PRIORITIES FOR 2022

- Boosting regulatory training efforts by rolling out training programs specific to each business line.
- Continuing to improve the nutritional quality of the Group's products in accordance with the *Bel Nutri+* promise and continuing to simplify ingredient lists while ensuring optimal product quality.
- Continuing to develop nutritional education programs in new countries.

# 3.4 — PROMOTING SUSTAINABLE AGRICULTURE

By naming sustainable agriculture as one of the five priority challenges behind its new *For All. For Good* identity unveiled in 2019, Bel affirms its ongoing commitment to agricultural methods that are more sustainable and regenerative. The Group's objective is to improve the environmental, societal and social impact of the upstream agricultural activities that underpin its business.

Bel's priority for this segment of the value chain is to promote virtuous agricultural practices that have a positive impact for humans, the environment and, more globally, the entire ecosystem within which the Group operates. Bel aims to encourage regenerative agricultural practices, which are techniques that help fight and adapt to climate change, restore biodiversity and soil health and optimize the water cycle.

In line with the Group's ambition to strike a balance between dairy and plant-based products, Bel applies a sustainable upstream dairy policy and is developing a specific framework for the use of plant-based raw materials.

## 3.4.1 — TAKING ACTION FOR A SUSTAINABLE UPSTREAM DAIRY

### DEFINITION OF THE CHALLENGE

Milk is the basic ingredient for cheese making: Bel collects over one billion liters of milk from approximately 1,400 producers or collection centers in its 9 dairy supply basins worldwide each year.

To do its part to feed more than 10 billion people responsibly in the near future, the Group must continue to encourage dairy production that preserves the planet's resources and to maintain long-lasting relationships with its partner producers.

### POLICIES

To put this commitment into writing, in 2018 Bel adopted a charter of commitments for a sustainable upstream dairy(1) that was co-developed by WWF France. The charter integrates economic, social and environmental aspects and covers all the Group's dairy supply basins throughout the world(2). It addresses six strategic focuses:

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

Each of these themes has been converted to actions and ambitious goals to be met by 2025.

In addition, since 2019, the topic of animal welfare has been formalized in an Animal Welfare Charter(3) developed with the expertise of CIWF(4) and standards issued by associations such as Welfarm, the World Organization for Animal Health (OIE) and the CNIEL (the French national dairy industry council). It 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;
- accompanying the herds' end-of-life.

Bel's objective is to implement this animal welfare charter in all its dairy supply basins by 2025 and have all partner farmers evaluated by a local stakeholder trained in this area.

Through these two charters and its Biodiversity policy, the Group takes various actions to promote principles of regenerative agriculture (soil health, promotion of protein self-sufficiency, encouragement of pasture grazing, etc.)

(1) For more information, the Sustainable Upstream Dairy Charter can be viewed on the Bel Group's website (https://www.groupe-bel.com/wp-content/uploads/2019/10/charte-lait-wwf-fr.pdf).
(2) Excluding MOM.
(3) For more information, the Animal Welfare Charter can be viewed on the Bel Group's website (https://www.groupe-bel.com/wp-content/uploads/2019/10/charte-bien-etre-animal-fr.pdf).
(4) Compassion In World Farming, an international NGO that promotes animal husbandry practices that preserve animal welfare.

## ACTION PLAN

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

These road maps are reviewed throughout the year by the Sustainable Agriculture Committee, which meets on a quarterly basis.

The sale of Leerdammer and Bel Shostka Ukraine in 2021 means two less dairy basins: one in Holland (which accounted for 40% of milk supply) and the other in Ukraine (2%).

### Contributing to a 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 dairy producers, even in a fragile economic environment. Dairy producers' quality of life and working conditions are a major concern for the Group, for which a sustainable growth model is inconceivable without the long-lasting relations and trust of its partners.

Bel set a target based on these convictions: 100% of its dairy producers will have access to innovative social measures to improve their quality of life and working conditions by 2025. As of 2021, 77% of the Group's dairy producers had access to innovative social measures versus 63% in 2020, with a significant increase in the United States where 100% of farms linked with cooperatives now have access to such measures (100% of farmers in France and Portugal, 66% of producers in the Azores, 25% in Morocco and 12% in Slovakia).

In France, Bel renewed its partnership with the APBO for the fourth time in the form of an unprecedented agreement for better milk prices.(1) This agreement, renewed for the whole of 2021, provides a secure economic framework for all 800 member farms with a reference price for conventional milk (€350 for 1,000 liters), adjustable based on market context(2) and the promotion of differentiating animal husbandry practices in the form of monthly premiums: €15 per 1,000 liters for feeding a GMO-free diet to dairy herds and €6 per 1,000 liters for increasing access to pasture grazing (minimum commitment of 150 days per year). A new agreement has already been renewed for 2022 with the aim of continuing to take action for a more profitable and low-carbon sector(3).

Bel and APBO have agreed to strengthen their efforts to transition to a sustainable food and dairy production model, taking a next step together to build a more profitable and responsible dairy industry by establishing:

- a new reference price for milk produced according to "MonBBLait®" specifications that incorporate sustainable practices: non-GMO feed and pasture-grazed cows;
- a new commitment for 100% European animal feed, sustained by an additional premium.

In the United States, Bel launched two key initiatives in 2021 with pilot partner farms to test new practices:

- For the first time on a U.S. dairy farm, Bel helped to roll out the Truterra program in partnership with the Land O'Lakes cooperative. The program consists in instituting regenerative agricultural practices to reduce farms' carbon footprint;
- Bel provided financial support to the smallest dairy producers to help them grow their herd sizes and address the issue of animal welfare.

In the other supply basins, programs continued to support farmers based on local needs, prioritizing training and awareness campaigns as the pandemic continued to make travel difficult. In Morocco, for example, women were informed about the best hygienic conditions for milking. In Iran, farmers received on-line training about the connection between animal feed and milk's nutritional profile. In Poland, Bel received the "Green Solutions Enterprise Award" for its close collaboration with local farms to reduce their carbon footprint.

To further advance the promotion and dissemination of sustainable agriculture practices, Bel continues to deploy its "Farming for the Future" program through Bel "Pilot Farms", coordinated with a panel of experts, including WWF France, European academics (notably from Wageningen University in the Netherlands) and American and French specialists. This program has identified innovative practices among volunteer producers in the majority of supply basins. The Group intends to continue this program in 2022 by placing more emphasis on regenerative agriculture.

### Ensuring animal welfare

The Group has committed to promoting good practices in animal welfare and sharing strict common standards by addressing this sensitive issue with its partners. A key aim is to guarantee an environment and practices that are suited to the animals' physiological and behavioral needs.

(1) https://www.groupe-bel.com/fr/newsroom/news/partenaires-pionniers-dun-modele-remunerateur-et-durable-pour-la-filiere-laitiere-bel-et-lapbo-sont-fiers-de-perenniser-leur-accord-pour-2020-qui-incarne-pleinement-les-etats-gen/.

(2) Using a reference price adjustment mechanism triggered by a change in the average market price, which operates in both directions if the market goes down or up, based on indicators tracked by France Agrimer.

(3) See the press release on this topic: https://www.groupe-bel.com/fr/newsroom/news/accord-bel-apbo-2022-agir-ensemble-pour-une-filiere-laitiere-plus-remuneratrice-et-decarbonee/.

Since the publication of the Animal Welfare Charter in 2019, the Group has worked on harmonizing and promoting all of these good practices, with the ambitious goal of seeing that 100% of its partner dairy farms attain charter compliance by 2025, based on a compliance audit conducted by an external stakeholder (if a local national framework aligned with the Charter requirements exists [(1)]) or an internal stakeholder (using an audit grid developed by Bel with CIWF). Following the diagnostics completed in 2020, Bel began in 2021 to perform compliance audits on over 200 farms (i.e., over 14% of farms) throughout most dairy supply basins[(2)]. If any non-compliance is identified or if the existing national framework is less rigorous than its own commitments, Bel will require a mandatory corrective action plan and early re-assessment.

In 2021, Bel also set up training programs for farms in France to help them take better account of animal welfare.

## Promoting access to pasture grazing

Bel encourages pasture grazing whenever conditions allow, because it is a regenerative agriculture practice that improves the soil's health, fertility and carbon-storage capacity, along with improving the water cycle. Pasture grazing also helps increase the protein self-sufficiency of farms compared to other systems, and it may benefit the health and well-being of dairy cows.

However, some essential criteria need to be considered in order to benefit from pasture grazing, such as the climate of the various regions where Bel collects milk, the availability of pasture, and local grazing traditions.

The Group's commitment is therefore two-fold:

- Bel sets grazing objectives wherever this is possible in regions with a pasturing tradition, while maintaining a necessary flexibility according to local climate conditions. For example, Bel began training producers in the Azores to improve the effectiveness of pasture grazing in 2021. In practice, Bel's partner producers must commit to a minimum of 150 days of pasture grazing per year in France and 365 days in the Azores. In 2021, 98% of milk volume collected by Bel in these supply basins (excluding milk from organic farming) complied with this commitment;
- if grazing is not possible due to climate, geographic or structural limitations, the Group encourages its partner producers to create housing conditions that are respectful of animal welfare, such as good air quality and well ventilated buildings, with at least one stall per cow offering enough space to lie down and rest at the same time, and so on. In Poland, a feasibility study on pasture grazing was launched in the second quarter of 2021 with the WWF to find out whether this commitment might apply to this supply basin.

## Choosing sustainable and local animal feed

Feed varies according to the farm's geographic location. In France, the average ration for a dairy cow 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 can be locally sourced.

Since 2012, Bel and WWF France have been working together to evaluate and reduce 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 "Preserving biodiversity and fighting deforestation and ecosystem conversion").

For several years Bel has supported the creation of responsible supply chains for soy meal and PKE by participating in different initiatives (Round Table on Responsible Soy and Sustainable Palm Oil, Responsible Soy Initiative). To support the creation of sustainable supply chains which are as yet unbuilt, the Group has been purchasing RTRS and RSPO certificates since 2016 covering the full volumes of at-risk soy meal and PKE. The Group has set a goal of 100% sourcing from traceable supply chains by 2025. That said, in light of the current difficulty sourcing traceable soy meal and PKE, Bel is also working on reducing quantities of purchased soy and fostering the protein self-sufficiency of farms to eliminate the risk of deforestation.

The Group's commitment to sourcing milk from cows whose feed contains no GMOs has significantly reduced the consumption of soy export for the French dairy supply basin [(3)] and replaced it with other more local sources of GMO-free protein. In 2021, 100% of the milk purchased in France and Slovakia came from cows whose feed is free of GMOs. The transition to GMO-free feed is also progressing in the Poland (29%). In the United States, the use of GMO feed for cows is one of the tools for implementing good regenerative agriculture practices to reduce the carbon footprint of farms. At present, 100% of the milk purchased in the United States comes from cows fed with GMO feed. At the Group level, 51% of milk comes from cows fed with non-GMO feed.

(1) Boviwell framework in France, Farm in the United States, ProAction in Canada.
(2) Excluding Canada and Slovakia.
(3) According to a study ordered by the APBO in 2020, soy meal quantities purchased per farm fell by 29% on average across dairy cattle production farms between 2017-2018 and 2019-2020.

In addition, with its "Farming For the Future" program, Bel supports the protein self-sufficiency of farms. Protein self-sufficiency enables farms to produce nearly all of their own animal feed. Thus, the animal feed used on these farms is local and sustainable and does not contribute to deforestation. This program is also valuable in terms of regenerative agricultural practices, such as protecting biodiversity and soil health, local food sourcing, and more.

#### Reducing the environmental footprint

At a time when fossil fuel resources are increasingly scarce and water resources are deteriorating, the Group is working with its milk producers in the development of animal husbandry practices that reduce the impact of production on the environment and GHG emissions and increase resilience to climate change and water scarcity.

Bel therefore set a goal to reduce emissions from upstream agricultural activities by 20% by 2030 (compared to 2017 levels). To meet that target, identifying emissions contributors is crucial: Bel in France therefore worked 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 (see section 3.6.1 "Fighting climate change").

In total, around 900 diagnostics[1] were completed in 2021 on Bel's 1,400 partner farms (64%), and follow-up action plans are currently being defined. In France, over 80% of APBO member farms initiated action plans to reduce their carbon footprint in 2021, in line with the goal set by Bel and the APBO. The goal for 2022 is 100%. In 2021, APBO also applied to receive a $CO_2$ emissions reduction certification for its member farms (72 producers) under the "Label Bas Carbone" initiative.

These carbon diagnostics have allowed Bel and partner producers to identify the greatest emissions contributors -- namely animal feed, energy and herd management (50%) -- and to use more accurate emissions factors to calculate the carbon footprint. Bel conducted a study in 2021 to evaluate possible actions to limit the impact of enteric fermentation and the resulting methane emissions. Workshops were held with each country in late 2021 to share these advances, and external partners were identified to launch initiatives on the ground beginning in 2022. During these workshops, the carbon trajectory for each dairy supply basin was also determined in order to meet our carbon-reduction targets.

Moreover, the Group also has the objective for all its dairy supply basins to set up action plans to increase resilience to climate change and water scarcity by 2025. Protection for water resources is a major challenge, especially in Morocco where a study was carried out in 2020–2021 with WWF to identify practical solutions to improved water management as part of a more sustainable dairy industry. These solutions could be tailored to the size of the various dairy farms operating in Morocco. Results will be presented to the Bel and Safilait teams in the first quarter of 2022 and rolled out in 2023.

## SELECTED PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[a] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Contribute to better quality of life and working conditions for partner farmers** | Producer access to innovative social models | 38% | 39% | 63% | **77%** | 100% | ☺ |
| **Encourage good practices to promote animal welfare** | Share of farms abiding by the Animal Welfare Charter certified by a third party | 1% | 5% | 8% | **14%** | 100% | ☺ |
| **Foster non-GMO feeding of the cows providing milk** | Milk collected from non-GMO fed cows | 30% | 51% | 51% | **51%** | 100% | 😐 |

(a) Values on a like-for-like basis.

(1) Several tools were used: Cap'2ER in France, SMART in the United States and Cool Farm Tool for the other supply basins.

## 3.4.2 – USING PLANT-BASED RAW MATERIALS WITHIN STRICT LIMITS

### DEFINITION OF THE CHALLENGE

With a constantly growing world population that will hit 10 billion people by 2050, Bel is aware of the need to diversify and balance animal- and plant-sourced foods while preserving our planet's resources, as recommended by the IPCC Report(1).

Thus, the Group chose to go beyond cheese with the 2016 acquisition of MOM, a fruit compote specialist, followed by the 2020 acquisition of All In Foods, a start-up developing a broad range of plant-based cheese alternatives, such as plant-based slices and spreads.

This plan aligns with the Group's transformation which aims to establish a position in the three complementary categories of healthy snacking – dairy, fruits and plant-based – with the mission to "champion healthier and responsible food for all". It also responds to changing consumer needs and tastes as customers in many countries are increasingly turning to a flexitarian diet(2).

The year 2021 was marked by the launch of Nurishh®, the Group's first 100% plant-based brand, thereby positioning Bel as a key player in plant-based products.

In addition, the Group continued to offer, within its core brands and as a complement to its dairy products, either totally plant-based products or combinations of vegetables, legumes and cheese.

- hybrid offerings such as the successful launch of The Laughing Cow© Blends in the U.S., Germany, the U.K., Canada and Australia. This hybrid version of The Laughing Cow combines the best of dairy and legume products;
- 100% plant-based offerings as part of its core brands, such as Boursin© Dairy Free in the United States and Canada, which is also distributed in Belgium;

### POLICIES

Bel's policies and efforts focus primarily on two types of plant-based raw materials: vegetable fats, which have already been included for several years in the Group's policies, and plant-based ingredients, which are the subject of new work in connection with Bel's development in this area.

The Group's incorporation of vegetable fats in its hybrid products has thus been governed since 2019 by a dedicated policy. The policy formalizes strict commitments to taste, nutritional value and responsible sourcing to meet superior standards in three areas.

With regard to plant-based ingredients, baseline commitments were outlined in 2020 to ensure responsible sourcing.

### ACTION PLAN

Starting at the end of 2020, Bel set the goal of using 100% responsible vegetable fats, i.e., those sourced from responsible, traceable and certified agricultural supply chains where they exist (e.g., palm oil). In the absence of certified chains, the Group promotes local sources whenever possible and ensures that it sources non-GMO materials that pose no risk of deforestation and comply with a baseline of ethical practices. In 2021, total vegetable fat procurements amounted to 6,950 metric tons, of which 79.8% was RSPO segregated palm oil. In certain key countries for the Bel Group, such as Algeria, the health crisis created a major economic crisis, with severe repercussions on the purchasing power of local populations. In light of this unprecedented local situation, the Bel Group has decided to work on identifying local vegetable fats and at the same time using Mass Balance certified palm oil to find the right balance between responsible sourcing and maintaining the accessibility and affordability of its products for local consumers.

#### Plant-based ingredients

In keeping with the Group's goal of rebalancing the share of animal and plant-based protein, 2021 saw the launch of several innovations in the plant-based industry:

- the launch of Nurishh®, the Group's first plant-based cheese alternative (e.g., plant-based spreads and slices) with 11 products being sold in 17 countries in 2021;
- launch of hybrid offerings such as The Laughing Cow© Blends;
- launch of 100% plant-based offers such as Boursin© Dairy Free;
- also in 2021, MOM launched the first plant-based snack pouch made with almond "milk" in vanilla, chocolate, hazelnut and caramel flavors. - Hybrid and purely plant-based innovations have also been launched in several core brands.

(1) Intergovernmental Panel on Climate Change
(2) This diet consists in restoring balance to one's diet by eating more plant-based products without eliminating animal products.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[a] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Guarantee 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) | 32.0% | 94.5% | 94.5% | 86.5%<br>90.10%[b] | 100% | ☹ |

(a) Values on a like-for-like basis.
(b) Excluding Algeria.

## 3.4.3 — DELIVERING THE GOODNESS OF FRUITS

### DEFINITION OF THE CHALLENGE

At Bel, we care about making healthy snacking accessible to all families by offering healthier, tastier and more appealing products, responsibly developed using the best that nature has to offer. It is with this aim in mind that the Materne Mont Blanc Group offers a full range of snacks, fruit and dairy dessert products. In the fruit segment, the Group distributes Materne®, Pom'Potes®, and GoGo squeeZ® brand fruit compotes on the international market and Confipote® brand preserves through Materne®. For the MOM Group, the sourcing of its raw materials is a crucial step in its value chain to ensure it purchases fruit that is both good and healthy, to build strong relationships of trust with its suppliers, and to contribute to the development of sustainable farming methods that limit the impact on biodiversity.

### POLICIES

Convinced that the sourcing of raw materials is key to product quality, MOM has for several years launched responsible and sustainable sourcing initiatives.

### ACTION PLAN

**Maintaining trusting relationships with partner farmers and ensuring the traceability of fresh apples.**

Delivering the goodness of fruits requires a thorough understanding of how they are grown. The MOM Group has been committed for many years to becoming a key player in the French apple production chain and contributing to the development of more responsible agricultural practices. Beginning in 2010, MOM decided to help several farmers located near Materne's historic site in Picardie in selecting apple varieties suited to the region's growing conditions and ideal for making fruit compotes.

Currently, 25% of the French fresh apple supply comes from dedicated orchards, under long-term contracts (3 to 15 years) signed with partner farmers. This contractual approach enables MOM to secure a portion of its procurements, hone its expertise and test out innovative sustainable agriculture methods while supporting the apple production chain by committing to a re-indexed price and time frame.

Concerning the origin of the apples, MOM strives to source them near production plants in France and the United States. In France, MOM is committed to sourcing 100% of its apples from traditional French orchards that have obtained the Vergers Écoresponsables endorsement. Given the small apple harvest in France in 2021 caused by April frost in the orchards (agricultural disaster) and the growing demand for French apples, MOM was forced to expand its procurement to several European orchards. In 2021, 18.5% of the remaining apples came from GlobalG.A.P. certified European orchards[1]. For the certified organic fruit compote lines, the Materne® and Pom'Potes® brands guarantee 100% French-sourced apples.

Apples purchased for the U.S. market come either from the United States or Canada.

Beyond apples, MOM is also involved in encouraging local sourcing of other raw materials purchased. In 2021, Pom'Potes® launched the Fruits de Nos Régions line, which uses fruit from French certified growing regions, such as Mirabelle plums from Lorraine (IGP), chestnuts from Ardèche (AOP) and pears and apricots from Rhône-Alpes. Materne also revisited some of its recipes, which are now made from noble fruits rigorously selected in France. Through its ranges, the brands select high quality fruits from several regions of France, thus promoting French agriculture.

(1) GLOBALG.A.P. certification covers six areas: food safety and traceability, the environment and biodiversity, worker health, safety and welfare, animal welfare, Integrated Farm Management (IFM), Integrated Pest Control (IPC), and a Quality Management System (QMS) and Hazard Analysis and Critical Control Points (HACCP).

### Sourcing certified apples to preserve biodiversity and food safety.

The Group has been committed for several years to sustainable agriculture, first by testing pilot methods at its orchards, then beginning in 2019 by sourcing apples from orchards with a sustainable agriculture certification.

Thus, in 2021, 100% of the supply of fresh apples for French compotes were sourced exclusively from orchards certified either Vergers Écoresponsables(1) or GlobalG.A.P.(2) In connection with these certifications, MOM encourages ecological farming practices including the use of biological control methods that protect plants using natural mechanisms (e.g. mating disruption, use of nest boxes for great tit birds that feed on insect pests) in order to limit the use of phytosanitary treatments. MOM also 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").

In the United States, MOM carefully tracks consumer expectations and adapts its products accordingly. In the United States and Canada, MOM uses almost exclusively apples certified USDA GAP(3), Primus(4) or Canada GAP(5). These certifications are focused mainly on food safety. In addition, 24% of the apples purchases are certified "Organic."

Since the end of 2020, Gogo SqueeZ® has begun to partner with West Michigan Research Station to assist the research and development of sustainable agricultural practices. This initiative could provide Michigan's apple growers with a local testing station to try out sustainable agriculture programs.

## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Withdrawal from two dairy supply basins, in Holland and Ukraine.
- Renewal of the APBO/Bel agreement for the fourth year in a row for a more profitable and low-carbon dairy industry.
- Completion of a study to identify disruptive technical solutions to reduce greenhouse gas emissions caused by enteric fermentation.
- Acceleration of the carbon plan with the completion of a carbon trajectory for each dairy supply basin.
- Launch of Nurishh®, the Group's first plant-based brand, and of plant-based or hybrid innovations in the Bel Group's core brands.

### PRIORITIES FOR 2022

- Continue carbon diagnostics and deploy action plans to reduce greenhouse gas emissions at dairy farms.
- Implement pilot programs to reduce greenhouse gas emissions caused by enteric fermentation in France and Slovakia and on protein self-sufficiency in France.
- Together with the WWF, define the Bel Group's ambitions for regenerative agriculture for its priority ingredients.

(1) The Vergers Ecoresponsable endorsement 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 third party.
(2) GLOBALG.A.P. certification also covers six areas: Food safety and traceability, the Environment and biodiversity, Worker health, safety and welfare, Animal welfare, Integrated Farm Management (IFM), Integrated Pest Control (IPC), and a Quality Management System (QMS) and Hazard Analysis and Critical Control Points (HACCP).
(3) USDA GAP audits are voluntary audits that verify that the fruits and vegetables are produced, packaged, handled and warehoused in a way that minimizes microbiological risks.
(4) PrimusGFS is a certification program recognized by the Global Food Safety Initiative (GFSI) that covers agricultural practices, manufacturing practices, and food-safety management systems.
(5) Canada GAP® is a food hygiene program for businesses that produce, handle and sell fruits and vegetables.

# 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 all:

- by preserving food quality and safety over long periods (see section 3.3.1. "Offering products with optimal quality and safety");
- by limiting excess consumption and offering consumers the right nutritional intake for their needs (see section 3.3.3 "Promoting better eating habits and healthier lifestyles");
- by helping to reduce food waste (see section 3.6.4. "Fighting food waste"); and
- by enabling as many consumers as possible to be able to enjoy its products (see section 3.7 "Improving the accessibility and affordability of its products").

In 2021, the Group's packaging was primarily comprised of paper-based materials – including cartons (68%), followed by plastic (13%), and aluminum (6%)[1].

Nonetheless, Bel is aware of the environmental challenges posed by individual packaging, which is why the Group is striving to limit the environmental impact of its packaging by taking an eco-design approach throughout the life cycle of its products.

## POLICIES

Bel has had a "Responsible Packaging" policy[2] since 2018. It defines guidelines for reducing the environmental impact of packaging at every stage of the product life cycle, from design to end-of-life. In 2020, Bel conducted an in-depth evaluation of the packaging used for its entire product portfolio. This approach enabled the Group to refine its strategy and its five objectives for 2025, namely:

- reduce and simplify the composition of packaging by systematically following an eco-design process that takes end-of-life into account;
- systematically prioritize plant-based raw materials;
- use only paper and cardboard materials made from recycled fibers or certified or sustainably grown virgin fibers to protect the environment and fight deforestation;
- aim for 100% eco-designed packaging to be recyclable-ready or biodegradable, depending on the processing channels that exist in the countries where the products are sold; and
- facilitate and encourage sorting and 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.

Bel is determined to go even further by 2030 by developing packaging concepts that are reusable, edible, biodegradable and more. Its eco-design efforts will be founded on two pillars: the neutral environmental impact throughout their entire life cycle and the unique and memorable experience they create. This ambitious vision defined in 2020 and relying on a team of five engineers entirely dedicated to groundbreaking projects, points the Group in a new direction and complements its existing "Responsible Packaging" policy by pinpointing the drivers, challenges and tools that will enable Bel to reach its goal by 2030, while continuing to satisfy consumers and ensure the safety and quality of its products.

(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

#### Reducing and simplifying the composition of packaging through eco-design

Eco-designed packaging is a cornerstone of Bel's strategy, which is why the eco-design principles apply to all stages in the packaging life cycle, from design to end-of-life. With eco-design, the Group is making progress in two key areas: minimizing the quantity of packaging used at the source, to the point of developing bulk solutions, and simplifying the composition of packaging by promoting mono-material packages and limiting the number of small, secondary materials.

In 2020, more than two-thirds of the product portfolio was scrutinized against an eco-design grid Bel developed to obtain an accurate picture of the current situation. Since 2021, this assessment grid has been applied systematically to all packaging brought to market at each stage of the packaging design process, including innovation, activation and renovation. It also takes into account the realities of the destination market to find the most appropriate solutions. Each packaging type is scored based on its level of compliance with the Group's objectives. Training modules have been created for the development, marketing and purchasing teams.

In 2021, Bel launched a life cycle assessment (LCA) tool, eQoPack, a freely accessible pioneering impact-measurement tool co-created with Quantis, a consulting firm with LCA expertise. This tool is applied to all innovation and renovation projects managed by Research, Innovation, Development (RID), and serves as a guide to enable the teams working on packaging design to make the most responsible choices in line with the Group's policies.

Bel's goal for the longer term is to gradually reduce all packaging from its products. The Group is already actively seeking out innovative solutions. For example, in 2020 Bel introduced bulk Babybel Original® at pilot stores in the Day by Day retail chain in France. It renewed the experiment in 2021 in about twenty pilot stores of a major French retailer.

#### Prioritizing plant-based materials

Continuing in the eco-design spirit, Bel wants to limit the use of plastic as much as possible by systematically prioritizing plant-based and biodegradable materials and sourcing locally whenever possible.

Nevertheless, when plastic must be used, for example, for technical reasons or to maintain optimal conservation, Bel strives to limit the quantities of plastic used to the strict minimum.

In 2021, the plastic thickness of Kiri® cups was reduced, eliminating 42 tons of plastic, Boursin brand portion containers were changed, which eliminated the protective plastic layer for a reduction of 8 tons of plastic per year and 35% of GHG emissions per product.

Furthermore, although wax is not considered as packaging in regulatory terms, Bel's goal is to identify and develop bio-based and biodegradable alternatives by 2025. Bel is exploring several possibilities (wax made from bio-based materials) in conjunction with its suppliers through an open-innovation process.

#### Using recycled materials from certified sustainable sources

**Using paper and cardboard materials made from recycled or certified virgin fibers**

The Group is working so that 100% of the paper and cardboard materials used in its packaging come from recycled or certified virgin fibers from sustainably managed forests (FSC, PEFC, SFI, CSA, etc.) to preserve natural ecosystems and fight deforestation (see section 3.6.2 "Preserving biodiversity and fighting deforestation and ecosystem conversion").

Overall:

- 79% of Bel's paper/cardboard packaging is from certified origin;
- 67% of Bel's paper/cardboard packaging contained mostly recycled fibers.

For example, the cardboard used for Kiri® cheese packaging became 100% FSC certified in 2021.

**A specific approach for aluminum**

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 and it inflicts the highest carbon impact of all the materials used by the Group (21% of packaging's carbon footprint). This is why the Group is playing an active role in its sustainable management and has been engaged in the Aluminum Stewardship Initiative (ASI) since 2017. ASI helps to improve business management practices in the aluminum industry related to social, environmental and traceability challenges. The plant at Sablé-sur-Sarthe, where Kiri® products are made in aluminum foil-wrapped portions, is currently preparing for ASI certification, expected in the first half of 2022.

## 3.5.2 — ENCOURAGING AND FACILITATING THE RECYCLING OF ITS PRODUCTS

### ACTION PLAN

**100% of packaging is eco-designed to be recyclable-ready or biodegradable, depending on destination country**

To build momentum behind the circular economy and to optimize its products' end-of-life, the Group is working toward eco-designing 100% of its packaging so it is recyclable-ready and/or biodegradable by 2025. In 2021, despite the decrease in the use of cardboard and aluminum packaging, 95% of Bel's product packaging was recyclable-ready and/or biodegradable,[1] representing a stable performance compared to 2020. 56% of plastic used is recyclable-ready and/or biodegradable.

Thus, from the packaging design phase, Bel is studying the existing channels in the countries where its products are sold to choose solutions that are the most environmentally sound and best suited to the country's realities (recyclability or biodegradability). The Group is therefore prioritizing paper- and aluminum-based materials that are easy to recyclable.

Nevertheless, when plastic must be used, for example, for technical reasons or to maintain optimal conservation, Bel favors single-material packaging to ensure it can be recycled and ensures compliance with the following guidelines:

- use 100% recyclable-ready plastic to promote its integration in the circular economy:
  - in 2021, in France, the packaging of Vache qui rit® micro-packs was transformed to become recyclable,
  - When it does not compromise product quality and safety requirements and is technically feasible, sourcing of recycled plastic is preferred to reduce the need for extracting the fossil fuels required to produce virgin plastic,
  - In Portugal, the Group's Limiano brand earned kudos for incorporating 50% post-consumer recycled (PCR) plastic from recycled PET bottles in the packaging for its snacking products.

No plastic from Bel's plants is sent to landfill; plastic waste is collected by a service provider for recycling.

**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 currently have such disposal resources, the Group is gradually altering its packaging to explain how individuals can act responsibly and prevent litter.

In the United States in 2020, Bel joined the How2Recycle initiative, which aims to establish a standardized labeling system to give consumers clear instructions on recycling. Several of the Group's products are now printed with the logos developed by this initiative. In 2021, a management tool was developed with Suez to monitor sorting rules around the world and assess the recycling potential of Bel products in different countries.

#### By forging partnerships to develop packaging waste collection and recovery chains

Bel is supporting the development of collection and recycling channels through various programs to take specific local circumstances into consideration.

For example, in France in 2020 the Group signed on to the "Pacte National sur les Emballages Plastiques" backed by the French Ministry of Ecological Transition, major retail players and manufacturers. The pact's signatories pledge to work together to eliminate problematic and unnecessary plastic packaging, speed up the recycling of plastic packaging, develop reuse, incorporate recycled raw materials and promote eco-design. Participating companies must publish annual reports to show their progress on 15 quantitative indicators defined by the pact.

In 2020, Bel also joined the "Consumer Goods Forum" to support the development of producer coalitions with extended responsibility in the countries where the Group's products are sold, and pledged to comply with the commitments of the Plastic Waste Coalition. Since 2021, Bel has also been a signatory of the Position Paper of the Ellen MacArthur Foundation, helping to deploy Extended Producer Responsibility solutions.

In addition, the Babybel brand partnered with TerraCycle® to launch several national recycling programs for the packaging of Babybel products in the UK, Ireland, Canada and Germany.

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 and the AMF (Association des Maires de France). It also co-founded AREME, a similar initiative, in Belgium. In 2021, AREME was able to set up a channel in Luxembourg and sorting instructions now include aluminum foil packaging. In 2021, Bel joined COAALI (*Coalicion por el reciclaje del aluminio y acero ligero*) in Spain and Bel Morocco officially joined an "Alliance for Packaging Innovation and Recycling" in Morocco.

(1) 82% including wax which is not considered as a packaging in regulatory terms.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|---|
| **Work towards 100% recyclable-ready and/orbiode-gradable packaging** | Recyclable-ready and/or biodegradable packaging | Excluding subcontractors, excluding MOM | 84% | 82% | 83% | **82%** | 100% | |
| | | Excluding subcontractors, excluding MOM, excluding wax | 94% | 92% | 95% | **95%** | 100% | |
| | | MOM data | - | 53% | 53% | **62%** | | |

(a) Values on a like-for-like basis.

## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Launch of a packaging life cycle analysis tool and evaluation of all innovation and renovation projects managed by RID.
- Eco-design principles applied systematically to all packaging brought to market and distribution of an operational eco-design guide and eco-design training for packaging teams.
- Roll-out of the Babybel Original® Bulk pilot program at a major retailer.
- Bel joined two coalitions in Spain and Morocco to jointly accelerate the development of recycling channels.

### PRIORITIES FOR 2022

- Continue to incorporate new tools into the eco-design and decision-making process.
- Continue fresh bulk development.
- Continue research on alternative waxes and the gradual elimination of packaging.
- Continuing to support the development of Expanded Producer Responsibilities (EPR) in Bel's key countries in coordination with the Consumer Goods Forum's Plastic Waste coalition.

# 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 and a strategic priority for the Bel Group.

As a member of the Science-Based Targets (SBT)(1) initiative since 2017, the Group committed in 2019 to a trajectory of reducing GHG emissions in line with Paris Agreement targets to maintain global warming below 2°C by 2100 compared with preindustrial levels. Aware of the urgency of accelerating these efforts, Bel set forth an even more ambitious trajectory in 2021 in line with experts' recommendations to limit temperature rise within +1.5°C. This trajectory was approved by the SBTi in March 2022.

At the same time, the Bel Group has joined the United Nations' "Race to Zero" initiative, which brings together pioneering companies that on the path to a reduction trajectory that will limit the rise in temperature to 1.5°C and that are committed to contributing to carbon neutrality along the entire value chain before 2050, by taking the following approach:

1. avoid further GHG emissions by committing to actions to combat deforestation, preserve biodiversity and fight food waste;
2. reduce GHG emissions as much as possible along the entire value chain to keep within the + 1.5°C trajectory;
3. implement carbon capture projects with a positive environmental, social and economic impact to offset incompressible carbon emissions and contribute carbon neutrality of production sites in 2025 and along the entire value chain by 2050.

In its climate reporting, Bel is gradually implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see section 3.13, Appendix 3: Correlation table with the 11 TCFD recommendations). An impact analysis of various climate scenarios on the Group's activity is currently being finalized.

### OVERVIEW OF BEL'S TOTAL CARBON FOOTPRINT

The Group's global carbon audit was updated in 2021 in accordance with the Greenhouse Gas Protocol.(2) It estimated the Group's total emissions in 2020 at 5 million metric tons of $CO_2$ equivalent, most of it generated by raw materials, transportation, packaging and subcontracting. The reduction of GHG emissions was brought about by the action plans deployed to more sustainable upstream dairy, the carbon diagnostics carried out at farms, and the accelerated development of products using plant-based raw materials. In addition, changes in the Group's activities, with the sale of Leerdammer and Bel Shostka Ukraine in 2021, impact the Group's emissions by reducing the contribution of milk to its overall carbon footprint.

Compared to 2017, GHG emissions have dropped 13.49% in intensity, despite a slight uptick in Scope 3 emissions in 2020 caused by the significant impact of other dairy raw materials and subcontracting.

(1) The Science-Based Targets initiative, also called the SBT initiative or SBTi, is a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF). Aimed at companies, its objective is to drive "ambitious climate action" by offering to make their transition to a low-carbon economy a competitive advantage. To this end, it seeks to ensure that the greenhouse gas reduction targets set by companies are consistent with the data from climate science.

(2) http://ghgprotocol.org/

| Distribution of Bel's greenhouse gas emissions along the entire value chain<br>Total estimated quantity = 5 million metric tons $CO_2$eq. | 2018 | 2019 | 2020 | 2020 PRO FORMA[(a)] % | 2020 PRO FORMA[(a)] In absolute value kT $CO_2$eq |
|---|---|---|---|---|---|
| Scopes 1 & 2[(b)] | 3.5% | 3.8% | 3.7% | 4% | 200 |
| Scope 3[(c)] | 96.5% | 96.2% | 96.3% | 96.0% | 4,814 |
| • Of which raw material purchasing | 72.3% | 71.5% | 69.9% | 67.1% | 3,365 |
| • Of which packaging and finished product purchasing | 3.8% | 4.1% | 4.2% | 4.8% | 239 |
| • Of which subcontracted production | 3.9% | 2.7% | 4.6% | 5.6% | 282 |
| • Of which other goods and services purchasing | 2.3% | 2.8% | 2.7% | 2.9% | 147 |
| • Of which capital equipment purchasing | 1.2% | 0.9% | 0.9% | 0.9% | 46 |
| • Of which upstream transport (raw materials and packaging)[(d)] | 4.8% | 4.9% | 5.2% | 5.3% | 268 |
| • Of which downstream transport (products sold and by-products)[(e)] | 7.3% | 8.3% | 8.0% | 8.3% | 415 |
| • Of which products sold (reprocessing or product/packaging end-of-life) | 0.8% | 0.9% | 0.9% | 1.0% | 52 |

(a) Values on a like-for-like basis.
(b) 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.
(c) Scope 3 corresponds to other indirect emissions, in particular raw material purchases, finished product packaging and upstream and downstream transportation. Some quantified but negligible emissions were not included in the above table (processing of waste generated by operations, business travel, commutes, etc.).
(d) Raw materials, packaging and other inputs.
(e) Products sold and by-products.

## LONG-TERM RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

| TYPE | LONG-TERM RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE | POTENTIAL FINANCIAL IMPACT | IMPACT ON GROUP STRATEGY |
|---|---|---|---|
| **Transition risks** | **New regulations** | | |
| | **Risk**<br>Implementation of new regulations relating to energy, greenhouse gas emissions or carbon prices. | Increase operational costs for Bel. | • Set a greenhouse gas emission reduction trajectory of 1.5°C and commit to helping to contribute carbon neutrality along the entire value chain by 2050.<br>• Set 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** | | |
| | **Risk**<br>Consumer preference for products with lower greenhouse gas emissions. | • Reduce revenue from the sale of dairy products.<br>• Increase revenue from the sale of plant/fruit-based products. | Diversify the Group's product portfolio to gradually achieve balanced revenue between dairy and fruit/plant-based products. |
| **Transition risks** | **Market** | | |
| | **Long-term risks**<br>Volatility of energy prices. | 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). |
| **Physical risks** | **Chronic risks** | | |
| | **Risks**<br>• Precipitation variability could affect water reserves in or near Bel's dairy supply basins and industrial production sites.<br>• Climate and weather variability could affect the procurement, quality and price of the agricultural raw materials used (e.g. fruits).<br>• Variability of soil conditions could affect local animal feed production.<br>• Unsuitability of region for milk production. | • Bel's agriculture supply basins and production sites could experience water shortages or excessive rains, which could lead to an increase in operational expenses and production difficulties.<br>• The price variability of raw materials could lead to an increase in Bel's costs.<br>• The impact on the production of animal feed could increase the production costs for milk and milk products.<br>• 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). |

| TYPE | LONG-TERM RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE | POTENTIAL FINANCIAL IMPACT | IMPACT ON GROUP STRATEGY |
|---|---|---|---|
| | **One-time events** | | |
| | **Risks**<br>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.<br>Moreover, Bel has taken out property damage/operating loss insurance to cover the Group's facilities against the consequences of extreme natural events (e.g. earthquake, severe storm, flood, torrential rain, hurricane, etc.).<br>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 measures to take as needed and adapt the insurance coverage to the needs of each site. |

## POLICIES

### Environmental policy

The Group has an internal environmental policy, revised in 2021, which strives to ensure sustainable management of natural resources by reducing the Group's impacts along the entire value chain, from production of raw materials through to consumption of the finished product.

This policy has several key focuses:

- reduction of the Group's and its products' greenhouse gas emissions;
- adaptation to the consequences of climate change and the demand for natural resources;
- development and deployment of environmental best practices and standards;
- selection of suppliers aligned with Bel's sustainable commitments.

In addition, several other policies adopted by the Group contribute indirectly to reducing Bel's greenhouse gas emissions. Examples include policies on upstream dairy (see section 3.4.1). "Taking action for a sustainable upstream dairy"), of the "Responsible Packaging" policy (see section 3.5 "Designing Responsible Packaging"), and "Preserving Forests and Natural Ecosystems" (see section 3.6.2. "Preserving biodiversity and fighting deforestation and ecosystem conversion").

### *Science-Based Targets initiative*

Since 2017 the Group has participated in the SBT initiative started by the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the WWF and the United Nations Global Compact 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, in line with the +2°C trajectory.

In 2021, the Group aims to accelerate the reduction of its carbon footprint and is adopting a +1.5°C trajectory, which was approved by the SBTi committee in March 2022. This commitment entails cutting Bel's greenhouse gas emissions by one quarter across its entire value chain compared with 2017 and, in view of the Group's growth:

- reducing Scopes 1 and 2 emissions by 75.6%, versus 2017 levels, by 2035; and
- reducing Scope 3 emissions by 25%, versus 2017 levels, by 2035.

At the same time, the Bel Group became a member of the United Nations' "Race to Zero" initiative, which brings together pioneering companies that are committed to contributing to carbon neutrality along the entire value chain before 2050.

## ACTION PLAN

### Reducing greenhouse gas emissions in Scope 3

Bel's Scope 3 emissions account for 96% of the Group's overall greenhouse gas emissions.

#### Agricultural raw materials

Given the significant impact of agricultural raw materials on the Group's overall carbon footprint (67.1%), reducing GHG emissions from this source will be decisive in achieving the targets set in connection with the SBT 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. In order to take practical, measurable action, Bel and WWF France signed a partnership in 2012 with a common goal: reducing the environmental impacts of dairy production (see section 3.4.1 "Taking action for a sustainable upstream dairy").

Bel uses several nationally recognized tools (CAP2'ER, Cool Farm Tool, etc.) to measure the environmental impact of dairy farms (see section 3.4.1. "Taking action for a sustainable upstream dairy"). These tools have made it possible to better measure the Group's footprint and to identify ways that dairy producers can help to reduce it. By fostering an open dialogue with producers about their environmental impact, these tools also enable Bel to assist its suppliers with their transformation.

Moreover, by accelerating the Group's positioning in the fruits and plant-based segment where the carbon impact is lower, the Group is contributing to overall GHG emission reduction targets along the entire value chain. For example, Nurishh brand plant-based products® have a five-times smaller carbon footprint than their dairy equivalent (see section 3.4.3 "Delivering the goodness of fruits").

#### Transportation and 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 reduce the mileage of empty trucks and 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, including intermodal transportation. Several projects are being undertaken with transportation and logistics providers to optimize the fuel mix and find less polluting alternatives. Since 2020, Bel been a partner in the FRET 21 program in France, a multi-stakeholder initiative that helps drive the reduction of greenhouse gas emissions from downstream transportation through various levers, such as multimodal transportation, fill rates and green fuels. Bel is also a partner of the Lean & Green (GS1) program in France, optimizing the distances traveled by its products as well as its transportation capacity, and in France renewing the truck fleet, reducing electricity consumption in warehouses and installing solar panels.

Since April 2020, the Bel Group has been a member of Le Club des Entrepreneurs pour le Climat ("Entrepreneurs Club for Climate"), which was created in 2019 by Institut Orygeen,[1] a group of business leaders running French, family-owned businesses committed to fighting climate change with innovative, collaborative projects to reduce their carbon footprint. Bel is participating in working groups that are addressing topics such as developing the use of biofuels, and upstream and downstream transportation powered by green hydrogen. Compared to 2017 levels, transportation-related greenhouse gas emissions have been reduced by 3.63% in terms of intensity, particularly in the upstream transportation of raw materials as well as downstream transportation.

#### Packaging

As a major player in 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 their use (see section 3.5 "Designing responsible packaging").

#### Food waste

Bel is also committed to fighting food waste with ambitious goals that also help to fight climate change and reduce the environmental impact associated with these challenges (see section 3.6.4 "Fighting food waste").

#### Decision-making tools

In 2021, the Group also developed decision-making tools to more accurately assess the carbon intensity of innovation and renovation projects and to enable employees to favor lower-carbon alternatives:

- Bel Carbon Impact, an educational tool that provides a consolidated, accurate and reliable view of the Group's carbon footprint across all its markets, brands, segments and products, and enables the Group to track its carbon emissions on a monthly basis throughout the value chain;
- eco-design tools to help employees simulate the carbon impact of recipes or different packaging scenarios to support decision-making in innovation and renovation projects.

(1) Institut Orygeen is a non-profit association founded in 2014 to encourage manufacturers to become more energy efficient. The institute pursues that goal with a variety of actions to provide information about energy efficiency in industry and to highlight initiatives put in place.

## 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 the 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 contribute to reduce the carbon intensity of its production and move toward carbon neutrality for Scopes 1 and 2 by 2025. For this, it is taking a three-step approach: reducing the energy footprint of its activities; using renewable energy; and capturing its residual emissions. To help meet its goals, 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. In addition, 17 Bel industrial sites have implemented an ISO 14001-certified environment management system.

In 2021, the Group's carbon footprint in Scopes 1 and 2 was an absolute value of 182,500 tons of $CO_2$ equivalent or 249 kilograms of $CO_2$ equivalent per metric ton produced in terms of carbon intensity.

### Reducing energy consumption at industrial sites

The Group sets ambitious targets for reducing the energy footprints of its sites. A portion of the €5.5 million invested in 2021 to improve its environmental footprint at production sites focused on this reduction. Nearly €74 million has been invested between 2009 and 2021 to reduce Bel's environmental footprint.

The Esabel ("Energy Saving at Bel") program, for example, allows each site to access a compendium of good practices, monitor its consumption levels and define action plans to reduce them. In 2021, acceleration roadmaps were implemented at 12 sites, with the aim of extending them to all sites by 2022.

Fossil fuels account for 92% 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 GHG 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. In order to limit their energy consumption, the industrial sites systematically recover energy at the end of processing to reuse it at the start of processing. To improve energy efficiency at industrial sites, in 2021 Bel put two heat pump-based energy recovery systems into operation. A similar project is underway at the Mayenne site. An assessment of the climate strategy at the Pacy site was completed in 2021 as part of a project with ADEME and CDP.

Despite the reduction programs deployed, the introduction of new recipes and small batch production runs resulted in greater energy use in 2021. Nevertheless, the Group's investment in renewable energy sources led to reduced greenhouse gas emissions in 2021.

### Accelerating the transition to renewable energy sources

The Group also makes use of renewable energy sources while continuing to take local factors into account (availability of energy from renewable sources, technical feasibility and economic impact).

Bel has two biomass boilers that now account for 14% of its energy consumption for heating purposes, and three new projects are under way in Morocco, France and the Azores. Two Bel sites have been equipped with solar panels in Vietnam and the Azores, and another project is under study at the Pacy site.

A plan to convert plants to purchase renewable energy is underway. In 2021, industrial sites in France (including MOM from 2021), the United States and several Europe countries purchased electricity from renewable sources, making up 67% of the Group's total electricity consumption.

## Capturing residual emissions

To help contribute to carbon neutrality in its plants by 2025 and along its entire value chain by 2050 at the latest, the Group's teams have made it a priority to reduce greenhouse gas emissions until they reach an incompressible level.

Bel plans to capture residual emissions and support projects with multiple positive impacts (environmental, social and economic) as close as possible to its value chain initially, and then in other geographies depending on the type of project (agroforestry, forest conservation or restoration, etc.). To ensure the transparency and credibility of these projects, the initiatives will be endorsed and led with the support of outside experts.

The Group also participates in agroforestry development through a sponsorship with WWF France and the Pays de la Loire Chamber of Agriculture (see section 3.6.2 "Preserving biodiversity and fighting against deforestation and ecosystem conversion").

Lastly, the Group joined the Livelihoods Carbon Fund 3 (LCF3) launched by Livelihoods Venture in June 2021, alongside 13 companies and financial investors. Its aim is to support rural communities in their efforts to preserve or restore their natural ecosystems and improve their livelihoods through sustainable agricultural practices.

### Increasing the resilience of agricultural production

Although our dairy supply basins differ with regard to the effects of climate change, these are being felt more and more all around the world. Some areas where the Group operates are experiencing water scarcity,

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 scarcity by 2025 (see section 3.4.1 “Taking action for a sustainable upstream dairy”).

### Raising employee awareness

Bel is convinced of the need to mobilize all employees around this key issue for the company. In 2021, the Group committed to training all of its employees in climate change over the course of the next three years as part of the Actors for Good program, via The Climate Fresk du Climat, a collaborative workshop based on the IPCC reports that aims to raise awareness and develop individual and collective solutions. Employee volunteers will have the opportunity to be trained to lead certain in-house workshops as part of HR’s Actors for Good program. Employees are also made aware of the challenges facing Bel as a result of climate change via webinars, and the relevant departments are trained in carbon-reduction and eco-design tools.

| | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| **Electricity consumption** *(in MWh)*[b] | | | | |
| Electricity not from a renewable source | 180,935 | 176,105 | 169,300 | 96,962 |
| Electricity from a renewable source | 152,260 | 155,194 | 112,616 | 195,270 |
| **TOTAL ELECTRICITY** | **333,196** | **331,405** | **282,345** | **292,912** |
| Of which renewable electricity | 46% | 47% | 40% | 67% |
| **Consumption of oil, gas and biomass products for heat generation and other purposes** *(in MWh LHV)*[b] | | | | |
| Oil and gas products | 518,208 | 513,284 | 425,266 | 455,289 |
| Biomass | 70,604 | 65,846 | 65,846 | 74,469 |
| **STATIONARY COMBUSTION** | **588,812** | **579,130** | **491,112** | **529,758** |
| Of which biomass | 12% | 11% | 13% | 14% |
| **Energy consumption** *(in MWh/metric ton produced)* **all B-to-C and B-to-B products**[b] | | | | |
| Electricity | 0.41 | 0.41 | 0.38 | 0.40 |
| Oil and gas products | 0.63 | 0.63 | 0.58 | 0.62 |
| Biomass | 0.09 | 0.08 | 0.09 | 0.10 |

(a) Values on a like-for-like basis.
(b) Group total.

| DISTRIBUTION OF GREENHOUSE GAS EMISSIONS[b] | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| Scope 1 | | | | |
| Associated with fossil fuel and gas consumption | 57.0% | 57.6% | 54.2% | 63.6% |
| Associated with biomass consumption | 1.0% | 0.7% | 0.8% | 1.0% |
| Associated with refrigerant leaks | 3.0% | 2.2% | 2.1% | 3.0% |
| Associated with fuel consumption of Group-owned vehicles | 4.0% | 4.2% | 4.5% | 4.5% |
| Scope 2 | | | | |
| Associated with the generation of electricity purchased within the Group | 35.0% | 35.3% | 38.3% | 27.6% |

(a) Values on a like-for-like basis.
(b) Indicator audited by the Statutory Auditors with a reasonable level of assurance.

| GREENHOUSE GAS EMISSIONS SCOPES 1 AND 2 | 2017 | 2019 | 2020 | 2021 | Change 2017-2021 |
|---|---|---|---|---|---|
| kg $CO_2$ eq./metric ton produced (all B2B and B2C products) (Scopes 1 and 2) | 293[(a)] | 281[(a)] | 272[(a)] | 249 | – 15.0% |
| Metric tons $CO_2$ (Scopes 1 and 2) | 197,993[(a)] | 202,540[(a)] | 200,487[(a)] | 182,500 | – 7.8% |

(a) The Group's past emissions were recalculated in 2021 in order to take into account changes in the scope of consolidation (sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine) in order to maintain a comparable scope of consolidation between 2017 and 2020, as required by the SBTi framework.

## SELECTED PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2017 | 2018 | 2019 | 2020 [(c)] | Change 2017-2020 | Reduction target 2017-2025 | Reduction target 2017-2030 | Progress |
|---|---|---|---|---|---|---|---|---|---|
| **Reduce its overall carbon footprint to meet the goals of the Paris Agreement[(b)]** | Global carbon footprint (kg $CO_2$ eq./metric ton produced) | 7,849[(a)] | 7,121[(a)] | 6,573[(a)] | **6,791[(a)]** | -13.49% | -15% | -27.5%[(d)] | ☺ |
| | Global carbon footprint (absolute value in kT $CO_2$ eq.) | 5,297[(a)] | 5,154[(a)] | 4,740[(a)] | **5,014[(a)]** | - | - | - | - |

(a) Values on a like-for-like basis.
(b) Scopes 1, 2 and 3.
(c) Because there is a one-year lag in determining the Scope 3 carbon footprint, the indicator can only reflect the 2020 result. The Group's past emissions were recalculated in 2021 in order to take into account changes in the scope of consolidation (sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine) in order to maintain a comparable scope of consolidation between 2017 and 2020, as required by the SBTi framework.
(d) This goal of -27.5% in 2030 versus 2017 for Scopes 1, 2 and 3 is aligned with the approved Science-Based Science Targets for Scopes 1 and 2 (-42%) and for Scope 3 (-27%).

| Bel's objectives | KPI | 2019 | 2020 | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|
| **Contribute to net zero emissions in Scopes 1 and 2[(a)]** | Scopes 1 and 2 greenhouse gas emissions after offsetting (kg $CO_2$ eq./metric ton produced) | 281[(b)] | 272[(b)] | **249** | 0 | ☺ |

(a) Scopes 1 and 2.
(b) The Group's past emissions were recalculated in 2021 in order to take into account changes in the scope of consolidation (sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine) in order to maintain a comparable scope of consolidation between 2017 and 2020, as required by the SBTi framework.

## 3.6.2 — PRESERVING BIODIVERSITY AND FIGHTING DEFORESTATION AND ECOSYSTEM CONVERSION

### DEFINITION OF THE CHALLENGE

As a major player in the single-serving portion food industry, Bel is committed every day to helping meet the challenge of feeding 10 billion people by 2050, without jeopardizing the planet's resources and while preserving biodiversity.(1) The Group is fully aware of the importance of integrating biodiversity protection when developing its activities, and of its dependence upon the state of biodiversity conservation and the ecosystem services it provides: for example, more than 75% of crops require pollination by insects(2).

Indeed, species evolution and their interactions help ecosystems function, providing human societies with many ecological services and benefits: provisioning services (food, materials, etc.), regulating services (pollination, carbon storage, water purification, etc.) and cultural services (social ties, recreation, identity, etc.)(3).

However, biodiversity is in danger: according to the IPBES, a biodiversity expert group attached to the United Nations, nearly one million species are threatened with extinction in the near future.

That is why Bel believes it is vital to act now and place all living things at the center of its concerns. In 2020, that conviction translated into the adoption of a biodiversity policy(4) and an action plan developed jointly with WWF France to embrace all aspects of biodiversity and to act responsibly across its entire value chain, including:

- upstream, where the raw materials used by the Group are produced;
- production sites, where its products are made; and
- downstream of its activities, such as packaging end-of-life.

### POLICIES

#### Biodiversity policy

In 2020, the Bel Group published a policy, co-written with WWF France, to protect, enhance and restore biodiversity along its entire value chain. The policy lays out the Group's commitments in three areas:

- first, preserving forests and natural ecosystems,(5) with the goal that, by 2025, none of Bel's key raw materials contributes to deforestation or the conversion of natural ecosystems;
- second, the Group's commitment to assessing its biodiversity footprint so it can set robust objectives backed by a scientific approach;
- third, the Group's pledge to improve its biodiversity footprint by implementing projects that protect, restore and raise awareness about biodiversity, in close collaboration with its partners who work in the field every day.

#### Forest and natural ecosystems policy

Among the issues related to the preservation of biodiversity, Bel is particularly involved in the fight against deforestation and the preservation of ecosystems. Ecosystems, particularly forests, need to be protected because of the essential environmental and social roles they play: forests are home to much of Earth's biodiversity, they help mitigate greenhouse gas emissions and sustain life. The Group's forest and natural ecosystems policy enshrines the Group's commitment to eliminate the risk of conversion(6) of natural ecosystems, including deforestation, throughout its major raw materials supply chains by 2025.

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

- the soy meal and palm kernel meal used by partner dairy producers to feed their cows;
- the plant-based raw materials, including vegetable fat (palm, soybean, sunflower, canola and other oils), used in some current or future recipes; and
- the paper and cardboard used in packaging and marketing tools.

(1) Biodiversity can be defined as "diversity within species, between species, and of ecosystems" (United Nations, 1992).
(2) The assessment report on Pollinators, Pollination and Food Production, IPBES, 2016.
(3) WWF report, "Into the Wild" (p.16), 2019.
(4) The biodiversity policy can be viewed on the Bel Group's website (https://www.groupe-bel.com/wp-content/uploads/2020/10/groupe-bel-politique-biodiversit-fr.pdf).
(5) For additional information, refer to the Forests and Natural Ecosystems Policy on the Bel Group's website (https://www.groupe-bel.com/wp-content/uploads/2019/10/forets-et-ecosystemes-fr.pdf).
(6) Conversion is modifying a natural ecosystem to use the land for a new purpose. It includes deforestation, which is the loss of natural forests.

## ACTION PLAN

At each stage in its value chain, the Group identifies levers for action and projects to promote biodiversity, and defines medium- and long-term objectives to address the challenges at hand.

### Taking action to protect biodiversity

Bel firmly believes that solutions can only emerge through collaborative efforts. For this reason, the Group participates in a number of collective initiatives that enable all of the players in its value chain to work together and create synergies. For example, the Group signed on to the Act4nature France and Act4nature International initiatives to take part in defining objectives around preserving biodiversity. As part of the Act4nature France initiative, Bel adheres to the ten common commitments[(1)] established and has drawn up a voluntary action plan for biodiversity, setting out a number of ambitious objectives throughout its value chain. In 2021, this action plan was approved by the French Office for Biodiversity (Office Français de la Biodiversité), allowing Bel to acquire the status of "Company Committed to Nature" (Entreprise engagée pour la nature).

Just as Bel joined the SBT initiative on climate in 2017 to limit global warming, Bel was also among the pioneering companies to join the Science-Based Target Network (SBTN) and the Corporate Engagement Program in 2020. This collaborative effort aims to design and test a new robust calculation methodology that will enable companies to develop targets aligned with a trajectory that takes planetary limits into account. This work is regularly shared as part of the Natural Capital Lab, co-founded by WWF France and the Ecological Accounting Chair at Agro Paris Tech, and brings together many companies concerned with testing and promoting the use of these tools to preserve and integrate biodiversity.

In 2021, Bel completed the first step by performing a materiality analysis of its impact on biodiversity while taking into consideration its entire value chain. This pioneering work was shared with SBTN experts and at the IUCN World Conservation Congress, and will continue in the coming years with a view to identifying priority areas and actions.

### Improving the impact caused by the production of ingredients Bel uses in its recipes

#### Promoting pasture grazing

Bel encourages pasture grazing whenever conditions allow because pastures are rich in biodiversity (see section 3.4.1 "Taking action for a sustainable upstream dairy"). Pasture grazing reduces the quantity of fodder and concentrates needed to feed the dairy cows. It also improves the quality of the water that seeps into the ground and replenishes the aquifers and the waterways that rely on it.

#### Developing sustainable farming practices

The Group has taken an active role in promoting sustainable farming practices, such as crop rotation and cover crops because these methods help protect biodiversity (see sections 3.4.1 "Taking action for a sustainable upstream dairy" and 3.4.3 "Delivering the goodness of fruits"). As part of its effort to apply SBTN methodology to define a biodiversity road map, the Group is working to define the ecological thresholds not to exceed to ensure the ongoing viability of species and ecosystems.

#### Encouraging farms that both grow crops and raise animals

Bel's Farming For the Future program deploys good animal husbandry practices identified by its dairy farmers in pilot dairy supply basins. Nine projects have been selected, establishing practices that help protect biodiversity like rotational pasture grazing, local production of animal feed, protein autonomy, new crop mixes (e.g. fodder beets, lupines, beans and peas) as well as reduced usage of fertilizers and the reuse of manure.

#### Promoting agroforestry

The Group is helping to create new spaces that combine agriculture with respect for biodiversity by encouraging the development of agroforestry. In particular, Bel is sponsoring a project with WWF France and the Pays de la Loire Chamber of Agriculture to raise awareness, train and support dairy producers in the use of agroforestry practices (planting of rural hedges, wooded strips, trees, and forest plantations to promote biodiversity and capture carbon). A total of 35,000 trees will be planted as part of this initiative.

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

Bel has adopted the ambitious goal to eliminate the risk of ecosystem conversion associated with three key raw materials: animal feed in the form of soy meal and palm kernel expeller (see section 3.4.1 "Taking action for a sustainable upstream dairy"), vegetable fats (see section 3.4.2 "Using plant-based raw materials within strict limits") and paper and cardboard packaging (section 3.5 "Designing responsible packaging"). The methodology for calculating the indicator was revised in 2021 and co-developed with the WWF to simplify the management of the indicator via the proportion of areas at risk. It was measured at 44% in 2021 versus 39% in 2020. This slight increase is the result of a rise in the proportion of non-certified and/or non-recycled packaging as well as an indirect increase in soybean volumes due to changes in the distribution of milk volumes collected.

The Group employs data updated by WWF France to assess the impact of procurements in the countries where its raw materials are sourced.

(1) The ten common commitments under the Act4nature France initiative can be found at: https://engagespourlanature.ofb.fr/sites/default/files/2021-10/EEN_Les %20_10_principes_communs_ %C3 %A0_signer.pdf.

### Limiting the biodiversity impact of product manufacturing

#### Reducing greenhouse gas emissions from operations

To reduce its impact on climate change and biodiversity, Bel is working to lower the carbon intensity of its production to move toward carbon neutrality for Scopes 1, 2 and 3 by 2050 (see section 3.6.1. "Fighting climate change")

#### Protecting and promoting biodiversity at its production sites

Bel is committed to preserving and enhancing biodiversity at its own production sites by performing a preliminary analysis before setting up each new site, and by implementing actions to preserve the environment around its sites, in particular with regard to its wastewater discharges (see section 3.6.3 "Using water sustainably").

In 2021, a biodiversity diagnostic was carried out at the Pacy plant, located on an 8-hectare site with abundant greenery, in partnership with the Observatoire de la Biodiversité, resulting in an inventory of the various species of fauna and flora present and recommendations consistent with the ecological issues identified. Bel decided to make this site the flagship of its commitment to biodiversity, as it offers its employees numerous opportunities, such as taking part in biodiversity surveys intended to feed the participatory science database of the French National Museum of Natural History or building bird nesting boxes.

### Optimizing product end-of-life

#### Working on the future of packaging

Bel is working to improve the post-consumption outcomes of its product packaging to join the circular economy and minimize its impact on nature and biodiversity (see section 3.5 "Designing responsible packaging").

#### Providing reliable, helpful information to consumers

Bel has made a commitment to clarify sorting instructions both on its packaging and through other communication tools (see sections 3.2.4 "Communicating responsibly and transparently with its consumers" and 3.5. "Designing responsible packaging").

#### Reducing food waste

Bel is actively involved in reducing food waste all along its value chain by addressing portion sizes, raising awareness on use-by dates, developing recipes that incorporate by-products and more (see section 3.6.4 "Fighting food waste").

### PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Preserve natural ecosystems and fight deforestation through its supply chain** | Zero deforestation (area of at-risk land/total area needed for production of monitored raw materials). | 88%[(b)] | 62% | 39% | 44% | 0% | 😐 |

(a) Values on a like-for-like basis.
(b) Excluding MOM.

## 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 rising temperatures around the world. 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 make dairy farms more resilient to water scarcity in certain dairy supply basins that has been brought on by climate change (see section 3.4.1. "Taking action for a sustainable upstream dairy").

(1) Source: United Nations Sustainable Development Goals.

## POLICIES

The environment policy, which sets out the Group's ambitions and objectives on water and climate issues, was revised in 2021 as part of the Group's new operational policy.

## ACTION PLAN

### Reducing water consumption at production sites

The Group continues to invest heavily to reduce the water footprint of its sites: nearly €74 million have been invested between 2009 and 2021 in order to reduce the environmental footprint, including €5.5 million in 2021.

The *Wasabel* ("Water Saving at Bel") program, for example, allows each site to access a compendium of good practices, monitor its consumption levels and define action plans to reduce them. In 2021, acceleration road maps were implemented at 12 sites, with the aim of extending them to all sites by 2022. In addition, 17 Bel industrial sites have implemented an ISO 14001-certified environment management system.

Water consumption has fallen since 2008 (-47%), but increased by 3% between 2020 and 2021 to 6.61 cubic meters per ton produced, due to various factors:

- since the onset of Covid-19, public health protocols have required that production equipment be washed and disinfected more frequently, which has led to an increase in consumption versus 2019;
- the introduction of new recipes and small batch production runs requiring more frequent cleaning has led to an increase in water consumption despite the reduction programs implemented:
- moreover, the process of obtaining regulatory approval for the internal reuse of water is under way.

As a result, the target of reducing the water footprint of sites by 80% by 2025 has been pushed back to 2030, with a revised target of 55% by 2025 to take the above into account.

| WATER CONSUMPTION | 2019 | 2020 | 2020 pro forma[(a)] | 2021 |
|---|---|---|---|---|
| In $m^3$ per metric ton produced (all B-to-B and B-to-C products)[(b)] | 6.34 | 6.48 | 6.39 | 6.61 |
| In thousands of $m^3$[(b)] | 5,173 | 5,242 | 4,718 | 4,838 |

(a) Values on a like-for-like basis.
(b) Group total.

### Vulnerability of industrial sites

Most of the drinking water used in the Group's plants is managed by public utilities and comes from surface waterways (rivers, lakes, etc.) or from groundwater (aquifers), which may be subject to availability problems in certain areas. An assessment of the risk related to water availability is carried out annually by using WWF France's "Water Risk Filter" tool, which provides insight into how much water is available in each water basin. Action plans are implemented in priority at sites located in areas of vulnerability, scarcity or shortage. In addition to the *Wasabel* program, water recovery and reuse projects are being studied.

### Quality of discharges from its production sites into the natural environment

By reducing their water consumption, the sites automatically reduce their discharges and improve their quality, since 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. Wastewater is treated internally or pre-treated by Bel, then sent to third parties for treatment. Each year, the Group spends more than €6 million to treat its wastewater, and new, more efficient treatments can be tested.

Furthermore, to avoid any accidental discharges directly into the environment, Bel protects waterways and river drainage points adjacent to its sites with dedicated installations.

Finally, most of the sludge from wastewater treatment plants is recycled through appropriate channels. Since sludge is rich in fertilizing elements, some of it is spread on farmland, primarily in France, in accordance with local regulations, to avoid polluting underground water or soil. Sludge spreading is subject to local permits specifying the obligations to be met (e.g. spreading plans and surface areas and agronomic monitoring).

| | 2019 | 2020 | 2020 pro forma[a] | 2021 |
|---|---|---|---|---|
| **Total wastewater volume** *(in thousands of m³)[b]* | **4,634[c]** | 4,603 | 3,660 | 3,798 |
| Treated internally | 2,143[c] | 2,195 | 2,188 | 2,254 |
| Treated by a third party with other effluents | 2,403 | 2,408 | 1,472 | 1,544 |
| Spread untreated | 88 | N.A. | N.A. | N.A. |
| Volume of wastewater per metric ton produced | | | | |
| In m³ per metric ton produced (all B-to-B and B-to-C products) | 5.75 | 5.69 | 6.36 | 6.26 |
| Quality of treated water *(in metric tons)[b]* | | | | |
| Chemical oxygen demand (COD) | 81.6[d] | 96.9 | 96.8 | 102 |
| Suspended matter discharged | 36.8[d] | 45.7 | 46 | 33 |
| Total nitrogen discharged | 12.9 | 24.7 | 24.6 | 14.4 |
| Total phosphorous discharged | 5.2 | 3.3 | 3.18 | 3.4 |
| **Cost of wastewater treatment** *(in thousands of euros)[a]* | 5,731 | 6,173 | 5,100 | 6,158 |
| **Spreading of sludge from wastewater treatment or untreated water**[b] | | | | |
| Total dry matter *(in metric tons)* | 1,116[e] | 1,080 | 1,080 | 1,123 |
| Nitrogen *(in metric tons)* | 96[e] | 93 | 93 | 93 |
| Phosphorous *(in metric tons)* | 84[e] | 83 | 83 | 92 |

(a) Values on a like-for-like basis.
(b) Group total.
(c) Data available for 27 sites, i.e. 74% of total production for this Reporting scope.
(d) Data available for 13 out of the 13 sites providing full treatment before discharge into the natural environment.
(e) 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 scarcity. 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 sections 3.4.1 "Taking action for a sustainable upstream dairy" and 3.6.1 "Fighting climate change").

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[a] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Reduce the water footprint of its production sites[b]** | Water consumption per ton of finished product versus 2008 | -49% | -48% | -49% | -47% | -55% | ☹ |

(a) Values on a like-for-like basis.
(b) Revised target as presented above.

## 3.6.4 – FIGHTING FOOD WASTE

### DEFINITION OF THE CHALLENGE

According to the FAO and the WWF, nearly 40% of the food produced worldwide for human consumption is wasted, which represents approximately 2.5 billion tons per year.(1) For Bel, fighting food waste is a critical issue in our society and an ethical and environmental 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 iconic brands were born of an effort to optimize by-products. For example, the recipe for The Laughing Cow® was invented in 1921 to utilize cheese surpluses. The Kiri recipe was initially developed to reuse the cream left over after producing certain cheeses. The individual portion format is embedded in Bel's DNA and it is a powerful tool in fighting food waste because it preserves the product: each portion is the perfect serving size.

In addition to recovering by-products to develop its brands and marketing individually portioned products, 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

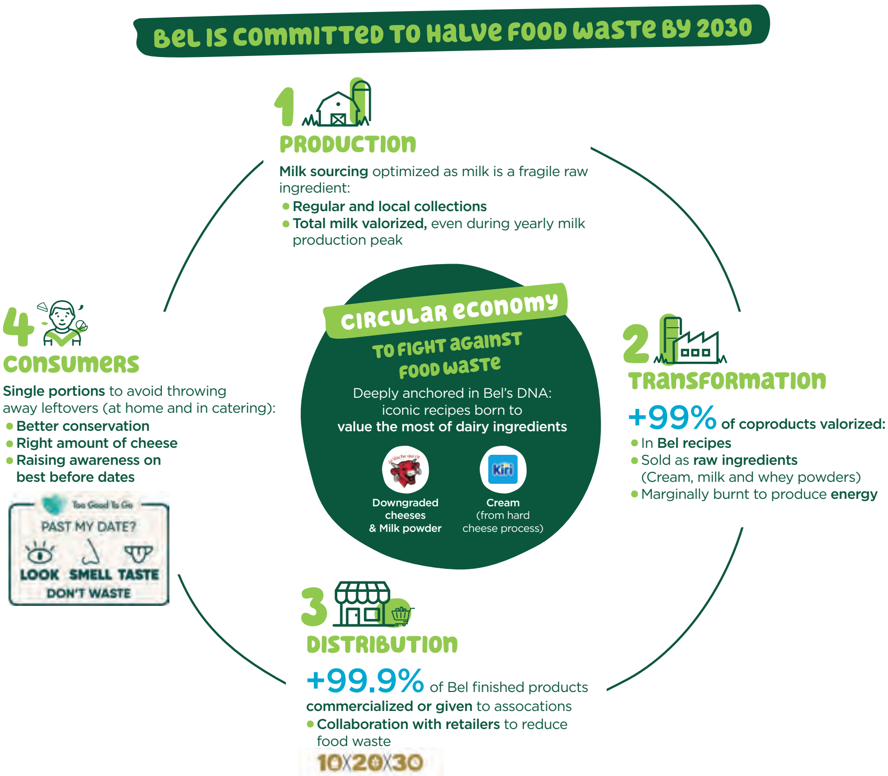
A Food Waste Committee was set up in 2021 and meets monthly to monitor the Group's commitments. This Committee brings together the Group's various functions with a view to covering the entire value chain and the different issues surrounding waste.

In the summer of 2019, Bel was one of the first stakeholders to join the "Too Good To Go" initiative in partnership with other large-scale producers and major retail players. In 2021, their collective efforts resulted in the formalization and signing of a pact to reduce food waste linked to consumption dates. The pact focuses on four work areas:

- educate the public so everyone understands that a product can still be consumed after its best-before date;
- clarify the difference between use-by dates and best-before dates to improve consumer understanding;
- maximize the recovery of products excluded from sales channels to prevent waste; and
- work together to standardize good practices and optimize distribution flows.

In addition, as part of its joining the Consumer Goods Forum's Food Waste Coalition, in 2021 the Group set itself the ambitious target of reducing food waste by 50% by 2030.

### ACTION PLAN




(1) https://wwfint.awsassets.panda.org/downloads/wwf_uk_driven_to_waste_the_global_impact_of_food_loss_and_waste_on_farms.pdf.

### 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 partner producers to reduce the time elapsed between milking and processing. All the milk produced is collected, even when there are production overages. In 2021, an assessment was performed by the milk purchasing teams to identify and quantify the different sources of milk loss on the farm, also reminding the various stakeholders of good practices for reducing milk waste.

### Processing

Many efforts are made in the Group's plants to minimize the generation of food waste.

The development and manufacturing of products (formulation, heat treatment protocols, high-performance packaging design, etc.) are carried out in such a way as to preserve the taste and nutritional qualities of cheeses and plant-based products over relatively long shelf lives. Finished product production runs are also adjusted to match sales estimates to avoid manufacturing surplus products without a sales outlet.

Bel also strives to reuse milk production surpluses and all components of the milk collected, including by-products of cheese production, such as cream and whey. In addition, all Bel's manufacturing cycles generate some substandard cheeses as a result of deviations from production specifications (weight differences, aesthetic reasons, etc.). 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.

As with any innovation, the new plant-based products have loss rates higher than Bel's standards. A loss optimization program was launched to reduce losses, covering two areas: the reuse of losses in the production process and the optimization of raw materials at each stage of the storage and production process. The reuse of some losses in other Group plant-based products is likely to be facilitated by the strong increase in the number of plant-based recipes under the Group's various brands. Dedicated action plans are also being implemented across the MOM production plants to reduce raw material losses in apples.

### 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 must deal with excess inventory, it makes every effort not to destroy any production. The overages are sold via other channels, including anti-waste and social-solidarity grocery stores, or donated to non-profit associations such as food banks. In 2021, Bel's warehouses in Europe [1] donated 0.11% of their products to associations.

Partnerships: Since the Group believes that only collective action can have a major positive impact, in 2020 it became a member of the Consumer Goods Forum's Food Waste Coalition, an international initiative that enables Bel to work with other stakeholders and manufacturers in the food industry to fight food waste. In 2021, Bel committed to the initiative's three priority actions, namely, developing standardized reporting, fighting food waste in the dairy sector and officially joining the "10X20X30" initiative, whereby ten retailers each get 20 suppliers to cut food waste by half by 2030.

### Consumption

At home: food wasted by consumers accounts for a large share of overall food waste. Twenty-two percent (22%) of food waste worldwide occurs at home,[2] with a greater share of food waste in developed countries.

The individual portion format is a strong start to 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, and provides just the right amount to avoid leftovers.

(1) Portugal, Sweden, Finland, Norway, Denmark, Czech Republic, Germany, Austria, Slovakia, Spain, Belgium, Switzerland, United Kingdom, Ireland, Ukraine, Holland.
(2) https://www.bcg.com/fr-fr/publications/2018/tackling-1.6-billion-ton-food-loss-and-waste-crisis.

One of the main drivers of household food waste is a lack of understanding about consumption dates. In fact, half of consumers do not differentiate between use-by dates and best-before dates.(1) 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 to include informational and explanatory messages about the difference between use-by and best-before dates. The initiative has been expanded to Portugal, Great Britain, Spain, Italy, Belgium and the Netherlands and may be deployed in other countries on a voluntary basis. In 2021, 38 million round boxes of The Laughing Cow® and 6 million boxes of Apéricube® displayed this message in participating European countries. For the second year in a row, as well as during the European Week for Waste Reduction this year, Bel educated its employees about the many economic, social and environmental issues related to food waste, with a special focus on the different consumption dates, and encouraged them to join in this fight.

## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Definition of a new GHG emissions reduction trajectory aligned with a temperature increase limited to 1.5°C (approved by the SBTi in March 2022).
- Launch of Bel Carbon Impact, an application that provides a consolidated, accurate and reliable view of the Group's carbon footprint across all its markets, brands, segments and products.
- 67% of the Group's total energy consumption in renewable energies.
- Committed to train all employees on climate issues via *La Fresque du Climat*.
- Carried out a biodiversity materiality analysis as part of the Science-Based Target Network (SBTN) initiative,
- Participation of Bel Group in the IUCN and COP26.
- Formally joined the 10x20x30 initiative and publicly committed to reducing food waste by 50% by 2030.

### PRIORITIES FOR 2022

- Obtain approval for the new 1.5°C trajectory from Science-Based Targets and develop action plans to achieve the objectives.
- Continue the Group's commitments under the Too Good To Go Pact on consumption dates.
- Issue a report on the Group's food waste, as part of the 10x20x30 initiative.
- Continue supporting the production sites' transition to renewable energy and roll out energy efficiency solutions.

(1) To Good To Go Pact

# 3.7 – IMPROVING THE ACCESSIBILITY AND AFFORDABILITY OF ITS PRODUCTS

## DEFINITION OF THE CHALLENGE

Bel has made product accessibility and affordability one of its strategic priorities by committing to offer quality products to as many consumers as possible everywhere in the world.

Central to the Bel Group's model, the portion format makes it easier for everyone to access its products. This accessibility and affordability depend on distribution, lifestyles and purchasing power. It is not just a matter of price adjustment, but also of being accessible to our consumers in the appropriate distribution channels in order to fit in with their lifestyles. It is also a question of adapting recipes to meet the nutritional needs of all and developing products that combine dairy and plant-based raw materials in order to respond to consumers' constantly evolving eating habits.

## 3.7.1 – ADAPTING ITS PRODUCTS TO THE NEEDS OF EVERYONE

### THE PORTION FORMAT AS A MEANS OF ENSURING ACCESSIBILITY

The portion format has been central to the Bel model ever since its creation and contributes to making Bel's products more accessible. The Group is committed to making healthier and more responsible food products available to everyone. Each of its portioned products allows consumers to enjoy healthy and nutritionally balanced snacks that are easy to transport and that can be consumed in the right amount, whether at home or away.

We constantly work to make our products affordable, especially in places where limited purchasing power can hinder access to healthy food.

### ADAPTING TO CONSUMPTION HABITS

Bel provides healthy food portions that can be consumed in different settings: at home, on the road, outside the home, wherever the consumer might be.

Making our products more accessible involves adapting to all types of consumption habits, which in turn requires us to change our distribution models in order to be present at new points of sale:

- in 2021, Bel partnered with McDonald's France in order to offer an organic Babybel Original® as part of the Happy Meal menu in the 1,490 McDonald's stores in France, thereby contributing to making organic products more readily available;
- in 2021, Bel and Disneyland Paris, Europe's leading tourist destination, entered into a partnership that allows park visitors to enjoy Bel brands in restaurants, as well as themed snacking experiences featuring Mini Babybel® and The Laughing Cow® brands;
- Mini Babybel® is available in thousands of Starbucks locations in the United States.

Facilitating access to our products also means taking into account changes in distribution methods and working to develop digital sales channels.

### ADAPTING TO CHANGING EATING HABITS

The Group is committed to offering products and recipes that are suited to as many people as possible, which is reflected in the development of products that meet the needs of certain markets, and in the design of plant-based or hybrid products.

Bel has chosen to expand its business beyond cheese, as shown by the acquisition of the All in Foods start-up in 2020, which is developing a wide range of plant-based alternatives, and by the launch of several products. The highlights of 2021 were:

- hybrid offerings such as the successful launch of The Laughing Cow© Blends in the U.S., Germany, the U.K., Canada and Australia. This hybrid version of The Laughing Cow combines the best of dairy and legume products;
- 100% plant-based offerings as part of its core brands, such as Boursin© Dairy Free in the United States and Canada, which is also distributed in Belgium;
- a new 100% plant-based cheese alternative brand, Nurishh®. Lauded by consumers, Nurishh® is suitable for all types of use, from camembert-style cheese intended for table use to grated cheese. The goal is to make it available in all 14 of Bel's largest markets outside Asia.

In the long term, Bel aims to achieve a balance between dairy products on the one hand and plant-based or fruit-based products on the other.

In order to meet growing demand in some countries, we are helping to make organic products more readily available to the general public, especially to children, for whom we have launched the organic Mini Babybel® and The Laughing Cow®. By 2022, our organic product range will be broadened to include all of our major international brands, with the addition of new organic products.

### ADAPTING PRODUCT LINES TO CONSUMERS' NUTRITIONAL NEEDS

Some populations with less purchasing power often find themselves in complex positions of undernutrition 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 the vitamin and mineral content of these products to help better cover the nutritional needs of populations, such as those in sub-Saharan Africa and Asia, 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 attainable to as many consumers as possible (see section 3.3.2 "Improving the nutritional quality of its products").

Moreover, in line with the Group's efforts to make its products more accessible to as many consumers as possible, Bel is launching more affordable and enriched product lines in certain regions to deliver added value suited to the needs of local populations. For example, in 2021, Bel launched a new and more affordable The Laughing Cow® product line in Egypt, with products marketed under the Simply® brand, and which are a source of calcium and vitamins A and D.

Moreover, since September 2020, Bel has partnered with McDonald's France in order to offer an organic Babybel Original® as part of the Happy Meal menu in the 1,490 McDonald's stores in France, thereby contributing to making organic products more readily available.

## 3.7.2 — IMPROVING THE ACCESSIBILITY AND AFFORDABILITY OF ITS PRODUCTS BY DEVELOPING INNOVATIVE AND INCLUSIVE DISTRIBUTION MODELS

To adapt to the reality of eating and shopping habits and to offer healthy foods to a larger proportion of the population, Bel has positioned itself in new distribution channels for several years and is working to strengthen the quality of its relationships with its partners.

As such, Bel has developed two innovative and inclusive distribution models:

- in 2013, Bel launched its "Sharing Cities" program to supplement traditional marketing channels with alternative distribution networks rooted in local buying practices, while improving the quality of life for vendors involved in the project. For example, the Group uses existing networks of street vendors to sell its products in five major cities in emerging countries. In this way, Bel helps these vendors develop their business and revenue and offers them access to health coverage and professional training. However, the roll-out of this program has been strongly impacted due to the effects of Covid-19 in emerging countries, which forced many street vendors to leave the cities during the lockdown periods. Madagascar was particularly affected, as well as Vietnam, where the program has been totally suspended since June 2021 following the ban on access to markets for street vendors due to the health situation. This backdrop explains the sharp decline in the number of participants in an inclusive business program in 2021. However, the Group stands by its ambition to develop inclusive initiatives in Vietnam;
- since 2019, Bel has developed a second inclusive business model called "*Inaya.*" This loyalty program is open to retailers who are already Bel customers, and gives them access to health insurance services specially tailored to them and their families at preferred rates. This model was developed in Morocco and rolled out to Egypt and Jordan in 2021, and Bel plans to implement it in new countries.

At the end of 2021, the Sharing Cities program counted 2,892 partners, a 55% decrease that reflects the total suspension of the program in Vietnam and the decrease in street vendors in Madagascar. Nevertheless, the Group has succeeded in ensuring that the number of partners with access to health services remains stable, with nearly2,400 micro-retailers covered (more than 6,500 people including family members). Furthermore, when public health conditions permitted, Sharing Cities professional training courses resumed, bringing the number of partners trained since the program's launch to 1,467. Meanwhile, the *Inaya* program enables 1,135 retailers to access health insurance services for themselves and their families. An impact study conducted in Morocco by Bel showed that 76% of the insured individuals did not have any insurance previously, and 70% of them were happy with the program.

In light of the changes in the Sharing Cities program, heavily impacted by the pandemic in 2020 and 2021, and in the *Inaya* program, which continues to grow, the Group reaffirmed its goal of integrating 80,000 participants in these two programs, with a revised deadline of 2030, with a 2025 objective reassessed at 40,000 participants. In order to achieve this goal, the Group plans to extend the Inaya program in India and relaunch the Sharing Cities program in the countries most affected by the health crisis, notably Vietnam.

## PERFORMANCE INDICATORS

| Bel's objectives | KPI | 2019 | 2020 | 2020 pro forma[(a)] | 2021 | 2025 objective | Progress |
|---|---|---|---|---|---|---|---|
| **Improve the accessibility and affordability of its products** | Number of people participating in a Bel inclusive business program | 10,120 | 7,450 | 7,450 | **4,027** | 40,000[(b)] | ☹ |
| | *Sharing cities* | 8,998 | 6,487 | 6,487 | **2,892** | | |
| | *Inaya* | 1,122 | 963 | 963 | **1,135** | | |

(a) Values on a like-for-like basis.
(b) Target reviewed in 2021.

## CHAPTER SUMMARY

### HIGHLIGHTS OF 2021

- Successful launch of The Laughing Cow© Blends (hybrid version of The Laughing Cow) in the U.S., Germany, U.K., Canada and Australia.
- Launch of the Nurishh brand in northern and southern Europe and the United States, with 13 products introduced in 2021 in three key segments: slices, grated and spreadable.
- Roll-out of Bel products in new distribution channels through partnerships with Disneyland Paris, McDonald's France and Starbucks.
- Rebuilding the street vendors network in Madagascar, which was severely affected by the health crisis in 2020.

### PRIORITIES FOR 2022

- Continue to develop hybrid and plant-based products launched in 2021.
- Launch Babybel Vegan in the United Kingdom.
- Continue to develop new distribution channels with particular emphasis on On the Go and e-commerce.
- Continue to develop loyalty programs with retailers in Egypt and Jordan and launching the program in new countries.
- Support the rebuilding of the street vendor network in Vietnam, heavily impacted in 2021.

# 3.8 – EUROPEAN GREEN TAXONOMY

## PRESENTATION OF THE EUROPEAN GREEN TAXONOMY

Established by EU regulation 2020/952, the European Green Taxonomy is an essential component of the European Green Deal, the road map to achieve carbon neutrality by 2050. By implementing a classification system for sustainable activities, the Taxonomy Regulation aims to redirect capital flows towards more sustainable economic activities.

The Taxonomy Regulation establishes six major environmental objectives for the EU:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

## REPORTING REQUIREMENTS

Companies subject to the NFRD (Non-Financial Reporting Directive) must implement a Taxonomy reporting as from January 1, 2022 in order to assess the sustainability of their economic activities in relation to the classification system set out by the Taxonomy. An economic activity shall qualify as environmentally sustainable where that economic activity:

- contributes substantially to one or more of the environmental objectives;
- does not significantly harm any of the environmental objectives;
- is carried out in compliance with the minimum safeguards;
- complies with technical screening criteria that have been established by the Commission.

The Taxonomy regulation contemplates a phased implementation: up until December 31, 2022, only the first two Climate Change Objectives will be considered, and companies will have to report on whether their activities qualify, without taking into account their alignment.

## 2021 RESULTS

The key performance indicator disclosure requirements for the 2021 financial year relate solely to "eligibility": Bel is required to disclose the indicators that highlight the proportion of its eligible revenue, capital expenditure (CAPEX) and operating expenditure (OPEX) resulting from products and/or services associated with economic activities identified as sustainable in Appendices I & II of the Climate Delegated Acts[1].

### Revenue

As part of its first two objectives, namely climate change mitigation and climate change adaptation, applicable as of the 2021 financial year, the European Commission focused on the business activities that emit the most greenhouse gases in the European Union. Bel's activities are mainly focused on research and innovation, manufacturing and marketing related to Bel's activities across its three segments: dairy, fruit and plant-based products. At present, these activities do not qualify as making a substantial contribution to the two climate objectives defined by the Taxonomy. Given the absence of eligible revenue, the capital expenditure (CAPEX) and operating expenditure (OPEX) related to these activities do not qualify as eligible. As a result, the analysis of CAPEX and OPEX eligibility focused exclusively on "individual measures" that enable the target activities to become "low-carbon" or lead to greenhouse gas reductions, as defined in the EU Taxonomy Regulation[2].

### CAPEX

The share of eligible Capex is 5.2% of the total Capex reported, the calculation of which is described in the methodology note below. In 2021, the denominator was €71 million. The eligible CAPEX, shown in the numerator, includes investments in biomass boilers, heat pump installations, wastewater and water treatment plants.

### OPEX

In accordance with the taxonomy regulation, the OPEX denominator consists mainly of selling and distribution costs, research and development costs, and general and administrative costs. These OPEX do not qualify as eligible under the taxonomy regulation. The work carried out regarding the OPEX ratio therefore concluded that this indicator is not material for Bel.

(1) Regulation (EU) 2020/852 of June 18, 2020. EU Climate Delegated Act of June 4, 2021 and its appendices supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

(2) Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of the information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU on environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

## METHODOLOGY NOTE

Capex investments at Bel are typically classified by type of OSE project (Obsolescence/Safety/Environment), and are all reported in SAP.

Taking into account the NACE codes, an inventory of all investments of more than €300,000, disbursed in 2021, was carried out by the Environment and Finance Departments to identify eligible projects. The Capex reported are individual Capex. As part of this first taxonomy reporting, MOM investments are not included in the calculation of the share of eligible Capex.

# 3.9 — METHODOLOGY 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 Annual Report 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 (see appended GRI cross-reference table). The Group contributes to 11 of the 17 United Nations' Sustainable Development Goals through its CSR strategy.

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

Bel has set 18 objectives for 2025 and 2030 as part of its CSR strategy. The results of these key performance indicators can be found both in the chapters on priority challenges and in a consolidated scorecard in the Appendices. A system of emojis is used to indicate the progress made in relation to these indicators. This system is based on the following rule: a smiley face means that the result obtained is in line with the plan, a sad face means that it is not in line with the plan, and a neutral face means that the indicator is stable compared to the previous year.

## 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. It defines all the Group's performance indicators.

## ORGANIZATION OF THE REPORTING

The CSR Department is responsible for coordinating the reporting process and consolidating the indicators gathered from the various business lines. It ensures compliance with the reporting schedule and, together with the functional departments, organizes the external communication of the data, in particular through the Bel Annual Report. It ensures the overall consistency of the reporting and is the main contact for the external auditors.

The business line CSR Champions coordinate the collection of CSR indicators in their respective areas of expertise. They rely on their network of local experts to contribute data.

## CONSOLIDATION ET CONTRÔLE INTERNE

The business line CSR Champions 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 Champions 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 Champions 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 the HRIS 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 data published for the year 2021 concerns all of the Group's entities and subsidiaries integrated at December 31, 2021. The data relating to the Leerdammer and Bel Shostka Ukraine scope of assets,(1) sold on September 30, 2021, have been excluded from the value of the indicators for 2021. The data relating to the indicators for 2020 have been recalculated on a like-for-like basis to ensure that they can be compared.

To ensure that data is properly understood, it is automatically mentioned if an indicator is calculated for a specific scope.

The data collected covers the period from January 1 to December 31, 2021. Depending on the indicators, the figures are taken from:

- an annual data consolidation from January 1, 2021 to December 31, 2021; or
- data measured on December 31, 2021.

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 on 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, 2020, 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 as well as the head office and the Laughing Cow Museum. 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 to be 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. With respect to emission factors linked to milk sourcing, the gradual implementation of diagnostic tools at the farm level enables Bel to replace generic emission factors with actual emission factors for the farms audited and to arrive at weighted averages per dairy basin.

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.

(1) Scope including the sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all related rights, and Bel Shostka Ukraine.

# 3.10 — CSR SCORECARD

## HEALTHIER FOOD

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Continuously improve the nutritional quality of products | Children & family product portfolio meeting "Bel Nutri +" criteria* (Bel nutritional profiling system) | 72% | 72% | 80% | 😐 |
| Foster healthy consumption habits and lifestyle | Key countries where a program is implemented for consumers ("Educanut") | 6 | 7 | 10 | 🙂 |
| | Share of subsidiaries where a program is implemented for their employees ("Healthy smiles") | 73% | 83% | 100%[a] | 🙂 |

## RESPONSIBLE PACKAGING

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Work towards 100% recyclable-ready and/or biodegradable packaging | Recyclable-ready and/or biodegradable packaging[b] | 95%** | 95%** | 100% | 😐 |

## ACCESSIBILITY AND AFFORDABILITY OF PRODUCTS

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Improving the accessibility and affordability of its products | Number of people participating in a Bel inclusive business program | 7,450 | 4,027 | 40,000[a] | ☹️ |
| | *Sharing Cities* | *6,487* | *2,892* | | |
| | *Inaya* | *963* | *1,135* | | |

## WELL-BEING FOR ALL

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Work toward Zero accidents at sites | Bel AFR (Accident Frequency Rate) | 4.73 | 3.78 | 3 | 🙂 |
| Promote gender diversity and inclusion | Share of women in top management | 25%* | 30%* | 35%[a] | 🙂 |

*Excluding MOM
**Excluding MOM and subcontracting

🙂 In line with the plan
☹️ Not in line with the plan
😐 On-plan / Off-plan / Stabilization

The data relating to the indicators for 2020 have been recalculated based on the 2021 reporting in order to ensure that they can be compared. This excludes the scope relating to the sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all related rights, and Bel Shostka Ukraine.

## SUSTAINABLE AGRICULTURE

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Contribute to better quality of life and working conditions for partner farmers | Farmer access to innovative social models | 63% | 77% | 100% | ☺ |
| Encourage good practices to promote animal welfare | Share of farms abiding by the Animal Welfare Charter certified by a third party | 8% | 14% | 100% | ☺ |
| Foster non-GMO feeding of the cows providing milk | Milk collected from non-GMO-fed cows | 51% | 51% | 100% | 😐 |
| Guarantee the responsible procurement of the vegetable fats used in products | Procurements which are certified or honor the commitments of the Charter (where there is no certification) | 95% | 90% | 100% | ☹ |

## FIGHT AGAINST CLIMATE CHANGE

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Achieve net zero emissions in Scopes 1 and 2 | Greenhouse gas emissions (Scopes 1 & 2) (kg $CO_2$ eq./metric ton produced) | 200,487 | 182,500 | 0 | ☺ |
| Reduce the Group's global carbon footprint to meet the Paris Agreement targets | Global carbon footprint (Scopes 1,2 and 3) vs 2017 (kg $CO_2$ eq./metric ton produced) | -5.34% | NA [(c)] | -15% | ☺ |
| Preserve natural ecosystems and fight deforestation through supply chains | Zero deforestation (area of at-risk land/total area needed for production of monitored raw materials) | 39% | 44% | 0% [(a)] | 😐 |
| Reduce the water footprint of production sites | Water consumption per ton produced *versus* 2008 | -49% | -47% | -55% [(a)] | ☹ |

## WELL-BEING FOR ALL

| Commitments | KPI | 2020 | 2021 | 2025 target | Progress |
|---|---|---|---|---|---|
| Develop our employees' talent | Employees who completed at least one training course during the year | 76% | 81% | 100% | ☺ |
| Promote good social and environmental practices among suppliers | Average EcoVadis supplier score (/100) [(d)] | 51.8 | 52.8* | 55 | ☺ |
| Offer positive products to consumers | Share of revenue generated by the sale of positive products [(e)] | 74% | 74% | NA [(f)] | 😐 |

(a) Target or calculation method updated in 2021
(b) Excluding wax
(c) Because there is a one-year lag in determining the Scope 3 carbon footprint, only the 2020 performance can be reported
(d) Excluding collected milk
(e) Positive products are those that have at least one of the following characteristics: organic, "Bel Nutri+" compliant, contain no more than one additive or made from milk from non-GMO-fed cows
(f) This indicator is currently in development and a target will eventually be defined.

# 3.11 – APPENDIX 1: CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

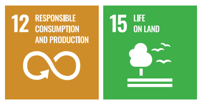
| DOCUMENT SECTION(S) | | THE SUSTAINABLE DEVELOPMENT GOALS |
|---|---|---|

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
3.2.4 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 Improving the nutritional quality of its products
3.3.3 Promoting better eating habits and encouraging healthier lifestyles


3.4 Promoting sustainable agriculture
3.4.1 Taking action for a sustainable upstream dairy
3.4.2 Using plant-based raw materials 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 Preserving biodiversity and fighting deforestation and ecosystem conversion
3.6.3 Using water sustainably
3.6.4 Fighting food waste


3.7 Improve the accessibility and affordability of its products
3.7.1 Adapting its products to the needs of everyone
3.7.2 Improving the accessibility and affordability of its products by developing innovative and inclusive distribution models

# 3.12 — APPENDIX 2: GRI CROSS-REFERENCE TABLE

## 3.12.1 — GENERAL PROFILE ELEMENTS

| GRI SECTIONS | GRI CODE: | DISCLOSURE | REFERENCE – TOTAL MATCH |
|---|---|---|---|
| ORGANIZATION PROFILE | 102-1 | Organization name | Chapter 8.2 – Information on the Company |
| | 102-2 | Activities, brands, products and services | Chapter 1 – The Bel Group in 2021 |
| | 102-3 | Geographic location of the head office | Chapter 8.2 – Information on the Company |
| | 102-4 | Geographical locations of activity sites | Chapter 1 – The Bel Group in 2021<br>Chapter 8.3 – Information on subsidiaries and interests |
| | 102-5 | Capital and legal form | Chapter 8.2 – Information on the Company |
| | 102-6 | Markets served | Chapter 1 – The Bel Group in 2021 |
| | 102-7 | Organization size | Chapter 1 – The Bel Group in 2021 |
| | 102-8 | Organization's workforce | Chapter 1 – The Bel Group in 2021 |
| | 102-9 | Organization's supply chain | Chapter 1 – A positive business model |
| | 102-10 | Significant change in the organization and its supply chain | Chapter 1 – Shared Values |
| | 102-11 | Precautionary principle | Chapter 3 – Vigilance Plan |
| | 102-12 | Charters, principles and other external initiatives | Chapter 3 – Promoting responsible practices with its business partners |
| | 102-13 | Membership in national or international associations | Chapter 7 – Improving the accessibility and affordability of its products |
| STRATEGY AND ANALYSIS | 102-14 | Statement from the most senior decision maker about the relevance of sustainability to the organization and its strategy | Chapter 1 – Joint interview |
| | 102-15 | Description of key impacts, risks and opportunities | Chapter 1 – A global risk management<br>Chapter 2 – Risk factors and insurance policy |
| ETHICS AND INTEGRITY | 102-16 | Values, principles, standards and rules of the organization such as codes of conduct and codes of ethics | Chapter 3 – Ethics: a common foundation for conducting business |
| | 102-17 | Internal and external mechanisms for guidance on ethical and law-abiding behavior | Chapter 3 – Ethics: a common foundation for conducting business |
| GOVERNANCE | 102-18 | Governance structure of the organization, including committees of the highest governance body. | Chapter 1 – Governance of CSR issues at every level of the Company<br>Chapter 4 – Corporate governance |
| | 102-19 | Process for delegating authority from the highest governance body to senior executives and other employees | Chapter 4 – Corporate governance<br>Chapter 6 – Shareholding |
| | 102-20 | Senior executives designated to oversee CSR related issues and whether they report to the highest governance body. | Chapter 1 – Governance of CSR issues at every level of the Company<br>Chapter 4 – Corporate governance |

| GRI SECTIONS | GRI CODE: | DISCLOSURE | REFERENCE – TOTAL MATCH |
|---|---|---|---|
| GOVERNANCE (CONTINUED) | 102-21 | Consultation between stakeholders and the highest governance body on CSR issues. | Chapter 1 – Governance of CSR issues at every level of the Company<br>Chapter 3.1 – Bel: a growth model to champion healthier and responsible food for all |
| | 102-22 | Composition of the highest governance body and its committees | Chapter 1 – Our Board of Directors & Executive Committee<br>Chapter 4 – Corporate governance |
| | 102-23 | Chair of the highest governance body | Chapter 1 – Our Board of Directors & Executive Committee<br>Chapter 4 – Corporate governance |
| | 102-24 | Nomination and selection of members of the highest governance body | Chapter 4 – Corporate governance |
| | 102-25 | Conflicts of interest | Chapter 2.1 – Risk management policy<br>Chapter 3 – Ethics: a common foundation for conducting business |
| | 102-26 | Role of the highest governance body in defining purpose, values and strategy. | Chapter 1 – Our Board of Directors & Executive Committee<br>Chapter 4 – Corporate governance |
| | 102-27 | Shared knowledge of the highest governance body | Chapter 1 – Our Board of Directors & Executive Committee<br>Chapter 4 – Corporate governance |
| | 102-28 | Evaluation of the highest governance body | Chapter 1 – Our Board of Directors & Executive Committee<br>Chapter 4 – Corporate governance |
| | 102-29 | Identification of economic, environmental and social impacts | Chapter 1 – A global risk management<br>Chapter 2 – Risk factors and insurance policy<br>Chapter 3.1.2 Analysis of primary non-financial risks |
| | 102-30 | Effectiveness of risk management procedures | Chapter 1 – A global risk management<br>Chapter 2 – Risk factors and insurance policy |
| | 102-31 | Review of economic, environmental and social issues | Chapter 1 – Governance of CSR issues at every level of the Company<br>Chapter 4 – Corporate governance<br>Chapter 3.1.2 Analysis of primary non-financial risks |
| | 102-32 | Role of the highest governance body in sustainability reporting | Chapter 1 – Governance of CSR issues at every level of the CompanyChapter 4 – Corporate governance |
| | 102-33 | Communicating critical concerns | Chapter 1 – A global risk managementChapter 2 – Risk factors and insurance policy |
| | 102-34 | Type and total number of major complaints | Chapter 3.3.1 – Offering products with optimal quality and safety |
| | 102-35 | Current remuneration policies for the highest governance body and senior executives | Chapter 4.2 – Remuneration and benefits |
| | 102-36 | Process for determining remuneration | Chapter 4.2 – Remuneration and benefits |
| | 102-37 | Stakeholder engagement in remuneration | Chapter 4.2 – Remuneration and benefits |
| | 102-38 | Total annual remuneration ratio | Chapter 4.2 – Remuneration and benefits |
| | 102-39 | Percentage increase in total annual remuneration ratio | Chapter 4.2 – Remuneration and benefits |

| GRI SECTIONS | GRI CODE: | DISCLOSURE | REFERENCE – TOTAL MATCH |
|---|---|---|---|
| **STAKEHOLDER ENGAGEMENT** | 102-40 | List of stakeholder groups with whom the organization engages in dialogue | Chapter 3.2 – A model that creates value for all its stakeholders |
| | 102-41 | Percentage of all employees covered by a collective agreement | Chapter 4.11 – Employee benefits |
| | 102-42 | Criteria used to identify and select stakeholders with whom to establish a dialogue | Chapter 3.2 – A model that creates value for all its stakeholders |
| | 102-43 | Stakeholder engagement approach | Chapter 3.2 – A model that creates value for all its stakeholders |
| | 102-44 | Key issues and concerns raised | Chapter 1 – Our responsible and profitable business model<br>Chapter 3.2 – A model that creates value for all its stakeholders |
| **REPORTING PRACTICE** | 102-45 | Entities included in the financial consolidation: including reasons for exclusion | Chapter 8.3 – Information on subsidiaries and interests<br>Chapter 3.9 – Methodological note |
| | 102-46 | Defining the content of the report and the scope of the issues | Chapter 8.3 – Information on subsidiaries and interests<br>Chapter 3.9 – Methodological note |
| | 102-47 | List of relevant issues | Chapter 1 – Our responsible and profitable business model<br>Chapter 3.2 – A model that creates value for all its stakeholders |
| | 102-48 | Restatement of information | Chapter 5 – Financial and accounting information |
| | 102-49 | Changes in reporting | Chapter 5 – Financial and accounting information |
| | 102-50 | Reporting period | Chapter 5 – Financial and accounting information |
| | 102-51 | Date of last published report, if any | March 2021 |
| | 102-52 | Reporting cycle | January to December 2021 (FY2021) |
| | 102-53 | Contact person for questions regarding the report or its content | Maud de Meynard |
| | 102-54 | “Compliance” option chosen by the organization and Content Index | Chapter 3.9 – Methodological note |
| | 102-55 | GRI correlation table | Chapter 3.9 – Methodological note<br>Chapter 3.12 – GRI correlation table |
| | 102-56 | External audit of the report | Chapter 3.9 – Methodological note<br>Chapter 5.5.3 – Information on the Statutory Auditors |

## 3.12.2 — SPECIFIC ELEMENTS

| GRI SECTIONS | GRI CODE MATERIALS | | *DISCLOSURE* | REFERENCE – TOTAL MATCH |
|---|---|---|---|---|
| **ECONOMY – 200** | **201 – Economic performance** | 201-1 | Direct economic value generated and distributed | 1 – A positive business model |
| | | 201-2 | Financial implications and other risks and opportunities due to climate change | 3.1.2 – Analysis of primary non-financial risks<br>Appendix 3: Correlation table with the 11 TCFD recommendations |
| | **202 – Market presence** | 202-1 | Ratios of standard entry-level wage by gender compared to local minimum wage | 3.2.1 – Building a sustainable future with its employees |
| | | 202-2 | Proportion of senior executives hired from the local community at the main operating sites | 3.2.1 – Building a sustainable future with its employees |
| | **205 – Anti-corruption** | 205-1 | Operations assessed for risks related to corruption | 2.1 – Risk management policy<br>3 – Ethics: a common foundation for conducting business |
| | | 205-2 | Communication and training about anti-corruption policies and procedures | 2.1 – Risk management policy<br>3 – Ethics: a common foundation for conducting business |
| **ENVIRONMENT – 300** | **301 – Materials** | 301-1 | Materials used by weight or volume | 3.5 – Designing responsible packaging |
| | | 301-2 | Recycled materials used | 3.5 – Designing responsible packaging |
| | | 301-3 | Recovered products and packaging materials | 3.5 – Designing responsible packaging |
| | **302 – Energy** | 302-1 | Energy consumption within the organization | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 302-3 | Energy intensity | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 302-4 | Reduction of energy consumption | 3.6 – Fighting climate change and reducing the environmental footprint |
| | **303 – Water and Effluents** | 303-1 | Water withdrawal by source | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 303-2 | Water sources significantly affected by withdrawal of water | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 303-3 | Percentage and total volume of water recycled and reused | 3.6 – Fighting climate change and reducing the environmental footprint |
| | **304 – Biodiversity** | 304-2 | Significant impacts of activities, products, and services on biodiversity | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 304-3 | Habitats protected or restored | 3.6 – Fighting climate change and reducing the environmental footprint |

| GRI SECTIONS | GRI CODE MATERIALS | | *DISCLOSURE* | REFERENCE – TOTAL MATCH |
|---|---|---|---|---|
| **ENVIRONMENT - 300 (CONTINUED)** | **305 –Emissions** | 305-1 | Direct (Scope 1) GHG emissions | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 305-2 | Energy indirect (Scope 2) GHG emissions | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 305-3 | Other indirect (Scope 3) GHG emissions | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 305-4 | GHG emissions intensity | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 305-5 | Reduction of GHG emissions | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 305-6 | Emissions of ozone-depleting substances (ODS) | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 3.6 – Fighting climate change and reducing the environmental footprint |
| | **306 – Effluents and Waste** | 306-1 | Total water discharge by quality and destination | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 306-2 | Total weight of waste by type and disposal method | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 306-3 | Number and total volume of significant spills | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 306-4 | Transport of hazardous waste | 3.6 – Fighting climate change and reducing the environmental footprint |
| | | 306-5 | Water bodies affected by water discharges and/or runoff | 3.6 – Fighting climate change and reducing the environmental footprint |
| | **307 – Environmental Compliance** | 307-1 | Non-compliance with environmental laws and regulations | 2.1 – Risk management policy<br>3.1.5 - Ethics: a common foundation for conducting business |
| | **308 – Supplier Environmental Assessment** | 308-1 | New suppliers that were screened using environmental criteria | 3.2.2 – Promoting responsible practices with its business partners |
| | **308 – Supplier Environmental Assessment (continued)** | 308-2 | Negative environmental impacts in the supply chain and actions taken | 3.6 – Fighting climate change and reducing the environmental footprint |

| GRI SECTIONS | GRI CODE MATERIALS | | *DISCLOSURE* | REFERENCE – TOTAL MATCH |
|---|---|---|---|---|
| SOCIAL DISCLOSURES – 400 | **401 – Employment** | 401-1 | New employee hires and employee turnover | 3.2.1 – Building a sustainable future with its employees |
| | | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 3.2.1 – Building a sustainable future with its employees |
| | **403 – Occupational Health and Safety** | 403-1 | Worker representation in formal joint management–worker health and safety committees | 3.2.1 – Building a sustainable future with its employees |
| | | 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 3.2.1 – Building a sustainable future with its employees |
| | | 403-4 | Health and safety topics covered in formal agreements with trade unions | 3.2.1 – Building a sustainable future with its employees |
| | **404 – Training and Education** | 404-1 | Average number of hours of training per year, broken down by employee, gender and professional category | 3.2.1 – Building a sustainable future with its employees |
| | | 404-3 | Percentage of employees receiving regular performance and career development reviews, by gender and professional category | 3.2.1 – Building a sustainable future with its employees |
| | **405 – Diversity and Equal Opportunity** | 405-1 | Diversity of governance bodies and employees | 3.2.1 – Building a sustainable future with its employees<br>1 – Our Board of Directors & Executive Committee<br>4 – Corporate governance |
| | **408 – Child Labor** | 408-1 | Operations and suppliers at significant risk for incidents of child labor | 3.2.2 – Promoting responsible practices with its business partners<br>2.1 – Risk management policy<br>3 – Ethics: a common foundation for conducting business |
| | **412 – Human Rights Assessment** | 412-1 | Operations that have been subject to human rights reviews or impact assessments | 3.2.2 – Promoting responsible practices with its business partners<br>3.1.5 – Ethics: a common foundation for conducting business |
| | | 412-2 | Employee training on human rights policies or procedures | 3.2.1 – Building a sustainable future with its employees |
| | **414 – Supplier Social Assessment** | 414-1 | New suppliers that were screened using social criteria | 3.2.2 – Promoting responsible practices with its business partners<br>3.1.5 – Ethics: a common foundation for conducting business |
| | **416 – Customer Health and Safety** | 416-1 | Assessment of the health and safety impacts of products and services on consumers | 3.3.1 – Offering products with optimal quality and safety |

| GRI SECTIONS | GRI CODE MATERIALS | | *DISCLOSURE* | REFERENCE – TOTAL MATCH |
|---|---|---|---|---|
| **SOCIAL DISCLOSURES – 400 (CONTINUED)** | **417 – Marketing and Labeling** | 417-1 | Requirements for product and service information and labeling | 3.3 – Contributing to healthier food |
| | | 417-2 | Incidents of non-compliance concerning product and service information and labeling | 3.3 – Contributing to healthier food |
| | | 417-3 | Incidents of non-compliance concerning marketing communications | 3.3 – Contributing to healthier food |

# 3.13 — APPENDIX 3: CORRELATION TABLE WITH THE 11 TCFD RECOMMENDATIONS

| TCFD Recommendations | | Corresponding section in the URD | | Progress | Achieved and areas of work |
|---|---|---|---|---|---|
| **Governance** | (a) Describe the board's role in monitoring climate-related risks and opportunities. | 4.1.4 | Board and Committee organization and workings | | Bel's Executive Committee and Board of Directors are committed to the profound and proactive transformation of the Group's business model, where profitability and climate responsibility go hand in hand.<br>Our organization makes it easier to take climate issues into account, from the management bodies to the operational teams. The Group's commitment to combining responsibility with performance is reflected in its decision in 2020 to merge CSR and Finance within a single division. |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities | 2.1<br>4.3.2<br>4.3.3 | Risk management policy<br>Internal control environment of the Company<br>Management of primary risks | | |
| **Strategy** | a) Describe the climate-related risks and opportunities identified by the Company in the short, medium, and long term. | 3.6.1 | Fighting climate change | | Bel has undertaken to more thoroughly assess all of the climate-related risks and opportunities that the Group faces.<br>We are currently working on using climate-related scenarios to assess the resilience of all our activities, based on two adaptation scenarios (global warming of 1.5°C or 4°C compared to pre-industrial levels). This ongoing work includes a quantification of the possible financial impacts for the Group.<br>The Bel Group has also undertaken to review its strategy for alignment with the Paris agreements by working on a new carbon trajectory that adheres to the 1.5°C warming limit, and which has been submitted for review to the Science-Based Targets Initiative. |
| | b) Describe the impact of climate-related risks and opportunities on the Company's business, strategy and financial planning. | 3.6.1 | Fighting climate change | | |
| | c) Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a scenario where temperatures rise by 2° or less. | 3.6.1 | Fighting climate change | | |
| **Risk management** | a) Describe the Company's procedures for identifying and assessing climate-related risks. | 2.1<br>2.2<br>2.3<br>2.4<br>3.6.1 | Risk management policy<br>Hierarchy of risks<br>Risks related to the external environment<br>Risks related to the business<br>Fighting climate change | | Climate change risks are integrated into the Group's Enterprise Risk Management (ERM), which is structured, steered and led by the Legal and Risk Department, which itself reports to the General Secretary.<br>In order to strengthen climate risk management at all levels of the company and across all business lines, Bel has undertaken to roll out training programs for employees via La Fresque du Climat, starting with top management. |
| | b) Describe the Company's procedures for managing climate-related risks. | 2.3<br>2.4<br>3.6.1 | Risks related to the external environment<br>Risks related to the business<br>Fighting climate change | | |
| | c) Describe how procedures for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management. | 2.1<br>2.2<br>2.3<br>2.4 | Risk management policy<br>Hierarchy of risks<br>Risks related to the external environment<br>Risks related to the business | | |

| TCFD Recommendations | | Corresponding section in the URD | | Progress | Achieved and areas of work |
|---|---|---|---|---|---|
| **Metrics/ targets** | a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process. | 3.6.1<br>3.14 | Fighting climate change<br>Appendix 4: Summary of environmental data | | We have an ambitious goal to reduce our carbon footprint by 27.5% per ton of product between 2017 and 2030. This goal is validated by the Science-Based Targets initiative and is in line with the Paris Agreement. In order to achieve this goal, we have structured indicators and commitments in such a way as to reduce our environmental footprint and that of our farm-to-fork ecosystem. |
| | b) Disclosure of Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and related risks. | 3.6.1<br>3.14 | Fighting climate change<br>Appendix 4: Summary of environmental data | | |
| | c) Describe the targets used by the company to manage climate-related risks and opportunities, and provide a comparison of performance against targets. | 3.6.1<br>3.1.2 | Fighting climate change<br>Analysis of primary non-financial risks | | In accordance with the latest TCFD recommendations (Guidance on Metrics, Targets and Transition Plan, October 2021), a series of indicators specific to climate-related risks is being studied in order to facilitate reconciliation with financial performance data.<br>The Group has developed the Bel Carbon Impact tool to ensure regular and accurate monitoring of the Group's carbon performance. This new tool is in addition to the ongoing roll-out of a carbon footprint measurement process for investment and innovation projects. |

# 3.14 – APPENDIX 4: SUMMARY OF ENVIRONMENTAL DATA

| Bel Group with MOM and Safilait | Units | 2019 | 2020 | 2020 pro forma [(a)] | 2021 |
|---|---|---|---|---|---|
| **CIRCULAR ECONOMY** | | | | | |
| **Recovered by-products** | | | | | |
| Substandard cheeses or similar recovered internally or externally | mt | 16,025 | 15,638 | 10,079 | 11,199 |
| Dry whey extract recovered internally or externally | mt | 107,205 | 92,179 | 48,326 | 45,280 |
| Cream recovered internally (production site or within the Group) or externally | mt | 52,655 | 49,595 | 21,045 | 21,036 |
| Quantity of recovered by-products | mt | 175,885 | 157,412 | 79,450 | 77,516 |
| **WATER CONSUMPTION** | | | | | |
| Water consumption in vulnerable zone | $m^3$ | 1,625,749 | 1,919,629 | 1,748,876 | 1,759,804 |
| Water consumption in scarcity zone | $m^3$ | 241,258 | 236,110 | 236,110 | 759,081 |
| Water consumption in water shortage zone | $m^3$ | 870,305 | 865,877 | 865,877 | 883,320 |
| Water consumption in non-vulnerable zone | $m^3$ | 2,435,742 | 2,220,252 | 1,867,476 | 1,435,446 |
| Total water quantity | $m^3$ | 5,173,054 | 5,241,868 | 4,718,339 | 4,837,651 |
| **ENERGY** | | | | | |
| **Electricity** | | | | | |
| Consumption of grid electricity from non-renewable source | MWh | 180,935 | 176,105 | 169,300 | 96,962 |
| Consumption of self-generated electricity from fuel oil or gas | MWh | 323 | 106 | 106 | 302 |
| Electricity consumption from a certified renewable energy source | MWh | 152,260 | 155,194 | 112,616 | 195,270 |
| Total electricity consumption | MWh | 333,196 | 331,405 | 282,345 | 292,912 |
| **Fuels** | | | | | |
| Fuel oil | MWh_LHV | 87,551 | 83,574 | 83,574 | 85,832 |
| Gas | MWh_LHV | 430,657 | 429,710 | 341,692 | 369,458 |
| Biomass | MWh_LHV | 70,604 | 65,846 | 65,846 | 74,469 |
| Total stationary combustion | MWh_LHV | 588,812 | 579,130 | 491,112 | 529,758 |
| **GREENHOUSE GAS EMISSIONS[(B)]** | | | | | |
| **GHG** | | | | | |
| GHG emissions linked to electricity consumption | $tCO_2eq.$ | 80,730 | 79,475 | 76,807 | 50,323 |
| GHG emissions linked to fuel oil and gas consumption | $tCO_2eq.$ | 131,450 | 129,668 | 108,740 | 116,094 |
| GHG emissions linked to biomass consumption | $tCO_2eq.$ | 1,723 | 1,607 | 1,607 | 1,817 |
| GHG emissions linked to refrigerants | $tCO_2eq.$ | 7,004 | 4,864 | 4,282 | 5,526 |
| GHG emissions linked to the Group's own vehicle fleet | $tCO_2eq.$ | 9,505 | 9,318 | 9,051 | 8,159 |
| GHG emissions, Scopes 1 and 2 | $tCO_2eq.$ | 230,412 | 224,932 | 200,487 | 182,500 |

(a) Values on a like-for-like basis.

(b) The Group's past emissions were recalculated in 2021 in order to take into account changes in the scope of consolidation (sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine) in order to maintain a comparable scope of consolidation between 2017 and 2020, as required by the SBTi framework.

| Bel Group with MOM and Safilait | Units | 2019 | 2020 | 2020 pro forma [(a)] | 2021 |
|---|---|---|---|---|---|
| **DISCHARGES INTO WATER** | | | | | |
| **Discharge into the natural environment** | | | | | |
| Volume of water purified internally with discharges into the natural environment | $m^3$ | 2,143,434 | 2,194,538 | 2,188,497 | 2,253,558 |
| Discharged chemical oxygen demand | kg | 81,580 | 96,933 | 96,806 | 102,078 |
| Discharged phosphorous | kg | 5,211 | 3,289 | 3,182 | 3,436 |
| Discharged suspended matter | kg | 36,761 | 45,690 | 45,690 | 33,208 |
| Discharged nitrogen | kg | 12,854 | 24,670 | 24,614 | 14,432 |
| **Discharged to an urban wastewater treatment facility** | | | | | |
| Volume of water treated by a third party with other effluents | $m^3$ | 2,403,209 | 2,408,437 | 1,471,584 | 1,544,127 |
| **DISCHARGES INTO SOIL** | | | | | |
| **Spreading of untreated water** | | | | | |
| Volume of wastewater spread as untreated water | $m^3$ | 87,557 | N.A. | N.A. | N.A. |
| **Agricultural recovery of sludge from wastewater treatment facilities** | | | | | |
| Nitrogen | mt | 96 | 93 | 93 | 93 |
| Phosphorous | mt | 84 | 83 | 83 | 92 |
| Dry matter | mt | 1,116 | 1,080 | 1,080 | 1,123 |
| **DISCHARGES INTO WATER AND SOIL** | | | | | |
| Total volume of discharges | $m^3$ | 4,634,200 | 4,602,974 | 3,660,080 | 3,797,685 |
| Total cost of treatment of these discharges | EUR | 5,730,607 | 6,173,361 | 5,100,399 | 6,158,237 |
| **OTHER EMISSIONS INTO THE AIR** | | | | | |
| Nitrous oxide, nitrogen dioxide | mt | 200 | 189 | 169 | 183 |
| Sulfur dioxide | mt | 198 | 127 | 127 | 133 |
| **NOISE POLLUTION** | | | | | |
| Percentage of sites whose noise level at their boundaries and emergence level for the most at-risk residents is compliant | % | 77 | 73 | 73 | 77 |
| **ENVIRONMENTAL DAMAGE** | | | | | |
| Number of incidents | Unit | 107 | 162 | 131 | 178 |
| Corrective actions | Unit | 106 | 152 | 131 | 178 |
| **PRODUCTION OF WASTE** | | | | | |
| Quantity of non-hazardous waste sorted and sent for recovery | mt | 28,439 | 36,707 | 30,748 | 33,167 |
| Quantity of hazardous waste sorted and sent to appropriate treatment channels | mt | 888 | 541 | 515 | 703 |
| Waste incinerated to generate energy | mt | 2,842 | 4,823 | 4,020 | 7,147 |
| Waste incinerated without energy generation | mt | 131 | 0 | 0 | 0 |
| Waste deposited in landfills | mt | 7,192 | 7,486 | 7,399 | 7,675 |
| Total quantity of waste | mt | 39,492 | 49,556 | 42,681 | 48,692 |
| Cost of treatment | EUR | 3,657,956 | 3,747,848 | 3,481,060 | 4,451,374 |
| Income from sale | EUR | 813,823 | 729,401 | 721,229 | 1,112,541 |

(a) Values on a like-for-like basis.

# 3.15 – REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

**For the year ended 31 December 2021**

*This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditor of BEL SA (hereinafter the "entity"), appointed as an independent third party and accredited by COFRAC (under number n°3-1080, whose scope is available at www.cofrac.fr ), we hereby report to you on the consolidated non-financial statement for the year ended 31st December 2021 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225102-1, R. 225-105 and R. 225-105-1 of- the French Commercial Code (*Code de commerce*).

## THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.-

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

## INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

## RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of anti-corruption;
- the compliance of products and services with the applicable regulations.

## NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225102-1 III as well as information regarding compliance with human rights, anticorruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[(1)];
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[(2)] that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[(3)] and covers between 19% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests,
- we assessed the overall consistency of the Statement based on our knowledge of the entity the consolidated entities.

We believe that the work performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

## MEANS AND RESOURCES

Our work involved 4 persons and was conducted between December 2021 and March 2022 during a 5-week period.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with people responsible for preparing the Statement.

## CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

*Original French report signed by:*

Neuilly-sur-Seine, 1 april 2022

One of the Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Virginie Palethorpe
Partner

Bertille Crichton
Partner

(1) System for reducing water consumption during agricultural production; Official oversight of the timetable for rolling out the upstream dairy program; Monitoring of the impact of sourcing policies on environmental risk surfaces.

(2) Employee-related indicators: Total employees; Number of new hires and departures; Share of women in top management; Percentage of employees having attended at least one training course over the year; Frequency of accidents with and without lost time for all persons present on Bel sites (Bel AFR); Frequency of accidents with lost time for Bel employees (AFR1); Accident severity rate for Bel employees; Number of countries having introduced a nutritional education program for consumers.
Environmental indicators: Quantity of recovered by-products; Water consumption per metric ton produced; Energy consumption per metric ton produced; Greenhouse gas emissions (scopes 1 and 2) 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 societal information: number of countries that have implemented a nutrition education program for consumers.

(3) Social information: Portugal, France, Poland.
Environmental information: Ribeira Grande (Portugal), Brookings (USA), Sablé (France), Chorzele (Poland).

# 4 CORPORATE GOVERNANCE



This chapter forms an integral part of the Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code.

# 4.1 – GOVERNANCE PRINCIPLES

The Company previously followed the Middlenext Corporate Governance Code, which the Board of Directors always considered to be well suited to the specific situation of the Company, which has had a family shareholding structure since 1922.

Following the delisting of the Company's shares on January 25, 2022, the Board of Directors considered that the reference to a corporate governance code was no longer relevant. Indeed, the company no longer issues any equity securities admitted to trading on a regulated market, but only bonds listed on Euronext.

Thus, while the recommendations of the Middlenext Corporate Governance Code are no longer fully relevant to the Company, they are nonetheless standards which the Company takes into account when appropriate to its situation.

## 4.1.1 – 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 law. The members of the Board of Directors are appointed by the Ordinary Annual General Meeting, on the proposal of the Board of Directors.

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, although this measure is not applicable to the Director representing employees. 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 must include a director representing the Group's employees, appointed for a period of four years by the Central Works Council. When the number of directors appointed by the Annual General Meeting exceeds eight, a second director representing employees must be similarly appointed.

The Board of Directors may also appoint one or more non-voting observers. The observers take part in the Board of Directors' meetings and their deliberations and have a consultative voice.

As of the date of this report, the Board of Directors has seven members, including two women and one 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 as Director representing employees, by a decision of the Central Works Council of June 21, 2018 with effect from July 1, 2018. As his term of office expires at the end of the Annual General Meeting tin 2022, a new process for appointing an employee representative was launched last March.

General management is ensured by Antoine Fiévet, who has combined the roles of Chairman of the Board and Chief Executive Officer since May 14, 2009. Thierry Billot, an independent director, was appointed as Lead Independent Director on July 29, 2015.

As announced on May 11, 2021, and under the impetus of Antoine Fiévet, the Bel Group confirms its intention to transition to a form of governance that separates the functions of Chairman of the Board of Directors from those of Chief Executive Officer. As a result, Antoine Fiévet is expected to submit the appointment of Cécile Béliot as Chief Executive Officer to a vote of the Board of Directors in 2022.

## MEMBERS OF THE BOARD OF DIRECTORS, COMMITTEES AND SENIOR MANAGEMENT ON MARCH 17, 2022

| NAME | CURRENT POSITION WITHIN THE COMPANY | FIRST APPOINTED | LAST REAPPOINTED | END OF TERM OF OFFICE | AUDIT COMMITTEE | APPOINTMENTS AND COMPENSATION COMMITTEE |
|---|---|---|---|---|---|---|
| Antoine Fiévet | Director | 04/25/2001 | 05/14/2018 | OAGM[e] 2022 | | Member |
| | Chairman and Chief Executive Officer | 05/14/2009 | 05/14/2018 | OAGM 2022 | | |
| Thierry Billot[a] | Lead Independent Director | 05/14/2014 | 05/14/2018 | OAGM[e] 2022 | Chairman | Chairman |
| Fatine Layt[a] | Director | 05/10/2012 | May 14, 2020 | OAGM[e] 2024 | Member | |
| Florian Sauvin | Director | 07/26/2018 | May 14, 2020 | OAGM[e] 2024 | | |
| Nathalie Roos[a] | Director | 05/14/2014 | 05/14/2018 | OAGM[e] 2022 | | |
| Unibel SA[b] represented by Bruno Schoch | Director | 06/16/1972 | 05/11/2021 | OAGM[e] 2025 | Member | |
| Philippe Perche[c] | Director representing employees | 07/01/2018 | | OAGM 2022 | | Member |
| Ernst Pankert | Non-director member of the Appointments and Compensation Committee | | | | | Member |
| Joëlle Pacteau[d] | Non-director member of the Appointments and Compensation Committee | | | | | Member |
| Cécile Tandeau de Marsac[d] | Non-director member of the Appointments and Compensation Committee | | | | | Member |

(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 Director 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) Joëlle Pacteau and Cécile Tandeau de Marsac were appointed as non-director members of the Appointments and Compensation Committee, on the recommendation of the Appointments Committee, by the Board of Directors on July 29, 2020.
(e) Ordinary Annual General Meeting.

## DIVERSITY POLICY APPLICABLE TO MEMBERS OF THE BOARD OF DIRECTORS

Article L. 22-10-10, paragraph 2 of the French Commercial Code requires the Company to include in its report on corporate governance a description of the diversity policy in force for members of the Board of Directors with regard to criteria such as age, gender, qualifications and career history, as well as a description of this policy's aims, how it will be implemented and the results achieved during the past financial year. Alongside this description, the Company must include information on how it is striving for a balanced representation of men and women among the top 10% of senior management positions.

The Board of Directors meeting on March 17, 2022 examined the composition 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, 2021, the Directors ranged in age from 43 to 67, with an average age of 56. The Board considered that the average age was satisfactory, especially in view of the rule in the Articles of Association whereby the number of directors over 72 years of age on December 31 of any given year may not exceed half of the directors in office at that time;
- gender equality: on December 31, 2021, the Board of Directors had seven members, including two women. The Director representing employees is not included in the calculation of gender equality on 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 Commercial Code. 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, 2021, 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: at December 31, 2021, the proportion of independent Directors stood at 43%, with three Directors qualified as independent in view of the criteria set by the Middlenext code. The Board of Directors deemed this to be a satisfactory percentage because it is above the ratio recommended in the code, it being further specified that the Company no longer intends to refer to a code of corporate governance since Bel shares were delisted at the beginning of the year.

Concerning the quest for a balanced representation of men and women among the top 10% of senior management positions, the Group's aim in terms of diversity resulted in the recent nomination of two new women to the Executive Committee, bringing the number of women to three out of seven members.

With a view to further accelerating this process, the Group set itself a goal of having women account for 30% of upper management positions (grades 1, 2 and Executive Committee) by 2020 and 35% by 2025. The 30% goal was eventually achieved in 2021. As part of this overall strategy, more than 100 women on staff have participated in the new leadership training program for female employees in the last few years, including 25 women in 2021, in order to promote the development of skills and access to management positions.

## INDEPENDENCE OF DIRECTORS

As the company no longer refers to the Middlenext Corporate Governance Code, the independence criteria for directors are no longer applicable. Nevertheless, at its last meeting in the 2021 financial year, the Board of Directors examined the individual situation of each director in this respect, given that these independence criteria were still applicable.

Fatine Layt, Nathalie Roos and Thierry Billot qualified as independent within the meaning of the Middlenext Code.

## GENERAL AND PERSONAL INFORMATION ON THE CORPORATE OFFICERS AND THEIR EXPERTISE

### BIOGRAPHY AND INFORMATION ON CURRENT CORPORATE OFFICERS

**ANTOINE FIÉVET**
**Director, Chairman and Chief Executive Officer**

Born in 1964
French citizen

**Business address:**
2, allée de Longchamp
92150 Suresnes

**Restriction on disposal of issuer shares held**
Antoine Fiévet declares himself party to the Unibel family shareholders' agreement signed on September 19, 2013 and published by the AMF on September 26, 2013.

#### 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), Chairman of the Supervisory board of Unibel.

**Terms of office and current positions within the Group, held in France**
- Member 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
- Chairman of the Board of Directors of CITEO
- Member of the Compensation Committee of Bonduelle SCA (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 of the Board of Directors of Bel Belgium
- Chairman of the Board of Directors of SIEPF
- Chairman of the Board of Directors and Director 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

**THIERRY BILLOT**
**Lead Independent Director**

Born in 1955
French citizen

**Business address:**
6, avenue de Camoëns
75016 Paris

**Restriction on disposal of issuer shares held**
None.

### 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. In addition, Thierry Billot, an independent director, was appointed as Lead Director, effective July 29, 2015, for a maximum term equal his term 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

- CASINO Group
  - Independent Director (AGM of May 12, 2021) then Lead Independent Director (October 12, 2021)
  - Chairman of the Governance & CSR Committee
  - Member of the Audit Committee
- Chairman of THB Conseil

#### Terms of office and current positions outside the Group, held outside France

- None.

**Nathalie Roos**
**Director**

Born in 1965
French citizen

**Business address:**
9 Rue de l'Ablette
67000 Strasbourg

**Restriction on disposal of issuer shares held**
None.

### TERM OF OFFICE AND EXPIRY DATE

Nathalie Roos was appointed by the Annual General Meeting of May 14, 2014 for a four-year period, subsequently 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 May 2013, she has been Country Manager for Germany, L'Oréal's fourth-largest global market with revenue in excess of €1 billion. She was appointed President of the Professional Products division and therefore joined the L'Oréal Executive Committee. She held this position from April 2016 until March 2021. 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). She 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 NEOMA Business School, Reims campus. 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**

- President 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
- Director of Prêt A Manger

**Fatine Layt**
**Director**

Born in 1967
French citizen

**Business address:**
LionTree Advisors –
7, rue Rouget-de-l'Isle
75001 Paris

**Restriction on disposal of issuer shares held**
None.

### 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 an initial period of four years, renewed in 2016 and then again in 2020. Her term as a Director shall run until the Annual General Meeting to be held in 2024.

### 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 Partanéa, sold in October 2008 to Oddo & Cie, investment and asset management bank, for which she become 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**
- 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

**FLORIAN SAUVIN**
**Director**

Born in 1979
French citizen

**Business address:**
2, allée de Longchamp
92150 Suresnes

**Restriction on disposal of issuer shares held**
Florian Sauvin declares himself party to the Unibel family shareholders' agreement signed on September 19, 2013 and published by the AMF on September 26, 2013.

### 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 Director to replace James Lightburn on July 28, 2018. This cooptation was approved by the Annual General Meeting held on May 22, 2019. His term as a Director was renewed by the Annual General Meeting of May 14, 2020, and shall run until the Annual General Meeting to be held in 2024. Since May 14, 2020, Florian Sauvin has also been Chairman of the Supervisory Board of Unibel, the Bel Group holding company.

### BIOGRAPHY, RELEVANT MANAGEMENT EXPERTISE AND EXPERIENCE

Florian Sauvin, an EPFL engineer, joined the Group in 2006 as a management controller for two years. He was responsible for the Bel Access Department, the Company's incubator charged with seeking and promoting new business models, aimed especially at developing 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. He was a member of Unibel's Management Board between May 2009 and May 2020. Between May 2019 and 2020, he was also a member of the Bel Executive Committee as Executive Vice-Chairman responsible for 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**

- Chairman of Unibel's Supervisory 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 SARL SAUFI1
- 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

**BRUNO SCHOCH**
**Permanent representative of Unibel, Director**

Born in 1965
French citizen

**Business address:**
2, allée de Longchamp
92150 Suresnes

**Restriction on disposal of issuer shares held**
None.

### TERM OF OFFICE AND EXPIRY DATE

Bruno Schoch was appointed Deputy General Manager by the Board of Directors of December 17, 2008, renewed by the Board of Directors decisions of May 14, 2009 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. It should be noted that his Unibel term was renewed in 2021 for four years, expiring at the Annual General Meeting to be held in 2025. In addition, his term of office as Chairman of Unibel's Management Board was renewed in 2021 for two years, i.e. until the Annual General Meeting to be held in 2023.

### 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, he 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
- Managing Director of the company Flavie Patrimoine
- Managing Director of the company Elvire Patrimoine

**Terms of office and current positions within the Group, held abroad**

- None.

**PHILIPPE PERCHE**
**Director (representing employees)**

Born in 1962
French citizen

**Business address:**
2, allée de Longchamp
92150 Suresnes

**Restriction on disposal of issuer shares held**
None.

**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 Director representing Group employees on June 21, 2018, 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 Director 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.

## 4.1.2 – DISCLOSURES RELATING TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### SERVICE CONTRACTS

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 related party agreements and commitments" of this Annual Report. 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

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.

### 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".

## 4.1.3 – 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.

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.

On May 11, 2021, the Bel Group announced its intention to transition to a form of governance that separates the functions of Chairman of the Board of Directors from those of Chief Executive Officer. As a result, Antoine Fiévet is expected to submit the appointment of Cécile Béliot as Chief Executive Officer to a vote of the Board of Directors in May 2022.

#### 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.

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 /Director'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 Middlenext Code guidelines, particularly those covering the succession plan for Senior Management. This Regulation was the object of a revision to take account of the measures of the Pacte law. This revised version was adopted by the Board of Directors on March 11, 2020. Finally, the Internal Regulations were then amended by the Board of Directors of May 14, 2020 to anticipate the possibility of written consultation by the Directors under the terms set out in the law.

#### Limits placed on the powers of the Chairman and Chief Executive Officer 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.

In connection with the announced change in governance, these internal regulations will be reviewed, but the principle of limiting the powers of the Chief Executive Officer after the separation of functions will be maintained.

### Work of the Board of Directors during 2021 and since the start of 2022

During 2021 and since the start of 2022, the Board met ten times with an attendance rate of 84% on the part of its directors.

In 2021, 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.

In addition to reviewing organizational matters involving acquisitions and disposals, in particular and on several occasions the disposal of the Leerdammer business assets, the directors 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 Middlenext Code which were applicable at the time. Finally, the Board of Directors met on two occasions to examine the CSR issues associated with the Group's business.

The Board of Directors has met once since the beginning of 2022. In particular, it discussed the review of the annual financial statements and consolidated financial statements for the 2021 financial year, as well as the convening of the Annual General Meeting and the setting of its agenda.

## COMPOSITION, WORKINGS AND ACTIVITIES OF THE BOARD OF DIRECTORS' COMMITTEES

At the date of this report, 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.

Following the delisting on January 25, 2022, and the above-mentioned decision to no longer refer to the Middlenext Corporate Governance Code, whether or not to maintain these specialized committees is under review.

### 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 2021, 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 Annual Report, the Audit Committee had three members: Thierry Billot (Chairman), Unibel, represented by Bruno Schoch and Fatine Layt. Two of the three members of the Audit Committee are independent, according to the criteria set out by the Middlenext Governance Code to which the Company referred. 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 affairs, CSR 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 Bel 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 Bel Group's annual internal audit plan and the Statutory Auditors' work plan and examines the Bel Group's internal audit reports on a quarterly basis;
- ensures the relevance of the internal control procedures;
- ensures there is a process for identifying and analyzing financial and non-financial risks likely to have a 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 2021

Since January 2021, 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. In March 2021, the members of the Committee communicated 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 2022 was also presented in December 2021;
- monitoring risk management: as part of the Audit Committee's risk management tasks, the results of the updated Group risk map;
- 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 2021, 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 Directors or not, with at least one member chosen among the independent Directors. The Chairman of the Committee is appointed from among the Company's Directors 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 Annual Report, the Appointments and Compensation Committee had six members: Thierry Billot, Chairman of the Committee, qualified as independent according to the Middlenext Code, Antoine Fiévet, Joëlle Pacteau, Cécile Tandeau de Marsac and Ernst Pankert, non-director members, as well as Philippe Perche, Director representing employees.

On December 11, 2018, the Board appointed Philippe Perche as a member of the Committee but effective only when it meets to consider remuneration.

Ernst Pankert was appointed member of the Appointments and Compensation Committee on July 26, 2018. Joëlle Pacteau and Cécile Tandeau de Marsac were appointed as non-director members of the Appointments and Compensation Committee, on the recommendation of the Appointments Committee, by the Board of Directors on July 29, 2020.

#### 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, with the setting of performance targets part of the setting of 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 remuneration 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 2021

The Appointments and Compensation Committee mainly examined the following points:

- the situation of director's terms of office due to expire in 2022;
- succession planning for executives;
- 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, the Unibel Committee currently includes Thierry Billot, Fatine Layt and Nathalie Roos, members of the Board of Directors and member of the Bel Executive Committee. This Committee met eight times in 2021 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 — RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

## 4.2.1 — 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 internal control system in force in the Bel Group aims in particular 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.

## 4.2.2 — 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, IT, Human Resources and Organization, Communications, Legal and Risk, CSR (corporate social responsibility) – reinforce this structure.

### RISK MANAGEMENT DEPARTMENT

The Risk Management Department reports to the Group's General Secretary. 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.

### LIMITS AND DELEGATION OF POWER

In its Internal Regulations, the Company's Board of Directors has established internal limits on the powers of the Chairman and Chief Executive Officer (for further information, see section 4.1.4 "Board and Committee organization and workings" of this chapter). 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 and Risk Department monitors this in conjunction with the Human Resources Department.

## 4.2.3 – MANAGING OF PRIMARY 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 Bel 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".

## 4.2.4 — 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 and IT Departments on the one hand and the Legal and Risk Department on the other report respectively to the Vice-Chairman and the General Secretary and Legal Director.

They cover:

- the Financial Control Department;
- the Treasury and Insurance Department;
- the Tax Department;
- the Finance Departments for the markets, operations and growth strategies areas;
- the Information Systems Department;
- the Internal Audit Department;
- the Legal and Risk 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 (accounting 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 for 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;
- 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 and Risk 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 also helps to control and reduce the exposure of tangible and intangible assets in order 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.

# 4.3 – RELATED-PARTY TRANSACTIONS

## 4.3.1 – STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS

**General Meeting for the approval of the financial statements for the year ended 31 December 2021**

*This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of BEL, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

### AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

**Agreements authorised and entered into during the year**

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreement that was entered into during the year and authorised in advance by the Board of Directors.

#### Agreements with SOFIL

The shareholder and person concerned are:

- SOFIL (LACTALIS group), a shareholder of BEL holding more than 10% of the voting rights, until September 30, 2021;
- Mr. Antoine Fiévet, Chairman and CEO of BEL and Chairman of SICOPA.

**SIGNATURE OF THE "SHARE EXCHANGE AGREEMENT" WITH SOFIL**

In accordance with the deliberations of the Board of Directors of BEL on March 18, 2021, Société Industrielle Commerciale et de Participation ("SICOPA"), of which BEL holds all the capital and voting rights, and Société pour le Financement de l'Industrie Laitière ("SOFIL") entered into a unilateral promise to purchase (the "*Put Option Agreement*") on the same day, which may be exercised once the information and consultation procedures with the employee representative bodies have been completed, and which relates to (i) the entire share capital of Royal Bel Leerdammer BV, Bel Italia, Bel Deutschland and Bel Shotstka Ukraine and (ii) the "Leerdammer" brand and all its related rights (the "Leerdammer Perimeter") against 1,591,472 shares issued by BEL (representing 23.16% of its share capital) held by SOFIL (the "Exchange Project"). As indicated in the second part of this report, this agreement was approved by your General Assembly of May 11, 2021.

All the information-consultation procedures of the representative bodies required to exercise the *Put Option Agreement* were completed on June 21, 2021: these bodies issued a favorable opinion on the Exchange Project.

Having taken note of the work of the ad hoc committee set up in the context of the Exchange Project and its recommendations, as well as the fairness opinion issued by the independent expert in the context of the Exchange Transaction, your Board of Directors, at its meeting of July 8, 2021, therefore decided (i) to approve the principles of the Exchange Project and (ii) to authorize, in particular under article L. 225-38 of the French Commercial Code and Article 2.2 of the Rules and Regulations of the Board of Directors, to enter into the *Share Exchange Agreement*.

The *Share Exchange Agreement* relating to the transfer by SICOPA of (i) the entire share capital of Royal Bel Leerdammer BV, Bel Italia, Bel Deutschland and Bel Shotstka Ukraine and (ii) the "Leerdammer" brand and all its related rights in exchange for 1,591,472 shares issued by BEL, held by SOFIL, was entered into on July 13, 2021.

Pursuant to the law, we inform you that the prior authorization given by the Board of Directors does not include the reasons justifying the interest of the agreement for the company as provided for in Article L. 225-38 of the French Commercial Code.

#### SIGNATURE OF THE AGREEMENTS RELATING TO THE SALE OF THE LEERDAMMER PERIMETER WITH SOFIL

In the context of the completion of the Exchange Project, your Board of Directors, at its meeting of September 27, 2021, authorized the conclusion of the following agreements (the "*Closing Documents*") between BEL and SOFIL, which were signed on September 30, 2021:

- Agreements relating to the sale of the Leerdammer Perimeter: conclusion of the agreements for the sale of the shares held by SICOPA in Royal Bel Leerdammer BV, Bel Italia, Bel Deutschland and Bel Shotstka Ukraine respectively, in accordance with the terms and conditions already agreed in the *Share Exchange Agreement*;
- Distribution agreements in Italy, Germany, Ukraine, Austria and other countries (France, Belgium, United Kingdom/Ireland, Switzerland, Netherlands, Slovakia, Czech Republic, Greece, Spain, Hungary and Romania);
- Transitional service agreements;
- Waiver agreement;
- Contract of assignment for debt.

Pursuant to the law, we inform you that the prior authorization given by the Board of Directors does not include the reasons justifying the interest of these agreements for the company as provided for in Article L. 225-38 of the French Commercial Code.

## AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

### Agreements approved in previous years that were implemented during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the General Meeting in previous years, which were implemented during the year.

#### Agreements with UNIBEL

The shareholder and persons concerned are:

- UNIBEL, a shareholder of BEL with more than 10% of the voting rights;
- Mr. Antoine Fiévet, Chairman and Chief Executive Officer of BEL and member of the UNIBEL Board of Directors;
- Mr. Florian Sauvin, Director of BEL and Chairman of the Supervisory Board of UNIBEL;
- Mr. Bruno Schoch, permanent representative of UNIBEL, Director of BEL and Chairman of the UNIBEL Board of Directors.

#### TREASURY AGREEMENT

At its meeting of October 11, 2007, your Board of Directors authorized the conclusion of an agreement between BEL and UNIBEL. The purpose of this agreement was for UNIBEL to grant BEL a cash advance of a maximum amount of 15,000,000 euros.

By an amendment authorized by the Board of Directors on May 14, 2008 and signed the same day, this amount was increased to 25,000,000 euros.

By a second amendment authorized by the Board of Directors on December 17, 2008 and signed on December 18, 2008, the parties decided to remove any ceiling on the advance that may be granted by UNIBEL to BEL.

By a third amendment authorized by the Board of Directors on August 26, 2009 and signed on August 28, 2009, the interest rate based on the daily EONIA was modified. With effect from July 1, 2009, it was set at the level of EONIA plus 80 basis points instead of 20 basis points previously.

By a fourth amendment authorized by the Board of Directors on March 22, 2012, the interest rate was changed. Effective January 1, 2012, it was set at EONIA plus 120 basis points instead of the previous 80 basis points.

On November 12, 2014, the Board of Directors decided to increase the interest rate applied to the advances granted, based on the daily EONIA, to 100 basis points, with effect from January 1, 2015, in view of the stability of the liquidity that this represents for the company. The other provisions of the initial contract remain unchanged between the parties.

As of December 31, 2021, the amount of interest recognized in expenses for the year amounted to 221,359.09 euros and the amount of the cash advance paid by UNIBEL amounted to 24,511,262.41 euros.

#### SERVICE AGREEMENT

At its meeting of December 12, 2001, the Board of Directors authorized the conclusion of a service agreement with UNIBEL.

By an amendment authorized by the Board of Directors on November 13, 2012, the tacit renewal clause was changed to a permanent clause and the appendices relating to the nature of the services provided and the nature of the costs incurred by UNIBEL were updated.

The amount expensed by UNIBEL to your company for fiscal year 2021 amounts to 5,815,212 euros excluding VAT.

#### Agreements approved during the year

We have also been informed of the execution, during the past fiscal year, of the following agreement, already approved by the General Meeting of May 11, 2021, on the basis of the Special Report on related-party agreements of the auditors Grant Thornton and Deloitte & Associés of March 31, 2021

**Unilateral promise to purchase agreed by SOFIL to SICOPA**

As mentioned in the first part of this report, after prior authorization by your Board of Directors at its meeting on March 18, 2021, SICOPA, in which BEL holds all the capital and voting rights, and SOFIL entered into a unilateral purchase agreement granted by SOFIL to SICOPA (the "*Put Option Agreement*") on the same day relating to the exchange of 1,591,472 shares issued by BEL (representing 23, 16% of its share capital) held by SOFIL in exchange for (i) the entire share capital of Royal Bel Leerdammer BV, Bel Italia, Bel Deutschland and Bel Shotstka Ukraine and (ii) the "Leerdammer" brand and all its related rights (the "Exchange Project").

The exercise of the *Put Option Agreement* led to the conclusion of an exchange agreement (the "*Share Exchange Agreement*") on July 13, 2021 between, among others, BEL, SICOPA and SOFIL, as mentioned in the first part of this report.

The shareholder and the person concerned are :

- SOFIL (LACTALIS group), shareholder of BEL with a fraction of the voting rights higher than 10%, until September 30, 2021 ;
- Mr. Antoine Fiévet, Chairman and CEO of BEL and Chairman of SICOPA.

Neuilly-sur-Seine and Paris-La Défense, April 1, 2022

The Statutory Auditors

| Grant Thornton | Deloitte & Associés | PricewaterhouseCoopers Audit | |
|---|---|---|---|
| French member firm of Grant Thornton International | | | |
| Virginie Palethorpe | Jean-Pierre Agazzi | Xavier Belet | Thierry Leroux |

## 4.3.2 — 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, 2021", of this Annual Report.

Unibel, the Fiévet-Bel family company, owns 100% of the share capital and voting rights of Bel with the Fiévet-Bel family. 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, 2021, the amount of related-party transactions included €5.7 million paid to Unibel (holding company), of which €5.5 million in personnel expenses billed back to Bel SA under the service agreement signed on December 14, 2021, and €6.9 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 €25.2 million current account versus €63.8 million at December 31, 2020 (see Note 4.14 to the consolidated financial statements).

Unibel shares held by Sofico were valued at €195.4 million based on the closing share price on December 31, 2020.

The Group had no significant off-balance sheet commitments with related parties.

On March 18, 2021, Bel signed a unilateral purchase agreement with Sofil for business assets including Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all related rights, and Bel Shostka Ukraine. As Sofil is a shareholder with more than 10% of the Company's voting rights, the signing of this agreement was authorized by the Board of Directors as falling within the scope of Articles L. 225-38 et seq. of the French Code of Commerce, as well as the signing of the share exchange agreement and the related contracts.

# 5 FINANCIAL AND ACCOUNTING INFORMATION

# 5.1 – HISTORICAL FINANCIAL INFORMATION

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, this Annual Report incorporates the following information for reference:

- the consolidated financial statements for the fiscal year ended December 31, 2020 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, 2020, on pages 143 and subsequent of the Universal Registration Document filed with the AMF on April 6, 2021, under filing number D.21-0258;
- the consolidated financial statements for the fiscal year ended December 31, 2019 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, 2019, on pages 133 and subsequent of the Annual Report filed with the AMF on April 3, 2020, under filing number D.20-0244;
- the Company's annual financial statements for the fiscal year ended December 31, 2020, and the Statutory Auditors' report on the annual financial statements for the fiscal year ended December 31, 2020, on pages 196 and subsequent of the Universal Registration Document filed with the AMF on April 6, 2021, under number D. 21-0258;
- the Company's annual financial statements for the fiscal year ended December 31, 2019, and the Statutory Auditors' report on the annual financial statements for the fiscal year ended December 31, 2019, on pages 182 and subsequent of the Registration Document filed with the AMF on April 3, 2020, under number D. 20-0244.

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 – RESTATED FINANCIAL INFORMATION

The Group applied the May 2021 IFRS IC decision on the measurement of post-employment benefit obligations endorsed by the IASB in accordance with the retrospective approach. According to the position adopted, the IFRS IC considered that the commitment should be established only for the years of service prior to retirement in respect of which the employee is entitled to the benefit, if certain criteria are met. The plan must provide for the payment of pensions to employees if they are still with the company on their retirement date.In addition, the amount of the benefit is based on length of service and is capped at a specific number of years of service.

Accordingly, the comparative information reported for 2020 was restated and is now reported in accordance with the principles of IAS 8. The resulting effects of the change in accounting method related to equity in the amount of +€5.8 million, employee benefit provisions in the amount of (€7.8) million, and deferred taxes in the amount of +€2.0 million.

# 5.3 — REVIEW OF FINANCIAL POSITION AND RESULTS

## 5.3.1 — FINANCIAL POSITION

The change in the Group's financial position as of December 31, 2021 can be summarized as follows:

| (in millions of euros) | 2021 | 2020 RESTATED (b) | 2019 |
|---|---|---|---|
| Total equity | 1,681.6 | 1,864.5 | 1,810.1 |
| Net financial debt (a) | 645.3 | 584.1 | 684.2 |
| Net financial debt/total equity | 0.38 | 0.31 | 0.38 |

(a) See details of financial debt in Note 4.14.
(b) See Note 1.7 of the consolidated financial statements.

On December 31, 2021, the Bel Group's balance sheet was healthy and solid. Total equity stood at €1,681.6 million vs. €1,864.5 million on December 31, 2020. Net financial debt, including right of use debt related to application of IFRS 16, totaled €645 million, showing a €584 million decrease relative to the year-earlier period.

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 Annual Report.

## 5.3.2 — REVENUE AND OPERATING INCOME

Despite the still complex economic and financial environment in 2021, marked by the continuation of the crisis due to the Covid-19 pandemic, a volatile market environment in the Near and Middle East and North Africa, rising inflation and disruptions in global supply chains, Bel Group showed its resilience by achieving revenue of €3,379.0 million[1].Organic growth[2] continued to rise, reaching +2.3%, reflecting the renewed attractiveness of the Group's offer. Excluding the Middle East and the North African region, organic growth reached +5.0%. On a reported basis, revenue declined by -2.2% compared with the previous year, reflecting a currency effect of -0.9% (€29.8 million) and a consolidation scope effect related mainly to the sale of the Leerdammer brand to Lactalis on September 30, 2021.

Organic growth in annual revenue was driven by the excellent momentum of the core brands, in particular Babybel® and Boursin®, the continued strong growth of MOM, new market share gains in North America, and the confirmation of the positive growth trend in China, which posted yet another year of strong double-digit growth. Four out of six core brands, in particular, recorded an increase in sales compared to 2019.

The launch of the Group's first-ever 100% plant-based international brand, Nurishh, as well as the development of innovative plant-based ranges across core brands, also generated promising results. The launch of Nurishh in Western Europe was particularly successful, as it quickly became the leading plant-based brand in terms of market share in France and the second largest in Belgium, while the plant-based version of Boursin® was a great success in the United States and Canada.Lastly, as regards retail channels, 2021 was marked by the rapid expansion of e-commerce, as well as Out of Home (OOH) catering, which recorded strong double-digit growth, buoyed mainly by the North American and Chinese markets.

(1) This amount included the consolidation scope comprising Royal Bel Leerdammer B.V., Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights and Bel Shostka Ukraine, up to September 30, 2021.
(2) Organic growth corresponds to reported revenue growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation and inflation in Iran.Since Iran has been considered as a hyperinflationary economy since 2020, the inflation impacts (based on changes in the consumer price index - CPI) have been adjusted for in the calculation of organic revenue growth.

Recurring operating income amounted to €223 million, down -15.3%, as a result of strong inflationary pressures, with increases in raw materials and packaging prices, as well as additional costs linked in particular to tensions in the labor market, mainly in the United States. These pressures were such that they could not be fully offset by the sales price increases and major efforts to improve productivity that have been underway for several years. Operating income reached €629 million, up sharply by +157.2%, due mainly to the €466 million capital gain recorded as a result of the sale of business activities that also included the Leerdammer brand to Lactalis.

Against a background of very high operational volatility, ongoing efforts to optimize inventory management failed to offset the decline in recurring operating income. Operating cash flow[1] thus fell by €107 million to €279 million.

# 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 Annual Report.

## 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 Annual Report.It can be summarized as follows:

| (in millions of euros) | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cash from operations before changes in WCR | 337.7 | 399.6 | 336.0 |
| Income taxes paid | (51.6) | (45.3) | (45.2) |
| Change in operating WCR | (7.1) | 31.9 | 18.8 |
| **TOTAL CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES** | **279.0** | **386.2** | **309.6** |
| Cash flows from (used in) operating activities | 279.0 | 386.2 | 309.6 |
| Cash flows from (used in) investing activities | (290.6) | (178.1) | (150.5) |
| Cash flows from (used in) financing activities | (83.1) | (21.5) | (77.2) |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(94.7)** | **186.6** | **81.9** |
| Effect of foreign exchange rate fluctuations | 4.9 | (9.9) | (6.3) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(89.7)** | **176.8** | **75.6** |
| Net cash and cash equivalents at the beginning of the period | 580.1 | 403.4 | 327.8 |
| Net cash and cash equivalents at the end of the period | 490.4 | 580.1 | 403.4 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(89.7)** | **176.8** | **75.6** |
| Gross financial debt | 1,138.2 | 1,166.3 | 1,090.7 |
| Current used banking facilities | 4.2 | 10.2 | 2.3 |
| Cash and cash equivalents | (494.6) | (590.3) | (405.7) |
| Other financial assets | (2.5) | (2.0) | (3.1) |
| **NET FINANCIAL DEBT** | **645.3** | **584.1** | **684.2** |

Overall net financial debt includes, as of December 31, 2021 and December 31, 2020, lease liabilities of €97.8 million and €111.1 million respectively.

(1) Operating cash flow corresponds to cash flow generated by operating activities.

## 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

At December 31, 2021, the Group possessed the financing capacity to meet its funding needs for internal or external growth. For certain financing lines (syndicated credit lines, Euro and US Private Placement, *Schuldschein* loan), Bel has pledged to respect a financial leverage ratio of less than 3.75 throughout the duration of its loans. The ratio's calculation method was changed in 2020 to reflect the integration of the IFRS 16 accounting standard. The financial leverage ratio now designates the amount of consolidated net debt[(1)], including lease liabilities divided by EBITDA,on the basis of current operating income, [(2)]including depreciation and amortization and financial reclassification relative to the Group's consolidated right of use. The ratio is tested at least once a year.Failure to meet the ratio could trigger the repayment of a significant part of the debt.

At December 31, 2021, the financial leverage ratio was 2.03, compared with 1.45 at December 31, 2020 (Note 4.15 to the consolidated financial statements, set out in paragraph 5.5.1).

On December 31, 2021, the Group had a considerable amount of cash and cash equivalents, of €490 million in consolidated terms, including €407 million at Bel SA.

Available cash in North African and Middle Eastern countries amounted to €61 million on December 31, 2021 and represented the majority of the non-centralizable cash available.

## 5.4.5 — ANTICIPATED SOURCES OF FUNDS

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 and US Private Placement, *Schuldschein*, and public bond issues (see Note 4.15.2).

(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 lease liabilities, current used banking facilities, and cash and cash equivalents.

(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 DECEMBER 31, 2021

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (in millions of euros) | NOTES | DECEMBER 31, 2021 | DECEMBER 31, 2020 |
|---|---|---|---|
| **REVENUE** | **3.1** | **3,379.0** | **3,455.8** |
| Cost of sales | 3.2 | (2,458.5) | (2,448.2) |
| **GROSS PROFIT** | | **920.6** | **1,007.6** |
| Sales and retailing expense | 3.2 | (411.9) | (432.3) |
| Research and development expense | 3.2 | (29.0) | (30.5) |
| Administrative and general overhead expense | 3.2 | (262.0) | (281.3) |
| Other operating income and expense | 3.2 | 5.3 | (0.4) |
| **RECURRING OPERATING INCOME** | | **222.9** | **263.1** |
| Other non-recurring income and expense | 3.3 | 406.4 | (18.4) |
| **OPERATING INCOME** | | **629.3** | **244.7** |
| Income from cash and cash equivalents | 3.4 | 1.2 | 1.0 |
| Cost of gross financial debt | 3.4 | (23.4) | (26.6) |
| **NET COST OF FINANCIAL DEBT** | | **(22.2)** | **(25.6)** |
| Other financial income and expense | 3.4 | (11.9) | (1.7) |
| **PROFIT BEFORE TAX PROFIT** | | **595.2** | **217.4** |
| Income tax expense | 3.5 | (65.1) | (64.5) |
| **NET PROFIT FROM CONSOLIDATED ENTITIES** | | **530.1** | **152.9** |
| Non-controlling interests | | (5.6) | (9.2) |
| **CONSOLIDATED NET PROFIT – GROUP SHARE** | | **524.5** | **143.8** |

*The notes to the financial statements form an integral part of the consolidated financial statements.*

## STATEMENT OF COMPREHENSIVE INCOME

| (in millions of euros) | NOTES | 2021 | 2020 |
|---|---|---|---|
| **Net profit/(loss) for the period** | | **530.1** | **152.9** |
| **OTHER ITEMS OF COMPREHENSIVE INCOME** | | | |
| **Non-reclassifiable items** | | | |
| Actuarial gains and losses arising from retirement obligations | 4.11 | 1.9 | (1.7) |
| Income tax impact | | (0.5) | (0.4) |
| Actuarial gains and losses arising on financial assets | 4.9.1 | 79.5 | 2.0 |
| Income tax impact | | (17.6) | (1.4) |
| **Reclassifiable items** | | | |
| Translation difference | | 70.7 | (83.2) |
| Hyperinflationary revaluation | 1.5 | 17.0 | |
| Gains and losses on cash flow hedging | 4.15 | | |
| Amounts recognized in equity | | (16.4) | 16.2 |
| Income tax impact | | 4.2 | (4.4) |
| **TOTAL RECOGNIZED TO EQUITY** | | **138.9** | **(72.9)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **669.0** | **80.0** |
| Group share | | 660.2 | 76.6 |
| Non-controlling interests | | 8.8 | 3.4 |

*The notes to the financial statements form an integral part of the consolidated financial statements.*

## CONSOLIDATED BALANCE SHEET

### ASSETS

| (in millions of euros) | NOTES | DECEMBER 31, 2021 | RESTATED DECEMBER 31, 2020 [(a)] |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Goodwill | 4.1 | 818.1 | 848.2 |
| Other intangible assets | 4.2 | 548.5 | 627.7 |
| Property, plant and equipment | 4.3.1 | 885.2 | 949.4 |
| Property, plant and equipment - right of use | 4.3.2 | 92.3 | 105.3 |
| Financial investments | 4.4 | 227.6 | 128.4 |
| Other financial assets | 4.4 | 7.3 | 6.3 |
| Loans & advances | 4.4 | 12.4 | 12.8 |
| Trade and other receivables | 4.7 | 1.0 | 1.2 |
| Deferred tax assets | 4.8 | 10.3 | 15.5 |
| **TOTAL** | | **2602.7** | **2694.8** |
| **CURRENT ASSETS** | | | |
| Inventories and work-in-progress | 4.6 | 337.9 | 371.2 |
| Trade and other receivables | 4.7 | 395.4 | 434.2 |
| Other financial assets | 4.4 | 10.2 | 21.5 |
| Loans & advances | 4.4 | 1.0 | 1.1 |
| Current tax assets | 4.4 | 35.6 | 39.6 |
| Cash and cash equivalents | 4.14 | 494.6 | 590.3 |
| **TOTAL** | | **1,274.6** | **1,458.0** |
| **TOTAL ASSETS** | | **3,877.3** | **4,152.8** |

(a) See Note 1.7 to the consolidated financial statements.

*The notes to the financial statements form an integral part of the consolidated financial statements.*

## BALANCE SHEET LIABILITIES

| (in millions of euros) | NOTES | DECEMBER 31, 2021 | RESTATED DECEMBER 31, 2020[(a)] |
|---|---|---|---|
| Capital | 4.9 | 10.3 | 10.3 |
| Additional paid-in capital | | 22.0 | 22.0 |
| Reserves | | 2,310.9 | 1,764.7 |
| Treasury shares | 4.9 | (719.9) | (23.3) |
| **EQUITY (GROUP SHARE)** | | **1,623.3** | **1,773.7** |
| **NON-CONTROLLING INTERESTS** | | **58.3** | **90.8** |
| **EQUITY** | | **1,681.6** | **1,864.5** |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 4.10 | 4.6 | 6.1 |
| Employee benefits | 4.11 | 43.1 | 71.7 |
| Deferred tax liabilities | 4.8 | 281.3 | 277.8 |
| Lease liabilities – over one year | 4.14 | 75.6 | 87.9 |
| Long term borrowings and financial liabilities | 4.14 | 877.7 | 850.3 |
| Other liabilities | 4.12 | 68.0 | 63.1 |
| **TOTAL** | | **1,350.3** | **1,357.0** |
| **CURRENT LIABILITIES** | | | |
| Provisions | 4.10 | 5.1 | 5.2 |
| Employee benefits | 4.11 | 2.4 | 6.0 |
| Lease liabilities – less than one year | 4.14 | 22.2 | 23.1 |
| Short term borrowings and financial liabilities | 4.14 | 162.7 | 204.9 |
| Other financial liabilities | 4.16 | 13.6 | 0.0 |
| Trade payables and other liabilities | 4.13 | 603.2 | 653.0 |
| Tax payable liabilities | | 32.1 | 28.9 |
| Current bank facilities and other borrowings | 4.14 | 4.2 | 10.2 |
| **TOTAL** | | **845.4** | **931.4** |
| **TOTAL EQUITY AND LIABILITIES** | | **3,877.3** | **4,152.8** |

(a) See Note 1.7 to the consolidated financial statements.

*The notes to the financial statements form an integral part of the consolidated financial statements.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (in millions of euros) | NOTES | NUMBER OF SHARES OUTSTANDING | CAPITAL | ADDITIONAL PAID-IN CAPITAL | TRANSLATION DIFFERENCES | TREASURY SHARES | CONSOLIDATED INCOME | RESERVES AND ACCUMULATED CONSOLIDATED PROFIT (LOSS) | EQUITY - GROUP SHARE | NON-CONTROLLING INTERESTS | TOTAL CONSOLIDATED EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AT DECEMBER 31, 2019** | | **6,788,335** | **10.3** | **22.0** | **(121.8)** | **(23.3)** | **121.4** | **1,707.8** | **1,716.4** | **93.7** | **1,810.1** |
| Allocation of income from the prior year | | | | | | | (121.4) | 121.4 | 0.0 | | 0.0 |
| Dividends paid | | | | | | | | (23.8) | (23.8) | (2.5) | (26.3) |
| Profit (loss) for the period | | | | | | | 143.8 | 0.0 | 143.8 | 9.2 | 152.9 |
| Other items of comprehensive income | 4.9 | | | | (77.5) | | 0.0 | 10.4 | (67.1) | (5.8) | (72.9) |
| Other changes in value directly recognized in restated equity | | | | | | | | 4.5 | 4.5 | (3.8) | 0.7 |
| Purchase of treasury shares | | (453) | | | | (0.1) | | | (0.1) | | (0.1) |
| Treasury shares distributed | | 660 | | | | 0.1 | | | 0.1 | | 0.1 |
| **AS OF DECEMBER 31, 2020 RESTATED[(a)]** | | **6,788,542** | **10.3** | **22.0** | **(199.3)** | **(23.3)** | **143.8** | **1,820.3** | **1,773.7** | **90.8** | **1,864.5** |
| Allocation of income from the prior year | | | | | | | (143.8) | 143.8 | 0.0 | | 0.0 |
| Dividends paid | | | | | | | | 0.0 | 0.0 | (2.5) | (2.5) |
| Profit (loss) for the period | | | | | | | 524.5 | | 524.5 | 5.6 | 530.1 |
| Other items of comprehensive income | 4.9 | | | | 67.6 | | | 68.1 | 135.7 | 3.2 | 138.9 |
| Other changes in value directly recognized in equity | | | | | | | | (114.0) | (114.0) | (38.8) | (152.8) |
| Purchase of treasury shares | | (1,591,690) | | | | (697.1) | | | (697.1) | | (697.1) |
| Treasury shares distributed | | 3,391 | | | | 0.6 | | | 0.6 | | 0.6 |
| **BALANCE AT DECEMBER 31, 2021** | | **5,200,243** | **10.3** | **22.0** | **(131.7)** | **(719.9)** | **524.5** | **1,918.1** | **1,623.3** | **58.3** | **1,681.6** |

(a) See Note 1.7 to the consolidated financial statements.

*The notes to the financial statements form an integral part of the consolidated financial statements.*

## CONSOLIDATED CASH FLOW STATEMENT

| (in millions of euros) | NOTES | 2021 | 2020 |
|---|---|---|---|
| **CASH FLOW FROM (USED IN) OPERATING ACTIVITIES** | | | |
| Profit before tax | | 595.2 | 217.4 |
| Adjustments for: | | | |
| Depreciation and write-downs | | 150.9 | 136.6 |
| Depreciation and amortization - right of use | | 19.2 | 21.6 |
| Capital gains (losses) on disposal | | 0.3 | 1.1 |
| Reclassification of net financial income and expenses | | 30.2 | 21.4 |
| Reclassification of net financial income and expenses - right of use | | 3.9 | 5.9 |
| Other non-cash items on the income statement | | (462.0) | (4.5) |
| **Cash from operations before changes in WCR** | | **337.7** | **399.6** |
| (Increase) decrease in inventories, receivables and payables | 5.1 | (8.2) | 32.8 |
| (Increase) decrease in non-current receivables and payables | | 1.1 | (0.9) |
| Income taxes paid | | (51.6) | (45.3) |
| **NET CASH FLOW GENERATED BY OPERATING ACTIVITIES** | **(1)** | **279.0** | **386.2** |
| **CASH FLOW FROM (USED IN) INVESTING ACTIVITIES** | | | |
| Acquisitions of activities | | (185.1) | (61.5) |
| Disposals of activities | | 17.4 | 0.0 |
| Acquisitions of property, plant and equipment and intangible assets | 5.2 | (118.2) | (120.6) |
| Disposals of property, plant and equipment and intangible assets | 5.2 | 2.6 | 0.9 |
| Investment grant received | | 3.1 | 5.4 |
| Acquisitions of financial assets | | (17.8) | (6.1) |
| Disposals of financial assets | | 4.2 | 1.6 |
| Dividends received | | 3.1 | 2.2 |
| **NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES** | **(2)** | **(290.6)** | **(178.1)** |
| **CASH FLOW FROM (USED IN) FINANCING ACTIVITIES** | | | |
| Dividends paid | | (2.5) | (26.3) |
| Interest paid | | (18.3) | (19.7) |
| Financial interests - right of use | | (3.9) | (5.9) |
| Change in debt resulting from lease contracts | | (20.3) | (18.1) |
| (Increase) decrease in current accounts with entities outside the scope of consolidation | 5.3.1 | (79.0) | (12.8) |
| Purchase/(sale) of treasury shares | | (0.1) | (0.1) |
| Borrowings and financial liabilities issued | 5.3.2 | 352.8 | 293.2 |
| Repayments of borrowings and financial liabilities | 5.3.2 | (311.7) | (231.6) |
| **NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES** | **(3)** | **(83.1)** | **(21.5)** |
| **NET (INCREASE) DECREASE IN CASH FLOW AND CASH EQUIVALENTS** | **(1)+(2)+(3)** | **(94.7)** | **186.6** |

| | | | |
|---|---|---|---|
| **NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | | **580.1** | **403.4** |
| Effect of foreign exchange rate fluctuations | | 4.9 | (9.9) |
| **NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **4.14** | **490.4** | **580.1** |
| At the closing date net cash and cash equivalents comprised the following: | | | |
| Marketable securities and money market instruments | 4.14 | 122.6 | 91.0 |
| Cash on hand and balance with banks | 4.14 | 372.0 | 499.3 |
| Current used bank facilities including overdrafts and accrued interest | 4.14 | (4.2) | (10.2) |

*The notes to the financial statements form an integral part of the consolidated financial statements.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## 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 2021 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, 2021, the financial statements were approved on March 17, 2022 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).

#### NEW STANDARD APPLIED IN 2021

The Group applied IAS 29 in order to convert the accounts of the subsidiary located in Iran, a country with a hyperinflationary currency as defined by IAS 29.

#### STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AND MANDATORY FROM JANUARY 1, 2021

**IFRS IC decision - employee benefits**

The Group applied the May 2021 IFRS IC decision on the measurement of post-employment benefit obligations endorsed by the IASB in accordance with the retrospective approach. According to the position adopted, in cases where the plan provides for the payment of pensions to employees still with the Company at the retirement date, with the amount depending on length of service and capped at a specific number of years of service, IFRS IC considered that the commitment should be established only for those years of service prior to retirement in respect of which the employee is entitled to the benefit.

Accordingly, the comparative information reported for 2020 was restated and is now reported in accordance with the principles of IAS 8. The resulting effects of the change in accounting method related to employee benefit provisions, which were reduced by €7.8 million, with an offset in equity in the amount of €5.8 million, and deferred taxes (see Note 1.7).

Upcoming standards and amendments will not have a material impact on the Group's financial statements when they become mandatory.

#### STANDARDS, AMENDMENTS AND INTERPRETATIONS FOR WHICH APPLICATION IS NOT MANDATORY FROM JANUARY 1, 2021 BUT MAY BE APPLIED EARLY

The Group does not apply early any standard or interpretation that was not mandatory from January 1, 2021.

## 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

The Group has exclusive control, whether directly or indirectly, over its subsidiaries. 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.Subsidiaries are consolidated using the full consolidation method.

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 financial year are posted to the consolidated statement of comprehensive income 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 applicable 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, 2021, 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 whose currency is not that of a hyperinflationary economy use their national currency as their functional currency and translate their financial statements 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 applicable 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 differences 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 profit" for sales transactions;
- "Other financial income and expenses" for cash flow operations.

### HYPERINFLATION IN IRAN

In 2020, a consensus was reached to estimate that the conditions were met to consider Iran as a hyperinflationary economy under the definition of IAS 29.These conditions notably include the cumulative inflation rate over three years, which exceeded the 100% threshold during the second half of 2021.

Bel's subsidiary in Iran has applied IAS 29 since January 1, 2021.

Accordingly, the subsidiary's non-cash assets and liabilities, as well as its income statement, have been restated to reflect changes in the general purchasing power of its functional currency, resulting in a gain or loss that is recorded under financial result.In addition, the financial statements of that country are translated at the closing rate for the period, as required by the standard.

At the beginning of the 2021 financial year, the application of the standard resulted in an increase in property, plant and equipment and intangible assets of €9.0 million being recognized as a counter-entry to other items of comprehensive income (see Notes 4.2 and 4.3).

## 1.6 — IMPACTS OF COVID-19

Over the course of 2021, the Group continued to make it an absolute priority to ensure the safety and health of its employees by implementing very strict preventive measures at all of its sites throughout the world. As a result of these measures, no site closures took place, and the Group was able to ensure the continuity of production and marketing of its products despite the constant adaptation of the required public health measures and, in particular, the subsequent lockdowns.

In order to limit the impact of the crisis, the Group made ongoing efforts to actively manage its stocks and raw materials in view of fluctuating consumer demand and to limit operating surcharges caused by management of the crisis.

For 2020 and 2021 as a whole, the Group estimates the overall impact of the Covid-19 crisis on sales was not material, albeit with substantial regional disparities. The effects of the pandemic were limited and generated no indicator of lost value. In 2021, as in 2020, the Group did not make use of state aid measures such as deferred payments, a state-backed loan, or reductions or delays in rents negotiated with its lessors.

However, towards the end of the 2021 financial year, there were signs of inflationary pressure on raw materials linked to significant stress in the supply chain, which is expected to continue into 2022.

## 1.7 — CHANGE IN ACCOUNTING METHOD

The Group applied the May 2021 IFRS IC decision on the measurement of post-employment benefit obligations endorsed by the IASB in accordance with the retrospective approach. According to the position adopted, the IFRS IC considered that the commitment should be established only for the years of service prior to retirement in respect of which the employee is entitled to the benefit, if certain criteria are met. The plan must provide for the payment of pensions to employees if they are still with the company on their retirement date.In addition, the amount of the benefit is based on length of service and is capped at a specific number of years of service.

Accordingly, the comparative information reported for 2020 was restated and is now reported in accordance with the principles of IAS 8. As of January 1, 2020, the resulting effects of the change in accounting method concerned equity in the amount of +€5.8 million, employee benefit provisions in the amount of (€7.8) million, and deferred taxes in the amount of +€2 million.

| **ASSETS** (in millions of euros) | **REPORTED DECEMBER 31, 2020** | **CHANGE** | **RESTATED DECEMBER 31, 2020** |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Deferred tax assets | 15.7 | (0.1) | 15.5 |
| **TOTAL ASSETS** | **4,152.9** | **(0.1)** | **4,152.8** |

| **EQUITY AND LIABILITIES** (in millions of euros) | **REPORTED DECEMBER 31, 2020** | **CHANGE** | **RESTATED DECEMBER 31, 2020** |
|---|---|---|---|
| Reserves | 1,758.9 | 5.8 | 1,764.7 |
| **EQUITY** | **1,858.7** | **5.8** | **1,864.5** |
| **NON-CURRENT LIABILITIES** | | | |
| Employee benefits | 79.6 | (7.8) | 71.7 |
| Deferred tax liabilities | 275.9 | 1.9 | 277.8 |
| **TOTAL** | **1,362.9** | **(5.9)** | **1,357.0** |
| **TOTAL EQUITY AND LIABILITIES** | **4,152.9** | **(0.1)** | **4,152.8** |

## 1.8 – RECOGNITION OF CLIMATE RISKS

In keeping with its active and responsible growth model, the Bel group unveiled its new corporate identity "For All For Good" in 2019 and its five priority challenges, which include the objective of "Fighting climate change and reducing our environmental footprint."

In the first quarter of 2022, the Group entered a new phase of its transformation process by establishing carbon reduction as the driver behind its financial and non-financial performance, with a view to aligning itself with an ambitious +1.5°C[1] climate pathway. Bel has thus committed to strengthening its carbon reduction objective through a net reduction of one quarter of its greenhouse gas emissions throughout its value chain by 2035[2], and the integration of carbon as a tool for steering its activities.

### MONITORING CARBON REDUCTION TARGETS

The Group opted to implement a carbon impact analysis tool at all levels of the company's decision-making process.Bel is one of the **pioneering companies that systematically measures its carbon footprint** by using thorough and integrated performance indicators that complement the Company's accounting indicators.

Based on monthly data, the system provides a **consolidated, accurate and reliable view of the Group's carbon footprint** across all its markets, brands, segments and products.More specifically, the Group has already set up environmental and social impact assessment grids for all of the company's strategic decisions, and is working on defining "carbon" budgets in the same way as financial budgets.

In 2021, the Bel Group continued to invest to support the implementation of this carbon emissions reduction pathway. Under the new European green taxonomy, the share of eligible Capex is 5.2% of the Group's total reported Capex.(see Note 3.8 "European Green Taxonomy").

### ACCOUNTING FOR THE INVESTMENT IN THE LIVELIHOODS CARBON FUND 3 (LCF3)

In view of achieving carbon neutrality in its factories by 2025 and throughout its value chain by 2050 at the latest, the Group's teams are focused on reducing greenhouse gas emissions until an irreducible level of emissions is reached. Bel plans to capture residual emissions and support projects that have multiple positive environmental, social and economic impacts. The Group has also joined the Livelihoods Carbon Fund 3 (LCF3) launched by Livelihoods Venture in June 2021, alongside 13 other companies and financial investors. The €5 million investment in this Fund was accounted for as a financial investment.

### SUSTAINABLE FINANCE

Bel is committed to building a responsible and profitable business model and firmly believes in the importance of combining financial and non-financial performance and aims to promote more responsible financing practices. This is why the Group embarked, as early as 2017, on the establishment of credit lines that take into account environmental and social impact in order to ensure that its environmental and social objectives remain at the heart of its financing strategy.

### ASSESSMENT OF THE EFFECTS OF CLIMATE CHANGE

In relation to:

- Bel's activities and its geographical presence;
- the nature and scale of the actual and potential impacts of the risks and opportunities associated with climate change, as identified and measured in Bel's risk factors and Non-Financial Performance Report; and
- the Group's commitments in this area, particularly with regard to reducing its greenhouse gas emissions by 2035;
- Bel has not identified any material impacts for the 2021 financial year.

In particular:

- Bel SA's balance sheet at December 31, 2021 contains no provisions for contingencies and losses related to the environment;
- in 2021, the Group did not identify any significant impacts on the value of its tangible assets as a result of the commitments made in this area. In particular, the implementation of necessary action plans to adapt production tools does not jeopardize their service life.

(1) The Bel Group joined the Science Based Targets initiative in 2017 and in 2019 defined its targets to limit global warming to below +2°C.
(2) Vs 2017, taking into account the Group's growth.

## NOTE 2 Changes in the scope of consolidation and changes in the ownership interest of consolidated entities

### SALE OF THE LEERDAMMER BRAND, ITS RELATED RIGHTS AND BEL SHOTSKA UKRAINE

The Bel Group completed the sale of business activities that included Royal Bel Leerdammer B.V., Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine, to Lactalis. The relevant group of activities is transferred to Lactalis through SICOPA, a subsidiary 100% owned by Bel, in exchange for 1,591,472 Bel shares (representing 23.16% of Bel's capital) owned by Lactalis (See Note 4.9.2). All conditions precedent to the completion of the transaction were met, including obtaining unconditional merger control clearance from the European Commission on August 26, 2021. The transaction included a distribution agreement covering the retailing of Bel Group products by Lactalis in Germany, Italy and Ukraine (see Note 3.2).

This disposal resulted in the recognition of a capital gain of €466.1 million under other non-recurring income and expenses (see Note 3.3) and the recognition in equity of the Bel shares received in exchange for €(697.1) million.

### OTHER CHANGES IN SCOPE

The Senegalese entity, Bel Sénégal was fully consolidated for the first time in 2021.

In addition, Bel acquired 17.56% of the MOM Group's ordinary shares. Bel now holds 82.5% of the MOM Group's ordinary shares.

Bel Syria was disposed of during the financial year. The gain or loss from disposal of €(8.1) million is related to the sale of Bel Syria.

Lastly, Bel Cheese Mexico was absorbed by Quesos Bel Mexico.

# NOTE 3 Income statement

## 3.1 — SEGMENT REPORTING AND SIGNIFICANT EVENTS OF THE YEAR

The Group's activities are managed through two segments: Global Markets on the one hand and New Territories on the other. New Territories include the MOM and All In Foods businesses and Sub-Saharan African countries, China, Latin America and the French overseas departments and territories.

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 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.

### ACCOUNTING PRINCIPLES

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.

Change in revenue and operating income by segment was as follows:

| (in millions of euros) | 2021 Revenue | 2021 Operating income | 2020 Revenue | 2020 Operating income |
|---|---|---|---|---|
| Global markets | 2,712.7 | 526.9 | 2,864.5 | 166.9 |
| New territories | 666.4 | 102.4 | 591.3 | 77.8 |
| **TOTAL** | **3,379.0** | **629.3** | **3,455.8** | **244.7** |

Recurring operating income amounted to €223 million, down -15.3%, as a result of strong inflationary pressures, with increases in raw materials and packaging prices, as well as additional costs linked in particular to tensions in the labor market, mainly in the United States. These pressures were such that they could not be fully offset by the sales price increases and major efforts to improve productivity that have been underway for several years. Operating income reached €629 million, up sharply by +157.2%, due mainly to the €466 million capital gain recorded as a result of the sale of business activities that included Royal Bel Leerdammer B.V., Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights and Bel Shostka Ukraine to Lactalis

### GLOBAL (MATURE) MARKETS

The performance of global (mature) markets was a reflection of the contrasting economic environment observed throughout the year.While the change in reported data showed a decline of -5.3%, organic growth remained stable (-0.3%).

### NEW TERRITORIES

In 2021, Bel's organic growth across new regions continued (+14.4% compared to 2020). This performance was again buoyed by MOM's solid growth trend.

### Breakdown of revenue by region

Revenue by destination in the main countries were as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| France | 819.0 | 807.2 |
| United States | 687.1 | 648.7 |
| Germany [(a)] | 208.3 | 236.2 |
| Morocco | 231.2 | 232.2 |

(a) Change related to the sale of Bel Deutschland to Lactalis on September 30, 2021

The breakdown by geographic region is as follows:

| (in millions of euros) | 2021 | | 2020 | |
|---|---|---|---|---|
| | Revenue by destination | Tangible and intangible assets by geographic region | Revenue by destination | Tangible and intangible assets by geographic region |
| Europe[(a)] | 1,788.8 | 1,524.7 | 1,857.6 | 1,733.7 |
| Middle East – Greater Africa | 614.7 | 161.1 | 678.4 | 181.9 |
| Americas – Asia Pacific | 975.5 | 658.4 | 919.8 | 615.0 |
| **TOTAL** | **3,379.0** | **2,344.1** | **3,455.8** | **2,530.6** |

(a) Includes the effects of changes in the consolidation scope.(See Note 2)

Organic growth in the Europe region was +3.0%. Germany and Austria posted solid performances, driven in particular by the Babybel® brand.France, on the other hand, posted strong sales growth over 2019, driven by the strong momentum of Babybel® and Boursin®, and renewed interest in Apéricube® leading to higher demand, thanks to promotional campaigns and increased consumption of appetizers and snacks intended to be shared at home.

Given the continuing economic volatility and increased local competition in some countries, the Near and Middle East and North Africa markets posted an organic decline of -8.4%.

Lastly, the Americas-Asia region maintained its growth momentum and posted an organic growth of 8.9%, driven by strong demand and market share gains in North America. The Canada region recorded its third year of faster sales growth, with all of the Group's core brands reporting increases in sales. The United States region confirmed its growth potential, with three core brands recording solid performances, namely:Babybel®, Boursin® and The Laughing Cow®, all of which received rave reviews for their latest product innovations.

In Asia, China continued to deliver strong double-digit sales growth, driven in particular by the excellent performance of the Kiri® brand.

## 3.2 – OPERATING EXPENSES BY NATURE

Operating expenses by nature break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Personnel expense | (626.3) | (662.6) |
| Depreciation and amortization expense | (140.1) | (148.1) |
| Other operating expense | (2,389.7) | (2,382.0) |
| **TOTAL OPERATING EXPENSES** | **(3,156.1)** | **(3,192.7)** |

Other operating expenses include manufacturing raw materials and consumables used to make products sold, as well as other costs of goods and services sold. This also included the effects of the temporary retail contracts between Bel and Lactalis for a period from October 1 to December 31, 2021. These temporary contracts were signed following the disposal of the Leerdammer brand, its related rights and Bel Shotska Ukraine to Lactalis.

## 3.3 – OTHER NON-RECURRING INCOME AND EXPENSE

### ACCOUNTING PRINCIPLES

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 ;
- 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.

Other non-recurring income and expenses break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Impairment and gain or loss from disposal of fixed assets | (35.5) | (14.5) |
| Gain or loss on disposal of entities consolidated by full consolidation. | 458.2 | 0.0 |
| Restructuring costs | (0.9) | (3.8) |
| Other non-recurring income and expense | (15.4) | (0.1) |
| **TOTAL OTHER NON-RECURRING INCOME AND EXPENSE** | **406.4** | **(18.4)** |

In 2021, impairment tests led to the recognition of an impairment loss of €(33.6) million in respect of Safilait's tangible and intangible assets (see Note 4.3), recorded in the "Impairment and gain or loss from disposal of fixed assets" line item.

The gain or loss on disposal of consolidated entities primarily corresponds to the capital gain on the sale of Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland and Bel Shostka Ukraine for €466.1 million.

Restructuring costs stemmed mainly from the massive departure of personnel who were not replaced, decided by the Executive Committee.

In 2020, an impairment loss of €12.7 million was recorded for goodwill at Safilait in the "Impairment and gains or losses on disposal of fixed assets" line item.

## 3.4 – FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Income from cash and cash equivalents | 1.2 | 1.0 |
| Cost of gross financial debt | (23.4) | (26.6) |
| **Net cost of financial debt** | **(22.2)** | **(25.7)** |
| Net cost from discounting | (0.6) | (1.1) |
| Foreign currency gains (losses) and other hedges | (6.9) | 1.7 |
| Hyperinflationary revaluation | (3.3) | 0.0 |
| Other | (1.1) | (2.3) |
| **Other financial income and expense** | **(11.9)** | **(1.7)** |
| **TOTAL NET FINANCIAL EXPENSE** | **(34.1)** | **(27.3)** |

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 €3.9 million in 2021 vs. €5.9 million in 2020.

The foreign currency gains (and losses) and other hedges were mainly due to the change in the market value of fixed-rate receiver swaps for -€6.3 million.

In 2020, it was mainly explained by the change in the market value of the fixed-rate receiver swaps for + €1.6 million and by the impact of the revaluation of Bel Syria's assets in euros (€1.7 million), offset by the impact of the revaluation of Bel Karper's liabilities in euros (-€1.6 million).

The line item "Hyperinflation" includes the effects of the revaluation of the non-cash assets and liabilities of the Iranian entity, as well as all other income statement items, in accordance with IAS 29.

The "Other" line-item included dividends received in 2021 for €3.1 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

### ACCOUNTING PRINCIPLES

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 business tax. The Group qualifies the CET tax as an operating expense rather than an income tax. Accordingly, CET payable 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.

Income tax expenses break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Current tax, including withholding tax | (61.4) | (38.4) |
| Deferred tax | (3.7) | (26.1) |
| **TOTAL INCOME TAX EXPENSE** | **(65.1)** | **(64.5)** |

In 2021, the applicable corporate tax rate in France was 27.5%, to which a social security tax of 3.3% is added, bringing the total rate to 28.41%.

In 2021, the Group's effective tax rate was 10.9%. The difference between the applicable and effective income tax rates is summarized below:

| (in millions of euros and in %) | 2021 | | 2020 | |
|---|---|---|---|---|
| Profit before tax | 595.2 | | 217.4 | |
| **Standard tax rate (including additional contributions)** | **(169.1)** | **28.4%** | **(69.6)** | **32.0%** |
| Impact of differential tax rate and change in tax rate of subsidiaries | 5.6 | -0.9% | 7.1 | -3.2% |
| Tax credits | 1.9 | -0.3% | 5.2 | -2.4% |
| Prior period carryforwards used during the year | 0.4 | -0.1% | 0.4 | -0.2% |
| Unused tax loss carryforwards from the period | (3.5) | 0.6% | (0.7) | 0.3% |
| Alternative minimum tax and non-creditable withholding tax | (6.2) | 1.0% | (4.2) | 1.9% |
| Permanent differences | 110.7 | -18.6% | (3.8) | 1.8% |
| Other items | (4.8) | 0.8% | 1.2 | -0.5% |
| **EFFECTIVE INCOME TAX RATE** | **(65.1)** | **10.9%** | **(64.5)** | **29.7%** |

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 line item "Impact of change in tax rate in foreign companies" mainly relates to the effect of changes in deferred tax rates in the UK and the USA (in particular Materne North America).

The permanent differences in 2021 mainly related to the effects of the disposal of the entities Royal Bel Leerdammer B.V., Bel Italia, Bel Deutschland and Bel Shotska Ukraine.

# NOTE 4 Balance sheet

## 4.1 – GOODWILL

### ACCOUNTING PRINCIPLES

#### 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".

#### 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.

Impairment losses relating to goodwill may not be reversed.

Changes in goodwill for 2021 break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **GROSS VALUE AT OPENING** | **923.5** | **851.0** |
| Impact of change in consolidation scope [(a)] | (40.9) | 82.3 |
| Translation differences | 8.3 | (9.8) |
| **GROSS VALUE AT END OF PERIOD** | **891.0** | **923.5** |
| **Accumulated amortization and impairment at opening** | **(75.4)** | **(64.7)** |
| Impact of change in consolidation scope [(a)] | 3.6 | 0.0 |
| Amortization and impairment | 0.0 | (12.7) |
| Translation differences | (1.1) | 2.0 |
| **Accumulated amortization and impairment at end of period** | **(72.9)** | **(75.4)** |
| **NET CARRYING AMOUNT OF GOODWILL FROM CONTINUING OPERATIONS** | **818.1** | **848.2** |

(a) See Note 2.

For the purposes of goodwill impairment tests, on December 31, 2021, the Group was divided into 12 cash generating units (CGUs). Each CGU represents the smallest group of assets within which the Group follows goodwill for its internal management needs.

The main goodwill items recorded by the Group were those of the Boursin (€331 million net value) and MOM (€384 million net value) CGUs.

In 2021, impairment tests implemented on cash generating units led to the recognition of an impairment loss on the tangible and intangible assets of the Moroccan company Safilait for a value of €33.6 million.It must be recalled that since the end of 2020, the goodwill of this entity has been fully depreciated.

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 five 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 | |
|---|---|---|---|---|
| (in %) | 2021 | 2020 | 2021 | 2020 |
| Europe | (1%) - 2% | 1% - 2% | 6.50% | 6.50% |
| Americas, Asia-Pacific | 0.5% - 2% | 0.5% - 2% | 8% - 8.1% | 8% |
| Middle East and Greater Africa | 0% - 2.5% | 2% - 2.5% | 11.4% | 11% |

The Group tested the sensitivity of its CGUs to the following two factors:

- a 1 point increase in the discount rate;
- a 0.5 point decline in the long-term growth rate.

A 1 point increase in the discount rate would result in the Group recognizing an additional impairment of €4.9 million.

A 0.5 point decline in the long-term growth rate would result in the Group recognizing additional impairment of around €1.8 million.

## 4.2 – OTHER INTANGIBLE ASSETS

### ACCOUNTING PRINCIPLES

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.

Changes in other intangible assets during the year were as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **Net carrying amount at January 1** | **627.7** | **649.4** |
| Impact of change in consolidation scope[(a)] | (89.3) | 0.0 |
| Acquisitions | 14.0 | 13.4 |
| Disposals, assets disposed of | (0.2) | (0.0) |
| Hyperinflationary revaluation | 0.1 | 0.0 |
| Translation differences | 18.3 | (19.9) |
| Depreciation and write-downs | (21.8) | (14.4) |
| Reclassifications | (0.3) | (0.7) |
| **NET CARRYING AMOUNT AT DECEMBER 31** | **548.5** | **627.7** |

(a) See Note 2.

As in 2020, acquisitions of other intangible assets in 2021 were primarily related to the Group's IT projects.

A breakdown of intangible assets by type is presented in the following table:

| | DECEMBER 31, 2021 | | | DECEMBER 31, 2020 |
|---|---|---|---|---|
| (in millions of euros) | Gross value | Accumulated depreciations and write-downs | Net carrying amount | Net carrying amount |
| Concessions and patents | 34.8 | (20.2) | 14.6 | 15.2 |
| Brands | 514.2 | (23.2) | 491.1 | 570.9 |
| Software | 208.8 | (166.5) | 42.3 | 41.4 |
| Other | 1.6 | (1.1) | 0.5 | 0.2 |
| **TOTAL** | **759.4** | **(210.9)** | **548.5** | **627.7** |

The main Group brands recorded under intangible assets stem from the acquisitions of Boursin (€92 million) and MOM Group (€348.6 million).

## 4.3 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### 4.3.1 – PROPERTY, PLANT AND EQUIPMENT

#### ACCOUNTING PRINCIPLES

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.

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.

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 |

Changes in property, plant and equipment during the year were as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **Net carrying amount at January 1** | **949.4** | **992.2** |
| Impact of change in consolidation scope[(a)] | (73.5) | 2.4 |
| Acquisitions | 101.7 | 111.1 |
| Disposals, assets disposed of | (4.1) | (2.0) |
| Hyperinflationary revaluation | 14.5 | 0.0 |
| Translation differences | 31.4 | (45.1) |
| Depreciation and write-downs | (133.9) | (108.4) |
| Reclassifications | (0.3) | (0.9) |
| **NET CARRYING AMOUNT AT DECEMBER 31** | **885.2** | **949.4** |

(a) See Note 2.

A breakdown of property, plant and equipment by nature is presented in the following table:

| | DECEMBER 31, 2021 | | | DECEMBER 31, 2020 |
|---|---|---|---|---|
| (in millions of euros) | Gross value | Accumulated depreciations and write-downs | Net carrying amount | Net carrying amount |
| Land | 29.7 | (8.4) | 21.2 | 25.7 |
| Constructions | 476.0 | (254.4) | 221.6 | 236.1 |
| Technical installations, fixtures, machinery and equipment | 1521.3 | (944.7) | 576.6 | 588.0 |
| Other property, plant and equipment | 71.1 | (55.8) | 15.3 | 18.7 |
| Assets under construction | 51.9 | (1.4) | 50.5 | 80.8 |
| **TOTAL** | **2150.0** | **(1,264.8)** | **885.2** | **949.4** |

The main achievements for the period concern:

- the renovation of our recipes and the launch of several innovations to offer an increasing number of natural products, in line with our long-term commitment to healthier food;
- investments in plant-based products;
- implementation of our CSR strategy through the reduction of water and electricity consumption and the use of more responsible packaging;
- safety and maintenance in our plants;
- increase in production capacities and improvement of productivity in the MOM Group companies.

### 4.3.2 – RIGHTS-OF-USE ASSETS

#### ACCOUNTING PRINCIPLES

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.

Right-of-use assets break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **Net carrying amount at January 1** | **105.3** | **99.8** |
| Impact of change in consolidation scope [(a)] | (6.5) | 0.6 |
| Acquisitions | 20.2 | 35.6 |
| Disposals, assets disposed of | (4.8) | (0.6) |
| Translation differences | 2.4 | (2.8) |
| Depreciation and write-downs | (24.4) | (27.2) |
| **NET CARRYING AMOUNT AT DECEMBER 31** | **92.3** | **105.3** |

(a) See Note 2.

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.

The Group leases IT equipment under the framework of rental contracts. These are short-duration operating leases and/or concerning goods of low value. The Group has chosen not to record right of use assets or lease liabilities for these contracts

| | DECEMBER 31, 2021 | | | DECEMBER 31, 2020 |
|---|---|---|---|---|
| (in millions of euros) | Gross value | Accumulated depreciation | Net carrying amount | Net carrying amount |
| Land | 0.3 | (0.2) | 0.1 | 0.1 |
| Constructions | 114.4 | (49.2) | 65.2 | 78.6 |
| Technical installations, fixtures, machinery and equipment | 4.6 | (1.1) | 3.5 | 0.6 |
| Shipping | 43.6 | (20.8) | 22.8 | 25.3 |
| Other property, plant and equipment | 1.2 | (0.5) | 0.6 | 0.7 |
| **TOTAL** | **164.1** | **(71.8)** | **92.3** | **105.3** |

The most significant contracts concern office buildings leased for around €65.2 million in 2021 vs. €78.6 million in 2020.

## 4.4 – FINANCIAL ASSETS AND LIABILITIES

### ACCOUNTING PRINCIPLES: 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 principal 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, 2021 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 at 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 profit or loss.

The ineffective part is recorded in financial profit or loss.

If there is no hedging relation, changes in market value of derivatives instruments are recognized under financial profit 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 2021, the Group did not apply this option.

Financial assets break down as follows:

| | DECEMBER 31, 2021 | | | | DECEMBER 31, 2020 |
|---|---|---|---|---|---|
| (in millions of euros) | Amortized costs | Fair value through OCI | Fair value through P&L | Balance sheet amount | Balance sheet amount |
| **Assets** | | | | | |
| Financial investments | 0.4 | 195.8 | 31.4 | 227.6 | 128.4 |
| Other non-current financial assets | | 7.3 | | 7.3 | 6.3 |
| Non-current loans and advances | 12.4 | | | 12.4 | 12.8 |
| Non-current trade and other receivables | 1.0 | | | 1.0 | 1.2 |
| Current trade and other receivables | 395.4 | | | 395.4 | 434.2 |
| Other current financial assets | 10.2 | | | 10.2 | 21.5 |
| Current loans and advances | 1.0 | | | 1.0 | 1.1 |
| Cash and cash equivalents | 122.6 | | 372.0 | 494.6 | 590.3 |

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 millions of euros) | DECEMBER 31, 2021 | DECEMBER 31, 2020 |
|---|---|---|
| Financial investments at beginning of period | 128.4 | 123.6 |
| Change in fair value recognized in comprehensive income | 79.5 | 2.0 |
| Other movements | 19.6 | 2.8 |
| **FINANCIAL INVESTMENTS AT END OF PERIOD** | **227.6** | **128.4** |

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, 2021, these shares were valued at €195.4 million based on the December 31, 2021 closing price.

On December 31, 2020, these shares were valued at €115.8 million based on the December 31, 2020 closing price.

## 4.6 – INVENTORIES AND WORK-IN-PROGRESS

### ACCOUNTING PRINCIPLES

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:

- The gross amount, as determined above, exceeds market value or net realizable value;
- goods have deteriorated.

Inventories and work-in-progress break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Raw materials and other supplies | 154.2 | 152.5 |
| Work-in-progress, goods and services | 0.2 | 1.3 |
| Merchandise, finished goods and intermediate goods | 191.7 | 224.3 |
| **GROSS VALUE** | **346.2** | **378.1** |
| Inventory write-downs | (8.3) | (6.9) |
| **NET CARRYING AMOUNT** | **337.9** | **371.2** |

The change in net inventories for the years presented breaks down as follows:

| | 2021 | | | 2020 |
|---|---|---|---|---|
| (in millions of euros) | Gross | Amortization and impairment | Net | Net |
| **At January 1** | **378.1** | **(6.9)** | **371.2** | **372.6** |
| Change in gross inventory | 3.7 | | 3.7 | 18.9 |
| Change in write-downs | | (1.8) | (1.8) | 0.0 |
| Reclassifications | | | 0.0 | 0.0 |
| Impact of change in consolidation scope[(a)] | (46.7) | 0.6 | (46.2) | 0.7 |
| Translation differences | 11.1 | (0.3) | 10.9 | (21.0) |
| **AT DECEMBER 31** | **346.2** | **(8.3)** | **337.9** | **371.2** |

(a) See Note 2.

## 4.7 – TRADE AND OTHER RECEIVABLES

Trade and other receivables break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Trade and other receivables | 402.2 | 441.5 |
| Write-downs | (6.8) | (7.2) |
| **NET CARRYING AMOUNT** | **395.4** | **434.2** |

The change in trade and other receivables for the years presented breaks down as follows:

| | 2021 | | | 2020 |
|---|---|---|---|---|
| (in millions of euros) | Gross | Amortization and impairment | Net | Net |
| **At January 1** | **441.5** | **(7.2)** | **434.2** | **506.3** |
| Changes in WCR | 22.5 | | 22.5 | (52.8) |
| Impact of change in consolidation scope[(a)] | (109.0) | 1.0 | (108.0) | 0.8 |
| Change in write-downs | | (0.5) | (0.5) | (1.9) |
| Reclassifications | 37.7 | | 37.7 | (0.0) |
| Translation differences | 9.6 | (0.2) | 9.4 | (18.3) |
| **AT DECEMBER 31** | **402.2** | **(6.8)** | **395.4** | **434.2** |

(a) See Note 2.

At December 31, 2021, net current trade receivables represented 88.0% of total trade and other receivables, with trade receivables under 60 days due accounting for 9.7% and trade receivables over 60 days due accounting for 2.3%. Receivables older than 120 days and not covered by credit insurance are fully impaired.

At December 31, 2021, trade receivables of €48.3 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 AND TAX LIABILITIES

### ACCOUNTING PRINCIPLES

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 liability method, they are measured at the tax rate enacted or substantively enacted for the year in which 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.

Net deferred tax liabilities as at December 31, 2021 and changes in the net deferred tax position for the last two financial years were recorded as follows:

| (in millions of euros) | 2021 | 2020 RESTATED[a] |
|---|---|---|
| **At January 1** | **(262.3)** | **(236.4)** |
| Impact of change in consolidation scope [b] | 18.6 | 0.00 |
| Changes recognized in equity | (14.0) | (8.6) |
| Changes recognized in the P&L | (3.7) | (26.1) |
| Translation differences | (9.6) | 8.8 |
| Reclassifications | (0.0) | (0.0) |
| **AT DECEMBER 31** | **(270.9)** | **(262.3)** |

(a) See Note 1.7 to the consolidated financial statements.
(b) See Note 2.

### BASIS FOR DEFERRED TAX ASSETS AND LIABILITIES

| (in millions of euros) | DECEMBER 31, 2021 | RESTATED DECEMBER 31, 2020[a] |
|---|---|---|
| Goodwill from business | (37.8) | (33.3) |
| Fixed assets | (107.1) | (105.4) |
| Brands and concessions | (128.3) | (143.6) |
| Derivative financial instruments | 3.9 | (0.9) |
| Valuation of Unibel shares | (46.8) | (29.2) |
| Pensions and similar employee benefits | 10.8 | 16.6 |
| Tax loss carryforwards | 14.3 | 13.0 |
| Other | 20.2 | 20.4 |
| **NET DEFERRED TAXES** | **(270.9)** | **(262.3)** |
| Of which: | | |
| Deferred tax assets | 10.3 | 15.5 |
| Deferred tax liabilities | (281.3) | (277.8) |

(a) See Note 1.7 to the consolidated financial statements.

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 €8.2 million, and the Fromageries Bel España subsidiary, amounting to €4.4 million.

Deferred tax assets that were unrecognized owing to uncertainties about the probability of recovering the corresponding tax loss carryforwards were as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| (in millions of euros) | Tax loss basis | Unrecognized deferred tax assets | Tax loss basis | Unrecognized deferred tax assets |
| **Expires in** | | | | |
| Less than one year | 1.9 | 0.4 | 7.0 | 0.8 |
| One to five years | 21.7 | 2.2 | (0.0) | (0.0) |
| > 5 years | 0.0 | 0.0 | 0.0 | 0.0 |
| May be carried forward indefinitely | 11.5 | 3.3 | 32.6 | 10.0 |
| **TOTAL** | **35.1** | **5.9** | **39.5** | **10.8** |

As of December 31, 2021, unrecognized deferred tax assets concerned in particular the Moroccan subsidiaries Safilait and Bel Africa in the amount of €4.4 million and the subsidiary Grupo Fromageries Bel España in the amount of €1 million.

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.

#### PROVISIONS FOR TAX RISK

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.

## 4.9 – SHARE CAPITAL INFORMATION

#### 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.

### 4.9.1 – NON-RECLASSIFIABLE ITEMS

Application of IFRS 9 on January 1, 2018 led the Group to assess the management models of the equity interests its holds.

The main equity investments owned by the Group concern Unibel, for a value of €195.4 million on December 31, 2021 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 2021, the Group's equity changed mainly as a result of income for the financial year, the increase in treasury stock and changes in the consolidation scope.

Items recognized in comprehensive income are presented in the following table:

| (in millions of euros) | | AT DECEMBER 31, 2021 Group Share | AT DECEMBER 31, 2021 Non-controlling interests share | AT DECEMBER 31, 2021 Total | AT DECEMBER 31, 2020 Total |
|---|---|---|---|---|---|
| Cash flow and raw materials price hedging | *Gross* | (16.3) | | (16.3) | 16.2 |
| | *Income tax impact* | 4.2 | | 4.2 | (4.4) |
| Mark-to-market of financial assets | *Gross* | 79.5 | | 79.5 | 2.0 |
| | *Income tax impact* | (17.6) | | (17.6) | (1.4) |
| Actuarial gains and losses arising on retirement obligations | *Gross* | 1.7 | 0.1 | 1.8 | (1.7) |
| | *Income tax impact* | (0.5) | | (0.5) | (0.4) |
| Hyperinflationary revaluation | | 17.0 | | 17.0 | 0.0 |
| Translation differences | | 67.6 | 3.1 | 70.7 | (83.2) |
| **TOTAL** | | **135.7** | **3.2** | **138.9** | **(73)** |

The revaluation of the main hedging positions contracted by the Group's subsidiaries is described in Note 4.15.3. The revaluation of assets available for sale primarily concerns the Unibel shares held by Sofico (see Note 4.5). Actuarial gains and losses recorded for the year are set out in Note 4.11.2. The line item "Hyperinflationary revaluation" includes the effect of the transition to IAS 29 totaling €9.0m (see Note 1.5) and the effect of the translation under IAS 21 totaling €8.0m.

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.

#### ACCOUNTING PRINCIPLES

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.

The Group is not subject to equity covenants imposed by third parties.

#### Treasury shares

In 2021, 1,591,690 treasury shares were bought back (See Note 2).The number of treasury shares owned on December 31, 2021 was 1,672,092.

#### Bonus shares

#### ACCOUNTING PRINCIPLES

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.

In accordance with IFRS 2, personnel expenses arising from bonus share awards were recognized incrementally over the vesting period with a corresponding increase in equity.

A breakdown of bonus share plans is presented in the following table:

### BONUS SHARE PLANS

| (in thousands of euros) | PLAN 2018/2021 | PLAN 2019/2022 | PLAN 2020/2023 | TOTAL |
|---|---|---|---|---|
| Number of shares granted at the award date | 8,809 | 11,511 | 14,748 | |
| Number of shares awarded at December 31, 2021 | 3,391 | 6,209 | 12,513 | |
| Fair value of share awarded (in €) | 472 | 300 | 256 | |
| Award criteria: percentage provisioned | 82% | 71% | 100% | |
| Vesting period | 3 years | 3 years | 3 years | |
| **AMOUNT EXPENSED AT DECEMBER 31, 2021** | **(183)** | **(474)** | **(982)** | **(1,639)** |

## 4.10 — PROVISIONS

### ACCOUNTING PRINCIPLES

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.

Changes in provisions for the years presented break down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **Provisions at January 1** | **11.3** | **11.5** |
| Change in consolidation scope[(a)] | (0.2) | 0.0 |
| Increase (charged during the period) | 3.1 | 2.3 |
| Reversals – offset against expenses | (1.8) | (1.5) |
| Reversals – canceled provisions | (2.9) | (0.6) |
| Reclassifications | 0.0 | 0.0 |
| Translation differences | 0.2 | (0.4) |
| **PROVISIONS AT DECEMBER 31** | **9.7** | **11.3** |
| *Of which less than a year* | *5.1* | *5.2* |

(a) See Note 2.

| (in millions of euros) | DECEMBER 31, 2021 | DECEMBER 31, 2020 |
|---|---|---|
| Provisions for disputes and litigation | 3.8 | 4.5 |
| Restructuring provisions | 0.5 | 0.4 |
| Provisions for other contingencies | 5.4 | 6.4 |
| **PROVISIONS** | **9.7** | **11.3** |

In 2021, no significant provision was recorded.

## 4.11 — EMPLOYEE BENEFITS

### ACCOUNTING PRINCIPLES

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 country are factored into the assumptions used.

The fair value of plan assets, if applicable, is deducted from the calculated obligations. Estimated 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.

Costs related to administrative management of funds are also recorded as expenses.

For basic and other defined contribution plans, the obligation is charged to income as determined by the amounts to be contributed for the period.

The Group contributes to various pension plans, post-employment benefits and long-service awards 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.

At end 2018, Bel Brands USA signed an agreement with the multi-employer fund to which certain employees at the subsidiary contributed. The exit cost was estimated at $4.9 million to be paid in 20 annuities of $373,000. At December 31, 2021, the liability for residual payments stood at €4.1 million.

### 4.11.2 – SUMMARY OF VARIOUS EMPLOYEE BENEFITS (DEFINED BENEFIT PLANS)

These plans mainly consist of additional retirement benefits, post-employment benefits and long-service awards.

Employee benefits concern primarily France, accounting for €40 million in commitment, or 88% of a total of €45.5 million.

Actuarial gains and losses on post-employment benefits are recognized in "Other items of comprehensive income" in the period during which they arise.

#### France

The Group's French entities are subject to the collective agreement for the dairy industry. This agreement provides 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.

### 4.11.3 – KEY HIGHLIGHTS OF THE YEAR

#### Accounting consequences of the IFRS IC decision of April 2021 regarding the allocation of post-employment benefits to periods of service for defined benefit plans

On May 24, 2021, the IFRIC published a decision on the allocation of service cost associated with defined benefit plans for which (i) the final vesting of benefits is conditional upon the employee being employed by the company at the time of retirement, (ii) the amount of benefits depends on length of service, and (iii) the amount of benefits is capped at a specific number of consecutive years of service.

This decision affected the method used by the Group to provision for its commitments relating to post-employment benefits in France and constituted a change in the accounting method used by the Group.

The impact of this decision was the recognition of a gain of €7.8 million on the actuarial liability as at January 1, 2020, with an offsetting entry in equity as at January 1, 2020. The French entities of the Group accounted for 99% of this amount.

#### Disposal of the Leerdammer brand, its related rights and Bel Shotska

The Bel Group completed the sale of business activities that included Royal Bel Leerdammer B.V., Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine, to Lactalis. It covered the activities in the Netherlands, Germany, Italy and Ukraine. The transferred commitments amounted to €64.9 million, of which €2.6 million was secured.

New entities were created in Germany and Italy to handle the business activities still controlled by Bel in these countries. The commitment as of December 31, 2021 for these new entities amounted to €0.6 million.

### 4.11.4 – COMMITMENTS RECORDED IN RESPECT OF DEFINED BENEFIT PLANS

The following table provides a summary of the financial position of defined benefit plans:

| (in millions of euros) | NETHERLANDS | FRANCE | GERMANY | REST OF THE WORLD | TOTAL 2021 | TOTAL 2020 RESTATED[(a)] |
|---|---|---|---|---|---|---|
| Gross defined benefit obligation | 0.0 | 39.9 | 0.6 | 5.0 | 45.5 | 120.3 |
| Fair value of plan assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (42.6) |
| **NET EMPLOYEE BENEFIT OBLIGATION RECORDED ON THE BALANCE SHEET** | **0.0** | **39.9** | **0.6** | **5.0** | **45.5** | **77.7** |

(a) See Note 1.7 to the consolidated financial statements.

Changes in gross employee benefit obligations for defined benefit plans are presented in the following table:

| (in millions of euros) | NETHERLANDS | FRANCE | GERMANY | REST OF THE WORLD | TOTAL 2021 | TOTAL 2020 RESTATED[(a)] |
|---|---|---|---|---|---|---|
| **Gross defined benefit obligation at January 1** | **54.0** | **39.0** | **20.9** | **6.4** | **120.3** | **118.7** |
| Change in gross defined benefit obligations recorded in profit and loss | (2.4) | 2.5 | 0.3 | 1.1 | 1.6 | 4.4 |
| Actuarial gains and losses recorded to other comprehensive income | (4.7) | (0.1) | (0.9) | (0.4) | (6.1) | 1.7 |
| Translation differences | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | (0.4) |
| Benefits paid during the year | (2.8) | (1.5) | (0.7) | (0.6) | (5.5) | (4.2) |
| Impact of change in consolidation scope[(b)] | (44.2) | 0.0 | (19.1) | (1.6) | (64.9) | 0.0 |
| **GROSS OBLIGATION AT DECEMBER 31** | **0.0** | **39.9** | **0.6** | **5.0** | **45.5** | **120.3** |

(a) See Note 1.7 to the consolidated financial statements.
(b) See Note 2.

Changes in the fair value of benefit plan assets are presented in the table below:

| (in millions of euros) | NETHERLANDS | FRANCE | GERMANY | REST OF THE WORLD | TOTAL 2021 | TOTAL 2020 RESTATED[(a)] |
|---|---|---|---|---|---|---|
| **Fair value of plan assets at January 1** | **(42.6)** | **0.0** | **0.0** | **0.0** | **(42.6)** | **(41.5)** |
| Interest income (expense) on plan assets | (0.2) | | | | (0.2) | (0.4) |
| Effect of plan curtailments on assets | 1.1 | | | | 1.1 | 0.0 |
| Return on plan assets above the discount rate | 4.2 | 0.0 | 0.0 | 0.0 | 4.2 | (0.1) |
| Impact of change in consolidation scope[(b)] | 37.4 | | | | 37.4 | 0.1 |
| Benefits paid by funds to recipients during the year | 2.8 | | | 0.0 | 2.8 | 0.4 |
| Contributions paid to funds | (2.6) | | | (0.0) | (2.6) | (1.1) |
| **FAIR VALUE OF PLAN ASSETS AT DECEMBER 31** | **(0.0)** | **0.0** | **0.0** | **0.0** | **(0.0)** | **(42.6)** |

(a) See Note 1.7 to the consolidated financial statements.
(b) See Note 2.

In 2021, the net amount expensed to the income statement totaled €2.5 million and broke down as follows:

| (in millions of euros) | NETHERLANDS | FRANCE | GERMANY | REST OF THE WORLD | TOTAL 2021 | TOTAL 2020 RESTATED[(a)] |
|---|---|---|---|---|---|---|
| Service cost for the financial year | 0.0 | 3.6 | 0.2 | 0.9 | 4.8 | 4.2 |
| Past service cost following a restructuring plan or redundancy/ termination by agreement | (1.2) | (0.9) | 0.0 | (0.0) | (2.2) | (1.1) |
| Interest income from the present value of the obligations | 0.3 | 0.3 | 0.1 | 0.1 | 0.8 | 1.3 |
| Past service cost following a plan change | (1.4) | 0.0 | 0.0 | 0.0 | (1.4) | 0.0 |
| Costs borne by bodies responsible for managing plan assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Actuarial gains and losses on other long-term benefits during employment recognized during the year | (0.1) | (0.5) | (0.0) | 0.1 | (0.5) | 0.0 |
| **CHANGE IN GROSS DEFINED BENEFIT OBLIGATIONS RECORDED IN PROFIT AND LOSS** | **(2.4)** | **2.5** | **0.3** | **1.1** | **1.6** | **4.5** |
| Interest income (expense) on plan assets | (0.2) | 0.0 | 0.0 | 0.0 | (0.2) | (0.4) |
| Effect of plan curtailments on assets | 1.1 | 0.0 | 0.0 | 0.0 | 1.1 | 0.0 |
| **TOTAL NET EXPENSES RECOGNIZED ON THE INCOME STATEMENT** | **(1.5)** | **2.5** | **0.3** | **1.1** | **2.5** | **4.1** |

(a) See Note 1.7 to the consolidated financial statements.

Actuarial gains and losses recorded in the statement of comprehensive income can be broken down as follows:

| (in millions of euros) | NETHERLANDS | FRANCE | GERMANY | REST OF THE WORLD | TOTAL 2021 | TOTAL 2020 RESTATED[(a)] |
|---|---|---|---|---|---|---|
| **Actuarial gains and losses on the present value of obligations recognized during the year and arising from experience adjustments** | **(0.5)** | **0.1** | **0.3** | **(0.4)** | **(0.5)** | **(2.7)** |
| Actuarial gains and losses of obligations recognized during the year and arising from changes to demographic assumptions | 0.0 | (1.2) | 0.0 | 0.0 | (1.2) | (1.1) |
| Actuarial gains and losses on the present value of obligations recognized during the year and arising from changes to financial assumptions | (4.1) | 1.0 | (1.2) | (0.0) | (4.4) | 5.5 |
| **ACTUARIAL GAINS AND LOSSES RECORDED TO OTHER COMPREHENSIVE INCOME** | **(4.7)** | **(0.1)** | **(0.9)** | **(0.4)** | **(6.1)** | **1.7** |
| Return on plan assets above the discount rate | 4.2 | 0.0 | 0.0 | 0.0 | 4.2 | (0.1) |
| **TOTAL NET GAINS RECORDED IN THE STATEMENT OF COMPREHENSIVE INCOME** | **(0.5)** | **(0.1)** | **(0.9)** | **(0.4)** | **(1.9)** | **1.7** |

(a) See Note 1.7 to the consolidated financial statements.

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, 2021 | DECEMBER 31, 2020 |
|---|---|---|
| Discount rate (weighted) | 1.17% | 0.77% |
| Rate of salary increases (weighted) | 3.79% | 2.56% |
| Duration (weighted) | 9.7 | 17.1 |

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, 2021 would have the following effects:

| (in %) | DECREASE OF 100 BASIS POINTS | INCREASE OF 100 BASIS POINTS |
|---|---|---|
| Impact on obligation at December 31, 2021 | 11.4% | -10.5% |

## 4.12 — OTHER NON-CURRENT LIABILITIES

### ACCOUNTING PRINCIPLES

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.

Other non-current liabilities broke down as follows:

| (in millions of euros) | DECEMBER 31, 2021 | DECEMBER 31, 2020 |
|---|---|---|
| Investment grants | 25.6 | 24.8 |
| Amounts payable to personnel | 28.2 | 27.4 |
| Other | 14.2 | 10.9 |
| **TOTAL** | **68.0** | **63.1** |

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 PAYABLES AND OTHER LIABILITIES

Changes in trade payables and other liabilities are presented in the following table:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **At January 1** | **653.0** | **667.9** |
| Impact of change in consolidation scope[a] | (107.6) | 2.9 |
| Changes in WCR | 9.4 | 1.9 |
| Reclassifications | 37.1 | (1.6) |
| Translation differences | 11.2 | (18.2) |
| **AT DECEMBER 31** | **603.2** | **653.0** |

(a) See Note 2.

## 4.14 — NET FINANCIAL DEBT

### ACCOUNTING PRINCIPLES

#### 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.

Net financial debt is presented in the following table:

| (in millions of euros) | DECEMBER 31, 2021 | DECEMBER 31, 2020 |
|---|---|---|
| Bonds | 755.8 | 745.2 |
| NEU MTN[(a)] | 60.0 | 40.0 |
| Bank borrowings | 31.6 | 33.4 |
| Employee profit-sharing | 2.8 | 4.3 |
| Minority shareholders' put options | 27.5 | 27.5 |
| Deposits and guarantee deposits | 0.0 | 0.0 |
| **Borrowings and financial liabilities** | **877.7** | **850.3** |
| **TOTAL LONG-TERM LIABILITIES** | **877.7** | **850.3** |
| Bonds | 6.0 | 5.9 |
| Bank borrowings | 0.3 | 8.1 |
| Employee profit-sharing | 1.3 | 2.6 |
| NEU MTN[(a)] | 10.0 | 20.0 |
| NEU CP[(b)] | 110.0 | 70.0 |
| Minority shareholders' put options | (0.0) | 24.5 |
| Sundry loans and financial liabilities | 8.8 | 8.2 |
| Current account liabilities | 26.3 | 65.6 |
| **Borrowings and financial liabilities** | **162.7** | **204.9** |
| **TOTAL SHORT-TERM DEBT** | **162.7** | **204.9** |
| **GROSS FINANCIAL DEBT - EXCLUDING LEASE LIABILITIES** | **1,040.4** | **1,055.2** |
| Long-term lease liabilities | 75.6 | 87.9 |
| Short-term lease payments | 22.2 | 23.1 |
| **LEASE LIABILITIES** | **97.8** | **111.1** |
| **GROSS FINANCIAL DEBT** | **1,138.2** | **1,166.3** |
| Current used bank facilities including overdrafts and accrued interest | 4.2 | 10.2 |
| Cash and cash equivalents | (494.6) | (590.3) |
| **NET CASH AND CASH EQUIVALENTS** | **(490.4)** | **(580.1)** |
| Current account assets | (2.5) | (2.0) |
| **TOTAL NET DEBT (NET CASH)** | **645.3** | **584.1** |

(a) Negotiable European Medium Term Notes.
(b) Negotiable European Commercial Paper.

The main financing transactions for 2021 are explained in Note 4.15.2.

The put options of the minority shareholders of the recently acquired company All In Foods are included in long-term liabilities and have been accounted for in equity.

Lease liabilities correspond to the right-of-use liability recognized in application of IFRS 16.

Current account liabilities mainly concern the parent company Unibel for an amount of €25.2 million on December 31, 2021 compared with €63.8 million on December 31, 2020 (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 liabilities is set out below:

| (in millions of euros) | TOTAL | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 AND BEYOND |
|---|---|---|---|---|---|---|---|
| Lease liabilities - short term | 22.2 | 22.2 | | | | | |
| Lease liabilities - long term | 75.6 | | 18.2 | 15.8 | 13.2 | 11.2 | 17.2 |
| **TOTAL LEASE LIABILITIES** | **97.8** | **22.2** | **18.2** | **15.8** | **13.2** | **11.2** | **17.2** |

## 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, 2021 stood at €645 million, including lease liabilities in application of IFRS 16 and €548 million excluding lease liabilities.

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.

At December 31, 2021, the Group had significant liquidity including:

- a €520 million confirmed syndicated credit facility due in 2024.This line has not been drawn;
- a €500 million commercial paper program, of which €110 million has been used;
- a NEU MTN program of €200 million, of which €70 million has been used;
- a €125 million Euro PP bond issue, maturing in 2027 and 2029, contracted with private investors and indexed to social and environmental responsibility performance, relating to the roll-out of a practical action plan to promote a sustainable dairy upstream industry and reduce its greenhouse gas emissions;
- a €500 million bond listed on Euronext maturing in April 2024;
- financing on the *Schuldschein* market including €20 million maturing in 2023;
- a $150 million US Private Placement bond issue under French law maturing in November 2035.

On December 31, 2021, the Group also had a considerable amount of cash and cash equivalents, of €490 million, including €407 million at Bel.

In its syndicated credit lines, its private placements (Euro PP and US PP) and the *Schuldschein*, Bel SA has committed to keeping its financial leverage ratio below 3.75 over the entire life of the medium- and long-term financing mentioned above. The ratio's calculation method was changed in 2020 to reflect the integration of the IFRS 16 accounting standard. The financial leverage ratio now designates the amount of consolidated net debt, including lease liabilities divided by EBITDA on the basis of current operating income, including depreciation and amortization and financial reclassification relative to the Group's consolidated right of use. Failure to meet the ratio could trigger the repayment of a significant part of the debt. On December 31, 2021, the ratio stood at 2.03 versus 1.45 on December 31, 2020.

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 the subsidiaries level.

Available cash in North African and Middle Eastern countries amounted to €61 million on December 31, 2021 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, 2021, the maturity of the derivatives portfolio did not go beyond January 31, 2023. Cash flow from the budgeted 2021 and 2022 hedges is expected in 2022 and will thus impact income in 2022.

**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.

| CATEGORY OF TRANSACTIONS (in millions of euros) | AT DECEMBER 31, 2021 | | | | AT DECEMBER 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Equity | Operating income | Financial income (expense) | Market value | Equity | Operating income (expense) | Financial income (expense) | Market value |
| **Portfolio related to foreign exchange risk** | | | | | | | | |
| Forward on operational transactions | (3.7) | (0.1) | | (3.8) | 4.9 | 1.6 | | 6.4 |
| Options on operational transactions | (0.9) | (0.1) | | (1.0) | 8.7 | 0.5 | | 9.2 |
| Currency forward and option contracts to hedge future dividend or share transaction flows | (0.3) | | | (0.3) | 0.4 | | | 0.4 |
| Transactions to hedge financing flows | | | (0.1) | (0.1) | | | (0.5) | (0.5) |
| Other transactions | | | (0.0) | (0.0) | | | (0.1) | (0.1) |
| **Total portfolio related to foreign exchange** | **(4.9)** | **(0.2)** | **(0.1)** | **(5.2)** | **14.0** | **2.1** | **(0.6)** | **15.5** |
| **Total portfolio related to interest rates** | **(0.2)** | **- 0** | **(6.0)** | **(6.3)** | **(0.5)** | **- 0** | **1.3** | **0.8** |
| **Total portfolio of Bel SA** | **(5.1)** | **(0.2)** | **(6.1)** | **(11.4)** | **13.5** | **2.1** | **0.7** | **16.3** |
| Portfolio related to risk of change in US raw materials prices | 4.1 | 0.3 | | 4.2 | 2.3 | | | 2.3 |
| **TOTAL BEL GROUP** | **0.0** | **0.0** | **0.0** | **(7.3)** | **0.0** | **0.0** | **0.0** | **18.5** |

The valuation of hedges contracted by the Group is recorded under the "Other financial assets" and "Other financial liabilities" line items.

On December 31, 2021, the Group had secured the following hedges:

| CATEGORY OF TRANSACTIONS (in millions of euros) | Cross | AT DECEMBER 31, 2021 Commi-tment | Equity | Operating income (expense) | Financial income (expense) | Market value | AT DECEMBER 31, 2020 Commi-tment | Equity | Operating income (expense) | Financial income (expense) | Market value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Portfolio related to foreign exchange risk** | | | | | | | | | | | |
| **1 – PORTFOLIO OF CURRENCY FORWARD CONTRACTS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS** | | | | | | | | | | | |
| Forward purchase | EUR GBP | 37.6 | (0.7) | | | (0.8) | 25.8 | 0.1 | | | 0.1 |
| Forward sale | EUR PLN | 32.5 | (0.4) | | | (0.4) | 22.7 | (0.3) | | | (0.3) |
| Forward purchase | EUR PLN | | | | | 0.0 | 2.4 | 0.1 | | | 0.1 |
| Forward purchase | EUR USD | 115.3 | (2.5) | 0.0 | | (2.5) | 80.5 | 5.8 | 1.3 | | 7.1 |
| Forward sale | EUR USD | 3.4 | 0.2 | | | 0.2 | 9.2 | (0.7) | | | -0.7 |
| Forward purchase | Other | 63.2 | (0.5) | 0.1 | | (0.4) | 61.8 | (0.1) | 0.3 | | 0.1 |
| Forward sale | Other | 0.9 | 0.2 | | | 0.2 | 0.5 | | | | (0.0) |
| **Forward on operational transactions** | | | **(3.7)** | **(0.1)** | **0.0** | **(3.8)** | | **4.9** | **1.6** | **0.0** | **6.4** |
| **2- CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS** | | | | | | | | | | | |
| Call purchase | EUR GBP | 51.5 | 0.3 | | | 0.3 | 66.2 | 0.7 | | | 0.7 |
| Put sale | EUR GBP | 25.6 | (0.2) | | | (0.3) | 36.0 | (0.2) | | | (0.2) |
| Put purchase | EUR PLN | 30.0 | 0.2 | | | 0.2 | 32.0 | 0.2 | | | 0.2 |
| Call sale | EUR PLN | 11.3 | (0.2) | | | (0.2) | 11.2 | (0.2) | | | (0.2) |
| Call purchase | EUR USD | 93.2 | 0.1 | | | 0.1 | 119.3 | 7.5 | 0.5 | | 8.0 |
| Put sale | EUR USD | 42.7 | (1.2) | (0.1) | | (1.3) | 61.8 | (0.1) | | | (0.1) |
| Call purchase | Other | 56.0 | 0.5 | | | 0.5 | 43.4 | 1.0 | | | 1.0 |
| Put sale | Other | 25.0 | (0.3) | | | (0.3) | 17.1 | (0.1) | | | (0.1) |
| **Options on operational transactions** | | | **(0.9)** | **(0.1)** | **0.0** | **(1.0)** | | **8.7** | **0.5** | **0.0** | **9.3** |
| **3 – CURRENCY FORWARD AND OPTION CONTRACTS TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS** | | | | | | | | | | | |
| Forward purchase | EUR GBP | | | | | 0.0 | 2.0 | (0.0) | | | (0.0) |
| Forward purchase | EUR USD | 12.9 | (0.3) | | | (0.3) | 5.3 | 0.4 | | | 0.4 |
| Forward purchase | Other | | | | | - 0 | 1.1 | 0.0 | | | 0.0 |
| **Currency forward and option contracts to hedge future dividend or share transaction flows** | | | **(0.3)** | **0.0** | **0.0** | **(0.3)** | | **0.4** | **0.0** | **0.0** | **0.4** |
| **4- TRANSACTIONS TO HEDGE FINANCING FLOWS** | | | | | | | | | | | |
| Swap sale | EUR GBP | 22.9 | | | 0.0 | 0.0 | 20.0 | | | 0.1 | 0.1 |
| Swap sale | EUR PLN | 3.0 | | | (0.0) | (0.0) | 6.5 | | | (0.1) | (0.1) |
| Swap sale | EUR USD | 84.4 | | | (0.1) | (0.1) | 73.6 | | | (0.5) | (0.5) |
| Swap sale | Other | 18.2 | | | (0.0) | (0.0) | 11.2 | | | (0.0) | (0.0) |
| Swap purchase | Other | 10.5 | | | (0.0) | (0.0) | 10.1 | | | 0.0 | 0.0 |
| **Transactions to hedge financing flows** | | | **0.0** | **0.0** | **(0.1)** | **(0.1)** | | **0.0** | **0.0** | **(0.5)** | **(0.5)** |
| **5- OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY** | | | | | | | | | | | |
| Call sale | EUR GBP | | | | | 0.0 | 4.5 | | | (0.0) | (0.0) |
| Call sale | EUR USD | | | | | 0.0 | 5.9 | | | (0.1) | (0.1) |
| Call sale | Other | 2.0 | | | | (0.0) | 0.1 | | | | 0.0 |
| **OTHER TRANSACTIONS** | | | **0.0** | **0.0** | **-0.0** | **-0.0** | | **0.0** | **0.0** | **(0.1)** | **(0.1)** |
| **TOTAL PORTFOLIO RELATED TO FOREIGN EXCHANGE** | | | **(4.9)** | **(0.2)** | **(0.1)** | **(5.2)** | | **14.0** | **2.1** | **(0.6)** | **15.5** |

The transactions are expressed according to the direction of the cross-currency:Examples: forward purchase EUR USD means the Group is buying EUR and selling USD; call purchase EUR GBP means the Group is buying a EUR call/GBP put option; swap on futures sales EUR GBP means that the Group borrows EUR so is selling futures on EUR, lends GBP so is purchasing futures on GBP.

At December 31, 2021, the market value of derivatives hedging highly probable future transactions and recognized in equity was negative at €4.9 million, compared to a positive €14 million at December 31, 2020.

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 €1.9 million on an annual basis.

A 1% increase in the EUR/GBP rate, before hedging, would negatively impact operating income by €1 million on an annual basis.

A 1% decrease in the EUR/PLN rate, before hedging, would negatively impact operating income by €0.6 million on an annual basis.

On December 31, 2021, 2022 budget net exposure (realized and future) relative to the main currencies was hedged at a ratio between 81% and 86%, 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, 2021, the Group hedged interest rate risk through interest rate swaps:

| | | AT DECEMBER 31, 2021 | | | | | AT DECEMBER 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CATEGORY OF TRANSACTIONS** (in millions of euros) | Currency | Commi-tment | Equity | Operating income (expense) | Financial income (expense) | Market value | Commi-tment | Equity | Operating income (expense) | Financial income (expense) | Market value |
| **PORTFOLIO RELATED TO INTEREST RATE** | | | | | | | | | | | |
| Fixed-rate borrower swaps | EUR | 35.0 | (0.2) | | | (0.2) | 42.5 | (0.5) | | | (0.5) |
| Fixed-rate receiver swaps | EUR | 72.5 | | | (0.9) | (0.9) | 72.5 | | | 1.5 | 1.5 |
| Fixed-rate receiver swaps | USD | 66.2 | | | (4.9) | (4.9) | 48.9 | | | (1.0) | (1.0) |
| Fixed-rate borrower cross currency swaps | EUR/CAD | 5.2 | | | (0.2) | (0.2) | 19.2 | | | 0.8 | 0.8 |
| **TOTAL PORTFOLIO RELATED TO INTEREST RATES** | | | **(0.2)** | **0.0** | **(6.0)** | **(6.3)** | | **(0.5)** | **0.0** | **1.3** | **0.8** |

On an annualized basis, a 1% rise across the entire rates curve would have:

- a positive impact of €0.03 million on the Group's equity;
- a negative impact of €17.3 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 €0.3 million on the Group's equity;
- a positive impact of €6.7 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, 2021

| (in millions of euros) | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 >2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Interest-rate swaps | EUR | 97.5 | 62.5 | 62.5 | 62.5 | 62.5 | 31.3 | 31.3 | 0.0 | 0.0 |
| Interest-rate swaps | USD | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 |

## ANALYSIS OF GROSS FINANCIAL DEBT (EXCLUDING LEASING) BY NATURE, MATURITY AND TYPE OF RATE

| | GROSS FINANCIAL DEBT | | | IMPACT OF DERIVATIVE INSTRUMENTS | | | FINANCIAL DEBT AFTER IMPACT OF DERIVATIVE INSTRUMENTS | | |
|---|---|---|---|---|---|---|---|---|---|
| **AT DECEMBER 31, 2021** (en millions d'euros) | Fixed rate | Variable rate | Total | Fixed rate | Variable rate | Total | Fixed rate | Variable rate | Total |
| **Maturity** | | | | | | | | | |
| 2022 | (7.4) | (155.3) | (162.7) | (17.9) | 17.9 | 0.0 | (25.3) | (137.4) | (162.7) |
| 2023 | (41.9) | (30.8) | (72.7) | (15.2) | 15.2 | 0.0 | (57.1) | (15.6) | (72.7) |
| 2024 | (501.9) | (0.8) | (502.6) | (15.0) | 15.0 | 0.0 | (516.9) | 14.2 | (502.6) |
| 2025 | (29.7) | (11.2) | (41.0) | 0.0 | 0.0 | 0.0 | (29.7) | (11.2) | (41.0) |
| 2026 | (2.6) | 0.0 | (2.6) | 0.0 | 0.0 | 0.0 | (2.6) | 0.0 | (2.6) |
| >=2027 | (258.8) | 0.0 | (258.8) | 128.7 | (128.7) | 0.0 | (130.1) | (128.7) | (258.8) |
| **TOTAL** | **(842.3)** | **(198.1)** | **(1,040.4)** | **80.6** | **(80.6)** | **0.0** | **(761.7)** | **(278.7)** | **(1,040.4)** |

Treasury notes are issued at a fixed rate but are treated as floating rate instruments in the table owing to 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 not material at December 31, 2021.

### 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.

On December 31, 2021, Bel and Bel Brands had the following positions:

| CATEGORY OF TRANSACTIONS | AT DECEMBER 31, 2021 Number of contracts | AT DECEMBER 31, 2021 Market value (in millions of euros) | AT DECEMBER 31, 2020 Number of contracts | AT DECEMBER 31, 2020 Market value (in millions of euros) |
|---|---|---|---|---|
| **CME Class III Milk** | | | | |
| Forward purchase | 487 | 2.0 | 716 | 0.8 |
| Call purchase | 416 | 1.1 | 636 | 1.0 |
| Put sale | 207 | (0.0) | 318 | (0.1) |
| **TOTAL CME CLASS III MILK** | | **3.1** | | **1.7** |
| **CME Cash Settled Cheese** | | | | |
| Forward purchase | 10 | (0.0) | 311 | 0.2 |
| Call purchase | 53 | 0.1 | 252 | 0.4 |
| Call sale | 33 | (0.0) | 0 | 0.0 |
| Future purchase | 404 | 0.9 | 0 | 0.0 |
| Future sale | 33 | 0.1 | 0 | 0.0 |
| Put sales | 43 | (0.0) | 126 | (0.1) |
| **TOTAL CME CASH SETTLED CHEESE** | | **1.0** | | **0.5** |
| **CME Cash Settled Butter** | | | | |
| Forward purchase | 7.0 | 0.0 | | |
| **TOTAL CME CASH SETTLED BUTTER** | | **0.0** | | **0.0** |
| **TOTAL US** | | **4.2** | | **2.3** |
| **TOTAL BEL GROUP** | | **4.2** | | **2.3** |

On December 31, 2021, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity is a positive €4.2 million, compared with a positive amount of €2.3 million on December 31, 2020.

### 4.15.7 – FAIR VALUE HIERARCHY DISCLOSURES BASED ON IFRS 7

| IFRS 7 CLASSIFICATION (in millions of euros) | AT DECEMBER 31, 2021 Level 1 | Level 2 | Level 3 | Total | AT DECEMBER 31, 2020 Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|
| Foreign exchange derivatives | | (5.2) | | (5.2) | | 15.5 | | 15.5 |
| Interest rate derivatives | | (6.3) | | (6.3) | | 0.8 | | 0.8 |
| Raw materials derivatives | 4.2 | | | 4.2 | 2.3 | | | 2.3 |
| **TOTAL** | **4.2** | **(11.4)** | **0.0** | **(7.3)** | **2.3** | **16.3** | **0.0** | **18.5** |
| Marketable securities | 122.6 | | | 122.6 | 91.0 | | | 91.0 |
| **TOTAL** | **126.8** | **(11.4)** | **0.0** | **115.3** | **93.3** | **16.3** | **0.0** | **109.6** |

### 4.16 — OTHER CURRENT FINANCIAL ASSETS AND LIABILITIES

Other current financial assets and liabilities recorded in the balance sheet break down as follows:

| (in millions of euros) | DECEMBER 31, 2021 | DECEMBER 31, 2020 |
|---|---|---|
| **Other current financial assets** | **10.2** | **21.5** |
| Current accounts – assets | 3.7 | 2.1 |
| Derivative instruments – assets | 6.3 | 18.5 |
| Other financial assets | 0.1 | 0.8 |
| **Other current financial liabilities** | **13.6** | **0.0** |
| Derivative instruments – liabilities | 13.6 | 0.0 |

The breakdown of derivative instruments recorded under assets and liabilities, analyzed in Note 4.15, is as follows:

| DETAILED POSITIONS OF DERIVATIVES (in millions of euros) | AT DECEMBER 31, 2021 | AT DECEMBER 31, 2020 |
|---|---|---|
| Hedge on foreign exchange | (5.2) | 15.5 |
| Hedge on interest rates | (6.3) | 0.8 |
| Hedge on raw materials France | 0.0 | 0.0 |
| Hedge on raw materials USA | 4.2 | 2.3 |
| **TOTAL** | **(7.3)** | **18.5** |
| Net positions in the assets | 6.3 | 18.5 |
| Net positions in the liabilities | (13.6) | 0.0 |

## NOTE 5 Cash flows

### 5.1 — CASH FLOW FROM (USED IN) OPERATING ACTIVITIES

"(Increase) decrease in inventories, receivables and payables" broke down as follows:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Change in inventories and write-downs | (2.0) | (18.9) |
| Change in trade and other receivables | (20.9) | 51.1 |
| Change in trade payables and other liabilities | 14.7 | 0.6 |
| **INCREASE (DECREASE) IN INVENTORIES, CURRENT RECEIVABLES AND PAYABLES** | **(8.2)** | **32.8** |

### 5.2 — CASH FLOW FROM (USED IN) INVESTING ACTIVITIES

The main achievements for the period concern:

- the renovation of our recipes and the launch of several innovations to offer an increasing number of natural products, in line with our long-term commitment to healthier food;
- investments in plant-based products;
- implementation of our CSR strategy through the reduction of water and electricity consumption and the use of more responsible packaging;
- safety and maintenance in our plants;
- increase in production capacities and improvement of productivity in the MOM Group companies (see Notes 4.2 and 4.3).

## 5.3 — CASH FLOW FROM (USED IN) 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 millions of euros) | 2021 | 2020 |
|---|---|---|
| (Increase) decrease in current accounts with | | |
| Unibel | (39.2) | (14.8) |
| Other non-consolidated companies | (39.7) | 1.9 |
| **TOTAL** | **(79.0)** | **(12.8)** |

### 5.3.2 — INCREASE (DECREASE) IN FINANCIAL DEBT

| (in millions of euros) | ISSUES | REPAYMENTS | |
|---|---|---|---|
| **Gross debt at December 31, 2020 (see Note 4.14)** | | | **1,166.3** |
| Of which: | | | |
| Bonds | 16.2 | (5.5) | |
| NEU MTN [(a)] | 30.0 | (20.0) | |
| Bank borrowings | 1.3 | (9.2) | |
| NEU CP [(b)] | 314.0 | (274.0) | |
| Employee profit-sharing | 1.3 | (4.1) | |
| Sundry loans and financial liabilities | 0.1 | (2.7) | |
| **Gross debt variation for the period** | **363.0** | **(315.5)** | **47.5** |
| **Other financing variations** | | | **(80.4)** |
| Lease liabilities | | | (15.9) |
| Current account liabilities | | | (39.3) |
| Minority shareholders' put options | | | (25.2) |
| **Translation differences** | | | **4.9** |
| **GROSS DEBT AT DECEMBER 31, 2021 (SEE NOTE 4.14)** | | | **1,138.2** |

(a) Negotiable European Medium Term Notes.
(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 millions of euros) | 2021 | 2020 |
|---|---|---|
| **Commitments given** | **64.6** | **85.5** |
| **Off-balance sheet commitments given, related to Company financing** | **7.1** | **10.6** |
| Financial guarantees given | 4.1 | 3.4 |
| Other | 3.0 | 7.1 |
| **Commitments received, related to the issuer's operating activities** | **57.5** | **74.9** |
| Asset orders placed | 26.2 | 27.3 |
| Operating leases | 7.2 | 16.7 |
| • less than one year | 2.4 | 7.8 |
| • one to five years | 4.8 | 8.9 |
| • more than five years | 0.0 | 0.0 |
| Power purchase | 0.0 | 4.2 |
| Subcontracting | 21.9 | 14.3 |
| Other | 2.2 | 12.4 |

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **Commitments received** | **542.8** | **836.8** |
| **Off-balance sheet commitments given, related to Company financing** | **520.0** | **820.0** |
| Credit lines received and unused | 520.0 | 820.0 |
| **Commitments received, related to the issuer's operating activities** | **22.8** | **16.8** |
| Financial guarantees received | 21.5 | 15.5 |
| Other | 1.3 | 1.4 |

In December 2021, Bel renewed for the fifth consecutive year the agreement with APBO (Association des producteurs de lait Bel Ouest), initially signed in December 2017, which stipulates:

- a "MonBBL" guaranteed average annual reference price for all of 2022 for milk purchased from APBO producers, fixed at €377 per 1,000 liters (38/32 basis and including sustainable dairy practices: GMO-free diet and access to pasture grazing for cows);
- the deployment by all APBO producers of practices that set these producers apart, including a GMO-free diet for dairy herds and access to pasture grazing for cows;
- for milk (except organic) in 2022, taking all premiums into account, Bel projects an average paid price of €406 per 1,000 liters, and a volume commitment maintained at 405 million liters;
- price of organic milk: maintenance of 2021 price for 2022 at €478 per 1,000 liters (price of 38/32 organic milk).

In addition to these fulfilled and renewed commitments, two new development focuses have been added for 2022:

- pursuing commitments in animal welfare by rolling out the Boviwell (2.0) reference system at the APBO farms;
- a new commitment to a 100% European animal diet, supported by an additional premium (€5/1,000L) for all applicable producers from October 1, 2022. An additional lever in the CO2 emissions reduction approach followed for the last two years;
- an ambitious road-map on reducing the environmental footprint, with a pioneering collaborative approach.By the end of 2022, all APBO farms will have completed their CAP'2ER audit, training and personalized plan. A network of 15 pilot farms has pledged to work on improving protein autonomy and reducing methane produced by enteric fermentation.

As part of the acquisition of the MOM Group and of All In Foods, the Group received a sale agreement from the managers of each company for all of the shares they own, exercisable at Bel's request up to April 30, 2022 for the MOM Group and January 15, 2025 for All In Foods.

## NOTE 7 Disputes and litigation

The Group is engaged in a certain number of disputes and litigations 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, 2021.

## NOTE 8 Related parties

### 8.1 — MANAGEMENT BENEFITS

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| **Remuneration and benefits in kind** | **7.7** | **6.2** |
| Director's fees | 1.2 | 1.3 |
| **TOTAL SHORT-TERM BENEFITS** | **8.9** | **7.5** |
| Bonus shares | 0.7 | 0.4 |
| **TOTAL LONG-TERM BENEFITS** | **0.7** | **0.4** |

Management in this note refers to members of the Board of Directors and the Executive Committee.

### 8.2 — RELATED-PARTY TRANSACTIONS

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Amount of transactions | 13.1 | 14.0 |
| of which Unibel | 5.7 | 5.4 |
| of which other non-consolidated companies | 7.4 | 8.6 |
| Associated receivables | 0.2 | 0.1 |
| Associated payable and current accounts | 27.9 | 66.4 |
| of which Unibel | 25.2 | 63.8 |
| of which other non-consolidated companies | 2.7 | 2.5 |
| Unibel shares | 195.4 | 115.8 |

At December 31, 2021, the amount of related-party transactions included €5.7 million paid to Unibel (holding company), of which €5.5 million in personnel expenses billed back to Bel under a service agreement dated December 14, 2001, and €6.9 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 €25.2 million current account versus €63.8 million on December 31, 2020 (see Note 4.14).

Unibel shares held by Sofico were valued at €195.4 million, based on the closing share price on December 31, 2021 (see Note 4.5).

The Group had no significant off-balance sheet commitments with related parties.

## NOTE 9 Subsequent events

The listing of Bel's shares was suspended on January10, 2022 following the closure of the squeeze-out offer launched by its majority shareholder Unibel. Unibel thus holds 97.41% of Bel's share capital and 83.33% of the corresponding voting rights. The mandatory squeeze-out was implemented from January 25, 2022, the date of the delisting of Bel's shares on the regulated market of Euronext Paris.

In addition, following the sale of Bel Shostka Ukraine on September 30, 2021, the conflict in Ukraine has had little impact on the Group's sales. However, the Group is still exposed to the even higher inflation brought about by this crisis.

## NOTE 10 Consolidation scope

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| COMPANIES | Country | Percentage of legal control | Percentage of interest | Percentage of legal control | Percentage of interest |
| **By full consolidation** | | | | | |
| 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 | 85.83 | 88.01 | 68.02 | 76.03 |
| MBMA Holding SAS | France | 85.83 | 88.01 | 68.02 | 76.03 |
| MBMA SAS | France | 85.83 | 88.01 | 68.02 | 76.03 |
| Mont Blanc SAS | France | 85.83 | 88.01 | 68.02 | 76.03 |
| Materne SAS | France | 85.83 | 88.01 | 68.02 | 76.03 |
| MOM Investissements | France | 50.00 | 50.00 | - | - |
| All In Foods S.A.R.L | France | 100.00 | 100.00 | 100.00 | 100.00 |
| Bel South Africa | South Africa | 100.00 | 100.00 | 100.00 | 100.00 |
| Fromagerie Bel Algérie | Algeria | 100.00 | 100.00 | 100.00 | 100.00 |
| Bel Deutschland | Germany | - | - | 100.00 | 100.00 |
| Bel Brands Deutschland | Germany | 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 | 85.83 | 88.01 | 68.02 | 76.03 |
| 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 | 100.00 | 100.00 | 100.00 | 100.00 |
| Bel USA | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| Materne North America Corp. | United States | 85.83 | 88.01 | 68.02 | 76.03 |
| 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 |

| COMPANIES | Country | 2021 Percentage of legal control | 2021 Percentage of interest | 2020 Percentage of legal control | 2020 Percentage of interest |
|---|---|---|---|---|---|
| Bel Italia Spa | Italy | - | - | 100.00 | 100.00 |
| Bel Italia Company S.r.l. | Italy | 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 |
| S.I.E.P.F. | Morocco | 100.00 | 100.00 | 100.00 | 100.00 |
| Bel Africa | Morocco | 100.00 | 100.00 | 100.00 | 100.00 |
| Safilait | Morocco | 100.00 | 90.40 | 70.48 | 60.88 |
| Bel Nederland | The Netherlands | 100.00 | 100.00 | 100.00 | 100.00 |
| Royal Bel Leerdammer | The Netherlands | - | - | 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 |
| Bel Sénégal | Senegal | 100.00 | 100.00 | - | - |
| Syraren Bel Slovensko AS | Slovakia | 99.88 | 99.88 | 99.88 | 99.88 |
| Bel Nordic A.B. | 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 |
| Bel Syry Cesko | Czech Republic | 100.00 | 100.00 | 100.00 | 100.00 |
| Bel Karper Gida Sanayi | Turkey | 100.00 | 100.00 | 100.00 | 100.00 |
| Bel Shostka Ukraine | Ukraine | - | - | 100.00 | 100.00 |
| Bel Cheese Mexico | Mexico | - | - | 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 Statutory auditors' fees

| (in thousands of euros) | Grant Thornton Amounts 2021 | Grant Thornton Amounts 2020 | Grant Thornton % 2021 | Grant Thornton % 2020 | Deloitte Amounts 2021 | Deloitte Amounts 2020 | Deloitte % 2021 | Deloitte % 2020 | PwC Amounts 2021 | PwC % 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Certification and limited half-year review for individual and consolidated financial statements** | | | | | | | | | | |
| Issuer | 133 | 219 | 36% | 51% | 133 | 226 | 36% | 59% | 133 | 89% |
| Fully consolidated companies | 185 | 179 | 50% | 41% | 124 | 124 | 34% | 33% | 5 | 3% |
| **SUB-TOTAL** | **318** | **399** | **86%** | **92%** | **257** | **350** | **70%** | **92%** | **138** | **92%** |
| **Services other than book certification** | | | | | | | | | | |
| Issuer | 42 | 23 | 11% | 5% | 108 | 31 | 29% | 8% | 12 | 8% |
| Fully consolidated companies | 12 | 12 | 3% | 3% | 0 | 0 | 0% | 0% | 0 | 0% |
| **SUB-TOTAL** | **54** | **35** | **14%** | **8%** | **108** | **31** | **30%** | **8%** | **12** | **8%** |
| **TOTAL** | **372** | **433** | **100%** | **100%** | **365** | **381** | **100%** | **100%** | **150** | **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 31 December 2021)**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

## OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Bel S.A. for the year ended 31 December 2021.

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 at 31 December 2021 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

### Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

## JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

## MEASUREMENT OF GOODWILL

(Note 4.1 "Goodwill" to the consolidated financial statements)

### Description of risk

At 31 December 2021, goodwill amounted to €818.1 million, representing 21% of total assets.

The impairment tests performed by management on the goodwill of each of the Cash Generating Units (CGUs), defined by the Group, include a significant amount of judgement and assumptions, particularly relating to:

- Future cash flows,
- Discount rates and long-term growth rates used to forecast such cash flows.

As a result, a change in these assumptions could affect the value of such goodwill.

Given the significant amount of goodwill in the consolidated financial statements and the sensitivity of the measurement of goodwill to the assumptions used by management, we deemed the measurement of goodwill to be a key audit matter.

### How our audit addressed this risk

We performed a critical analysis of the methods and key assumptions, including the effects of the Covid-19 crisis, used by management to measure goodwill.

We performed the following procedures on the impairment tests of the main CGUs:

- we assessed the components of the carrying amount of the Cash Generating Units (CGUs), corresponding to the level at which goodwill is monitored by the Group, and their consistency with those used in projecting future cash flows;
- we verified the consistency of the methods used in the practical implementation of the impairment tests to measure values and ensure the compliance of the methodology applied by the Company with the applicable accounting standards;
- we reconciled the cash flow forecasts with the latest budgets reviewed by management; we assessed the consistency of the assumptions used with the historical performance of the Group and the relevant CGUs;
- we verified, with the Group's financial controllers, that key business assumptions (in particular future growth prospects) and the long-term growth rate were reasonable, in particular with regard to changes in (i) the main consumer markets in which the Group operates, (ii) factors contributing to setting the prices of the main components of production costs, and (iii) the conditions for negotiating sales prices with the main distribution networks;
- we assessed, with the assistance of our valuation specialists, the valuation model and the discount rates used in relation to market benchmarks;
- we reviewed the sensitivity analyses performed by management in light of our own sensitivity calculations;
- we also verified that Note 4.1 to the consolidated financial statements provides appropriate disclosures pursuant to such analyses.

## SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

### Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Bel S.A. by the Annual General Meetings held on 25 June 1998 for Deloitte & Associés, 12 May 2010 for Grant Thornton and 11 May 2021 for PricewaterhouseCoopers Audit.

At 31 December 2021, Deloitte & Associés was in the thirtieth consecutive year of its engagement, given the firm's mergers and acquisitions prior to this date, and Grant Thornton and PricewaterhouseCoopers were in the twelfth and the first year of their engagement, respectively.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects 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, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Objective 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 of material misstatement. Reasonable assurance is a high level of assurance, but is 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- 
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

## REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee 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 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 judgement, were the most significant for the audit of the consolidated financial statements and which constitute 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 defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 1 April 2022

The Statutory Auditors

| **Grant Thornton** | **Deloitte & Associés** | **PricewaterhouseCoopers Audit** | |
|---|---|---|---|
| French member firm of Grant Thornton International | | | |
| Virginie Palethorpe | Jean-Pierre Agazzi | Xavier Belet | Thierry Leroux |

## 5.5.2 — COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2021

### ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2021

#### COMPARATIVE INCOME STATEMENTS AT DECEMBER 31

| (in millions of euros) | NOTES | 2021 | 2020 |
|---|---|---|---|
| **OPERATING INCOME** | | | |
| Sales of merchandise (goods purchased for resale) | | 115.4 | 107.0 |
| Production sold: | | | |
| • sales | | 1,106.3 | 1,170.1 |
| • construction works | | | |
| • services | | | |
| • revenues from ancillary operations | | 46.5 | 46.3 |
| **TOTAL PRODUCTION SOLD** | | **1,152.8** | **1,216.4** |
| **REVENUE FROM SALES (INCLUDING EXPORTS OF627.9)** | **3** | **1,268.2** | **1,323.4** |
| Change in finished goods and in-progress inventories: | | | |
| • work-in-progress – goods | | | |
| • work-in-progress – services | | (1.9) | 1.0 |
| • finished goods | | (13.1) | 1.8 |
| **TOTAL CHANGE IN FINISHED GOODS AND IN-PROGRESS INVENTORIES** | | **(15.0)** | **2.8** |
| Self-constructed fixed assets | | 13.4 | 7.8 |
| Government grants – farms | | 1.1 | |
| Reversals of provisions, write-downs, depreciation and amortization | | 3.2 | 2.0 |
| Expense transfers | 4 | 27.7 | 20.8 |
| Other income | | 68.7 | 76.3 |
| **TOTAL I** | | **1,367.3** | **1,433.1** |
| **OPERATING EXPENSES** | | | |
| Cost of merchandise (goods purchased for resale) sold during the year | | | |
| • purchase of merchandise (goods purchased for resale) | | 75.6 | 73.6 |
| • change in inventories of merchandise (goods purchased for resale) | | (7.1) | (1.5) |
| **Total purchase costs of goods resold** | | **68.5** | **72.1** |
| Operating costs incurred through third parties and consumed during the period | | | |
| • Purchases of inventoried raw ingredients and supplies | | | |
| *raw materials* | | | |
| *other production supplies* | | *0.7* | *0.8* |
| • Increase (decrease) in raw material and supply inventories | | 0.1 | 0.3 |
| • purchases from subcontractors | | 777.8 | 778.0 |
| • purchases of non-inventoried materials and supplies | | 10.5 | 10.3 |
| • outside services | | | |
| *outside personnel* | *5* | *6.6* | *8.1* |
| *lease payments* | | | |
| *other* | | *396.5* | *396.2* |
| **TOTAL OPERATING COSTS INCURRED THROUGH THIRD PARTIES** | | **1,192.2** | **1,193.7** |
| **Taxes other than income tax** | | | |
| • on remuneration | | 4.1 | 4.1 |
| • other | | 6.8 | 8.8 |
| **TOTAL TAXES OTHER THAN INCOME TAX** | | **10.9** | **12.9** |
| Personnel expense | | | |
| • wages and salaries | | 88.3 | 86.0 |
| • payroll on-costs | | 38.0 | 36.9 |
| **TOTAL PERSONNEL EXPENSES** | **5** | **126.3** | **122.9** |

| (in millions of euros) | NOTES | 2021 | 2020 |
|---|---|---|---|
| Depreciation, amortization and provisions for the year | | | |
| • depreciation of fixed assets | | 9.7 | 9.3 |
| • provisions for fixed assets | | | |
| • provision for current assets | | 0.2 | 0.2 |
| • Provision for contingencies and losses | | 1.8 | 2.7 |
| **TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR** | | **11.7** | **12.2** |
| Sundry expenses | | 18.3 | 15.7 |
| **TOTAL II** | | **1,427.9** | **1,429.5** |
| **1 - PROFIT FROM OPERATIONS (I-II)** | | **(60.6)** | **3.6** |
| **NET PROFIT/(LOSS) FROM JOINT VENTURES** | | | |
| **PROFIT OR LOSS TRANSFERRED III** | | | |
| **LOSS OR PROFIT TRANSFERRED IV** | | | |
| **FINANCIAL INCOME** | | | |
| From participating interests | | 118.4 | 115.6 |
| From other long-term marketable securities and receivables | | | |
| Other interest and similar income | | 3.8 | 2.7 |
| Reversal of provisions and transfers of financial expenses | | 18.5 | 1.2 |
| Foreign exchange gains | | 60.1 | 62.7 |
| Net profits from sales of marketable securities | | | 0.2 |
| **TOTAL V** | | **200.8** | **182.4** |
| **FINANCIAL EXPENSES** | | | |
| Depreciation, amortization and provisions for the year | | 5.4 | 3.1 |
| Interest and similar expenses | | 24.7 | 24.3 |
| Foreign exchange losses | | 46.8 | 55.2 |
| Net losses from sales of marketable securities | | 0.2 | |
| **TOTAL VI** | | **77.1** | **82.6** |
| **2 - NET FINANCIAL RESULT (V-VI)** | **6** | **123.7** | **99.8** |
| **3 - PRE-TAX PROFIT (LOSS) ON ORDINARY ACTIVITIES (I-II+III-IV+V-VI)** | | **63.1** | **103.4** |
| **EXTRAORDINARY INCOME** | | | |
| From operations | | 1.8 | 0.1 |
| From capital transactions | | | |
| • proceeds from disposal of fixed assets | | 1.1 | 0.1 |
| • investment grants transferred to income | | | |
| • other | | | |
| **TOTAL FROM CAPITAL TRANSACTIONS** | | **1.1** | **0.1** |
| Reversal of provisions and transfers of extraordinary expenses | | 8.4 | 3.2 |
| **TOTAL VII** | | **11.3** | **3.4** |
| **EXTRAORDINARY EXPENSE** | | | |
| From operations | | 3.6 | 2.9 |
| From capital transactions | | | |
| • carrying amount of capitalized assets and financial assets sold | | 15.8 | 0.5 |
| • other | | 0.5 | 0.1 |
| **TOTAL FROM CAPITAL TRANSACTIONS** | | **16.3** | **0.6** |
| Depreciation, amortization and provisions for the year | | | |
| • regulated provisions | | 14.3 | 9.6 |
| • depreciation and other provisions for the year | | 0.3 | 0.3 |
| **TOTAL DEPRECIATION AND PROVISIONS FOR THE YEAR** | | **14.6** | **9.9** |
| **TOTAL VIII** | | **34.5** | **13.4** |
| **4 - EXTRAORDINARY PROFIT (LOSS) (VII-VIII)** | **7** | **(23.2)** | **(10.0)** |
| Employee profit-sharing | IX | 4.1 | 3.5 |
| Income tax | X 8 | (17.4) | (1.8) |
| **TOTAL INCOME (I+III+V+VII)** | **XI** | **1,579.4** | **1,618.9** |
| **TOTAL EXPENSES (II+IV+VI+VIII+IX+X)** | **XII** | **1,526.2** | **1,527.2** |
| **5 - NET PROFIT (LOSS)** | | **53.2** | **91.7** |

# COMPARATIVE BALANCE SHEETS AT DECEMBER 31, 2021

## ASSETS

| (in millions of euros) | NOTES | 2021 Gross | 2021 Depreciation and write-downs | 2021 Net | 2020 Net |
|---|---|---|---|---|---|
| **CAPITAL ASSETS** | | | | | |
| **Intangible assets** | | | | | |
| Concessions, patents, licenses, brands, processes, software, rights and similar assets | | 116.8 | 86.6 | 30.2 | 15.8 |
| Business goodwill | | 221.5 | | 221.5 | 221.5 |
| Other | | | | | |
| Intangible assets in progress | | 14.7 | | 14.7 | 12.0 |
| Advances and down-payments on intangible assets | | 0.3 | | 0.3 | 0.1 |
| | | **353.3** | **86.6** | **266.7** | **249.4** |
| **Property, plant and equipment** | | | | | |
| Land | | 1.0 | 0.6 | 0.4 | 0.4 |
| Suspense account | | | | | |
| Constructions | | 26.3 | 16.3 | 10.0 | 11.3 |
| Technical installations, fixtures, machinery and equipment | | 48.3 | 39.5 | 8.8 | 10.0 |
| Other | | 8.5 | 6.3 | 2.2 | 2.5 |
| Assets under construction | | 1.5 | | 1.5 | 0.9 |
| Advances and down-payments | | 0.1 | | 0.1 | |
| | | **85.7** | **62.7** | **23.0** | **25.1** |
| **Financial assets[a]** | | | | | |
| Participating interests | | 1,398.9 | 2.1 | 1,396.8 | 1,244.6 |
| Loans to and receivables from participating interests | | 637.6 | 0.8 | 636.8 | 672.2 |
| Other long-term financial assets | | 12.9 | 0.1 | 12.8 | 7.6 |
| Loans | | 6.5 | | 6.5 | 6.8 |
| Other | | 23.8 | | 23.8 | 24.9 |
| | | **2,079.7** | **3.0** | **2,076.7** | **1,956.1** |
| **TOTAL I** | **9** | **2,518.7** | **152.3** | **2,366.4** | **2,230.6** |
| **CURRENT ASSETS** | | | | | |
| **Inventories and work-in-progress** | | | | | |
| Raw materials and other supplies | | 0.6 | 0.1 | 0.5 | 0.6 |
| Work-in-progress (goods and services) | | 1.4 | | 1.4 | 3.2 |
| Finished and intermediate goods | | 14.4 | | 14.4 | 17.7 |
| Merchandise (goods purchased for resale) | | 0.3 | | 0.3 | 3.0 |
| | | **16.7** | **0.1** | **16.6** | **24.5** |
| **Advances and down-payments made to suppliers** | | **0.4** | | **0.4** | **0.5** |
| **Receivables from operations[b]** | | | | | |
| Trade and other receivables | | 176.8 | 0.8 | 176.0 | 167.4 |
| Other | 10 | 38.4 | | 38.4 | 37.7 |
| | | **215.2** | **0.8** | **214.4** | **205.1** |

| | | 2021 | | | 2020 |
|---|---|---|---|---|---|
| (in millions of euros) | NOTES | Gross | Depreciation and write-downs | Net | Net |
| **Sundry receivables[b]** | **11** | **203.2** | | **203.2** | **130.7** |
| Subscribed capital called and unpaid | | | | | |
| Marketable securities | 12 | 115.4 | | 115.4 | 91.0 |
| Short-term financial instruments | 13 | 6.8 | | 6.8 | 22.0 |
| Cash on hand and balance with banks | | 294.1 | | 294.1 | 434.6 |
| Prepaid expenses and suspense account[b] | 14 | 16.1 | | 16.1 | 4.6 |
| **TOTAL II** | | **867.9** | **0.9** | **867.0** | **913.0** |
| **Expenses amortized over several financial years III** | | | | | |
| **Bond discounts to be amortized IV** | | **0.9** | | **0.9** | **1.3** |
| **Translation differences on foreign exchange** | **15** | **5.9** | | **5.9** | **9.5** |
| **TOTAL ASSETS (I+II+III+IV+V)** | | **3,393.4** | **153.2** | **3,240.2** | **3,154.4** |
| (a) Of which less than a year (gross) | | | | 639.1 | 674.4 |
| (b) Of which more than a year (gross) | | | | 0.9 | 1.0 |

## LIABILITIES

| (in millions of euros) | NOTES | 2021 | 2020 |
|---|---|---|---|
| **EQUITY** | | | |
| **SHARE CAPITAL (OF WHICH PAID:10.3)** | **17** | **10.3** | **10.3** |
| **Paid-in capital** | | **22.1** | **22.1** |
| **Revaluation adjustments** | | **0.1** | **0.1** |
| **Reserves** | | | |
| • Legal reserve | | 1.1 | 1.1 |
| • Regulated reserves | | 0.2 | 0.2 |
| • Other | | 487.6 | 487.6 |
| **Retained earnings** | | **681.9** | **590.2** |
| **Profit for the year** | | **53.2** | **91.7** |
| **Investment grants** | | **0.2** | **0.3** |
| **Regulated provisions** | **18** | **42.9** | **36.4** |
| **TOTAL I** | **19** | **1,299.6** | **1,240.0** |
| **PROVISIONS FOR CONTINGENCIES AND LOSSES** | | | |
| **Provisions for contingencies** | | **8.1** | **6.3** |
| **Provisions for losses** | | **3.9** | **4.7** |
| **TOTAL II** | **20** | **12.0** | **11.0** |
| **Debts[(a)]** | | | |
| **Financial debt** | | | |
| • Convertible bonds | | | |
| • Other bonds | 21 | 763.5 | 753.3 |
| • Bank borrowings[(b)] | 22 | 22.5 | 21.3 |
| • Sundry borrowings and financial liabilities | 23 | 327.2 | 266.8 |
| | | **1,113.2** | **1,041.4** |
| **ADVANCES AND DOWN PAYMENTS RECEIVED** | | **0.1** | |
| **Payables from operations** | | | |
| • Trade and other payables | | 228.4 | 224.5 |
| • Taxes payable and payroll and on-cost amounts payable | | 50.6 | 55.2 |
| • Other | 24 | 43.9 | 32.7 |
| | | **322.9** | **312.4** |
| **Other liabilities** | | | |
| • Amounts payable to fixed asset suppliers and related accounts | | 10.4 | 6.2 |
| • Income tax payable | | | |
| • Other | 25 | 462.9 | 517.5 |
| | | **473.3** | **523.7** |
| **SHORT-TERM FINANCIAL INSTRUMENTS** | **13** | **12.8** | **2.2** |
| **DEFERRED INCOME AND SUSPENSE ACCOUNT** | **26** | **1.9** | **16.3** |
| **TOTAL III** | | **1,924.2** | **1,896.0** |
| **Translation differences - Liability IV** | **15** | **4.4** | **7.4** |
| **TOTAL LIABILITIES (I+II+III+IV)** | | **3,240.2** | **3,154.4** |
| (a) Of which more than a year | | 1,059.0 | 1,071.2 |
| Of which current/less than a year | | 852.3 | 822.6 |
| (b) Of which current used bank facilities and cash in bank | | 2.3 | 1.0 |

# APPENDIX TO THE ANNUAL FINANCIAL STATEMENTS



## 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 the end of the year, 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 financial assets 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.

Incidental expenses are included in the acquisition cost.

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 – 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:

- 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 French Official Tax Bulletin 4A-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 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.

Equity securities are subject to an impairment when their carrying value is confirmed to be lower than their carrying amount. The carrying value is determined based on different criteria, including the market value, the value in use based on the present and provisional cash flows, and the re-evaluated equity.

The cash flow projections are based on five-year budget data taken from subsidiaries' business plans.

Bel SA shares purchased under authorizations granted by the Annual General Meeting are included under this heading at their acquisition cost.

- authorization to be granted to the Board of Directors for the Company to buy back its own shares in accordance with Article L. 22-10-62 of the French Commercial Code, duration of the authorization, purpose, terms and ceiling;
- authorization to be granted to the Board of Directors to cancel the shares purchased by the Company in accordance with Article L. 22-10-62 of the French Commercial Code, duration and limit of the authorization.

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:

- the 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 "translation differences" for receivables and debts.

Unrealized gains on translation differences 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 hedged 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 Laitiers, 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 retailers are disclosed in "Other outside services" and presented in operating expenses. 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.

### 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

#### FINANCIAL YEAR 2021

Over the course of 2021, the Group continued to make it an absolute priority to ensure the safety and health of its employees by implementing very strict preventive measures at all of its sites throughout the world. As a result of these measures, no site closures took place, and the Group was able to ensure the continuity of production and marketing of its products despite the constant adaptation of the required public health measures and, in particular, the subsequent lockdowns.

In order to limit the impact of the crisis, the Group made ongoing efforts to actively manage its stocks and raw materials in view of fluctuating consumer demand and to limit operating surcharges caused by management of the crisis.

For 2020 and 2021 as a whole, the Group estimates the overall impact of the Covid-19 crisis on sales was not material, albeit with substantial regional disparities.The effects of the pandemic were limited and generated no indicator of lost value. In 2020, the Group did not make use of state aid measures such as deferred payments, a state-backed loan, or reductions or delays in rents negotiated with its lessors.

However, the end of the 2021 financial year did point to an inflationary environment with regard to raw materials, which was related to intense pressure on the supply chain, which is expected to persist into 2022.

In keeping with its committed and responsible growth model, in 2019, the Bel Group unveiled its new corporate identity, "For All. For Good" and its five priority challenges, including the objective "Fighting climate change and reducing the environmental footprint."

In the first quarter of 2022, the Group also took a new step in its transformation by establishing the reduction of carbon emissions as a driving force of its financial and non-financial performance, with the view to aligning itself with an ambitious climate trajectory of 1.5°C. Bel also committed to improving on its carbon reduction objective by reducing its net production of carbon emissions contributing to global warming, across its value chain, by a quarter by 2035 compared to 2017, while taking into account the Group's growth and the key part carbon plays in carrying out its activities.

In relation to:

- Bel's activities and its geographical presence;
- the nature and scale of the actual and potential impacts of the risks and opportunities associated with climate change, as identified and measured in Bel's risk factors and Non-Financial Performance Report; and
- the Group's commitments in this area, particularly with regard to reducing its greenhouse gas emissions by 2035, Bel has not identified any material impacts for the 2021 financial year;
- Bel SA's balance sheet at December 31, 2021 contains no provisions for contingencies and losses related to the environment.

## NOTE 3 Revenue

The revenue presented takes into account the specific characteristics of the Group's sector in accordance with the French General Chart of Accounts.

### REVENUE BY REGION

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| France | 640.3 | 636.8 |
| Other European countries | 339.1 | 333.5 |
| Rest of the world | 288.8 | 353.2 |
| **TOTAL** | **1,268.2** | **1,323.5** |

Revenue was down by 4.18% compared with the previous financial year (up by 0.49% in 2020).

At constant exchange rates, using the average exchange rate for the past financial year, revenue was down by 3.55% (up by 0.70% in 2020).

## NOTE 4 Expense transfers

Transfer of expenses for a total amount of €27.7 million, included €13.6 million in advertising and retailing expenses, €3 million in personnel and expatriate expenses, and €10.8 million in other general management expenses.

## NOTE 5 Remuneration and workforce

### MANAGEMENT REMUNERATION

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Directors' fees paid to members of the Board of Directors (included in "Other operating expenses") | 0.2 | 0.2 |

Bel executives are paid by Unibel and the expense, which totaled €4.1 million in 2021, is billed back to the Company.

| | PERSONNEL EMPLOYED | | PERSONNEL SUPPLIED TO THE COMPANY | |
|---|---|---|---|---|
| **AVERAGE WORKFORCE** | **2021** | **2020** | **2021** | **2020** |
| Executives and managers | 746 | 691 | 0 | 1 |
| Non-executive technicians and supervisors | 285 | 272 | 5 | 2 |
| Staff employees | 77 | 70 | 1 | 2 |
| Workers | 0 | 0 | 0 | 0 |
| **TOTAL** | **1,108** | **1,033** | **6** | **5** |

## NOTE 6 Financial income (expense)

Financial income (expense) concerns:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Dividends | 81.2 | 78.5 |
| Income from receivables related to participating interests [(a)] | 37.1 | 37.2 |
| Other revenue | | |
| Gains from sales of marketable securities | (0.2) | 0.1 |
| Write-downs (and reversals) on exchange rate risks | (2.5) | (1.2) |
| Write-downs (and reversals) on participating interests | 15.5 | (0.3) |
| Interest income (expense) | (20.9) | (22.0) |
| Foreign exchange gains (losses) | 13.4 | 7.5 |
| **TOTAL** | **123.7** | **99.8** |

(a) Revenue from receivables related to equity interests at the MOM Group (€35.9 million in 2021 vs. €36.6 million in 2020).

## NOTE 7 Exceptional profit (loss)

Exceptional profit (loss) consisted primarily of:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Regulated provisions | (6.4) | (6.6) |
| Provisions for disputes and litigation and other extraordinary expenses | (2.9) | (2.6) |
| Net profit (loss) from disposals of fixed assets | (14.7) | (0.4) |
| Severance costs | (0.5) | (0.4) |
| Other extraordinary income | 1.8 | 0.1 |
| Loss on repurchase of shares awarded to employees | (0.5) | (0.1) |
| Share of investment grants transferred to income | | |
| **TOTAL** | **(23.2)** | **(10.0)** |

## NOTE 8 Income tax

Income tax breaks down as follows:

| (in millions of euros) | CURRENT | EXTRAORDINARY | 2021 |
|---|---|---|---|
| Income tax payable for the year concerning | 63.1 | (23.2) | 39.9 |
| Reintegration | 0.7 | (7.5) | (6.8) |
| Deductions | (86.2) | | (86.2) |
| Tax basis before tax group combination | (22.4) | (30.7) | (53.1) |
| Impact from tax group combination | | | (10.9) |
| Tax credit | | | (6.5) |
| **TOTAL CORPORATE INCOME TAX** | | | **(17.4)** |

## EFFECT OF PROSPECTIVE INCREASES AND DECREASES

| TAX BASE | BALANCE 12/31/2021 | CHANGES IN 2021 | BALANCE 12/31/2020 |
|---|---|---|---|
| **TAX-BASE INCREASE** | | | |
| Excess tax depreciation | 42.7 | 6.6 | 36.1 |
| Revaluation | 1.8 | 0.0 | 1.8 |
| Financial instruments | 1.6 | 0.1 | 1.5 |
| Other temporary differences | 1.8 | 0.5 | 1.3 |
| **TOTAL 1** | **47.9** | **7.2** | **40.7** |
| **TAX-BASE DECREASE** | | | |
| Employee benefits | 12.1 | (4.8) | 16.9 |
| Discounting of deposits and guarantee deposits | 2.0 | (0.1) | 2.1 |
| Inventory valuation difference | 0.5 | (0.7) | 1.2 |
| Provisions for risks and liabilities | 0.1 | 0.1 | |
| Non-tax-deductible expenses | 1.8 | (0.3) | 2.1 |
| Employee profit-sharing | 4.3 | 0.4 | 3.9 |
| Provision for asset write-downs | 1.6 | 0.0 | 1.6 |
| Leasing | 1.5 | 0.1 | 1.4 |
| Other temporary differences | 3.5 | (0.5) | 4.0 |
| **TOTAL 2** | **27.4** | **(5.8)** | **33.2** |
| **TOTAL A: NET INCREASE IN BASE** | **20.5** | **13.0** | **7.5** |
| **PROSPECTIVE INCREASE/DECREASE IN INCOME TAX** | **5.0** | **4.7** | **0.3** |
| 2020 effective tax rate = 28.41% | | | |
| 2021 effective tax rate = 28.41% | | | |

In 2021, the applicable corporate tax rate in France was 27.50% to which was added 3.3% for a total rate of 28.41%.However, under the framework of the gradual reduction in the corporate tax rate, a rate of 26.5% was applied to income up to €500,000.

## NOTE 9 Capital assets

FINANCIAL YEAR 2021

### STATEMENT OF FIXED ASSETS

| (in millions of euros) | GROSS AMOUNT AT 1/1/2020 | INCREASES | DECREASES | TRANSFERS | GROSS AMOUNT A 12/31/2021 |
|---|---|---|---|---|---|
| **INTANGIBLE ASSETS** | | | | | |
| Concessions, patents, licenses, brands, processes, software, rights and similar assets | 97.1 | 12.8 | 0.4 | 7.3 | 116.8 |
| Business goodwill | 221.5 | | | | 221.5 |
| Other | | | | | |
| Intangible assets in progress | 12.0 | 12.1 | 2.1 | (7.3) | 14.7 |
| Advances and down-payments | 0.1 | 0.2 | | | 0.3 |
| **PROPERTY, PLANT AND EQUIPMENT** | | | | | |
| Real property | 27.1 | | | 0.2 | 27.3 |
| Technical installations, fixtures, machinery and equipment | 47.9 | 0.4 | 0.3 | 0.3 | 48.3 |
| Other | 8.1 | 0.3 | | 0.1 | 8.5 |
| Assets under construction | 0.9 | 1.1 | | (0.5) | 1.5 |
| Advances and down-payments | | 0.2 | | (0.1) | 0.1 |
| **FINANCIAL ASSETS** | | | | | |
| Participating interests | 1,262.3 | 152.2 | 15.6 | | 1,398.9 |
| Other | 712.6 | 52.6 | 84.4 | | 680.8 |
| **TOTAL** | **2,389.6** | **231.9** | **102.8** | | **2,518.7** |

### STATEMENT OF DEPRECIATION AND AMORTIZATION

| (in millions of euros) | AT JANUARY 1, 2020 | INCREASES | DECREASES | AT DECEMBER 31, 2021 |
|---|---|---|---|---|
| **INTANGIBLE ASSETS** | **79.7** | **5.6** | **0.3** | **85.0** |
| **PROPERTY, PLANT AND EQUIPMENT** | | | | |
| Real property | 15.4 | 1.5 | | 16.9 |
| Technical installations, fixtures, machinery and equipment | 37.8 | 2.0 | 0.3 | 39.5 |
| Other | 5.6 | 0.7 | | 6.3 |
| **TOTAL** | **138.5** | **9.7** | **0.6** | **147.7** |

### INTANGIBLE ASSETS

The goodwill arising from the acquisition of Boursin totaled €220 million. An impairment test is carried out every year and no provision for impairment was required at December 31, 2021.

The change in this item relates mainly to internally developed IT projects totaling €8.5 million and to brand acquisitions totaling €11.5 million.

### PROPERTY, PLANT AND EQUIPMENT

The change of €1.7 million in this item relates mainly to the acquisition of equipment for the Research Centers (+€1.2 million) and La Maison de la Vache Qui Rit (+€0.3 million).

## FINANCIAL ASSETS

The gross value of participating interests increased by €136.5 million in 2021 (see table of subsidiaries and interests).

This stemmed from (in millions of euros):

- acquisition of Newton Holding shares: 135.1;
- acquisition of MOMI shares: 17.0;
- disposal of BEL SYRIE shares: (15.6).

As a reminder, the Bel Syrie shares were written down by 100% (€15.6 million), and the Bel Tunisie shares by €2 million.

Receivables relating to participating interests consist of loans granted to the following subsidiaries (excluding accrued interest of €1.6 million):

| | |
|---|---|
| • Newton Holding | 496.8 |
| • Materne North America | 75.4 |
| • Bel Brands USA | 30.9 |
| • MBMA | 26.0 |
| • Bel Canada | 5.2 |
| • Bel Tunisie Distribution | 0.8 |
| • Bel Sénégal | 0.4 |

The Bel Tunisie Distribution loan has been written down 100% since 2009.Bel Tunisie Distribution is in court-ordered liquidation.

The Company held 80,620 treasury shares valued at €22.7 million, compared with 83,793 treasury shares valued at €23.3 million at December 31, 2020.

## NOTE 10 Other receivables from operations

This line item includes:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Trade and other payables | 20.4 | 19.1 |
| VAT | 17.0 | 17.6 |
| Of which the reimbursements claimed for VAT credits | 1.8 | 1.3 |
| Other | 1.0 | 1.0 |
| **TOTAL** | **38.4** | **37.7** |

## NOTE 11 Sundry receivables

This line item includes:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Income tax receivables | 14.1 | 12.5 |
| Current accounts | 184.5 | 111.7 |
| Tax consolidation accounts | | 1.7 |
| Other | 4.6 | 4.8 |
| **TOTAL** | **203.2** | **130.7** |

On December 31, 2021, the gross value of outstanding cash advances to subsidiaries came to:

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Fromageries Bel Production France | 34.1 | 34.8 |
| Fromageries Bel Production France KSA | 0.4 | |
| Bel Canada | 11.4 | 8.5 |
| Fromageries Boursin | 1.7 | |
| Bel Brands Deutschland GmbH | 19.8 | |
| Bel Italia Company SRL | 0.1 | 3.6 |
| Bel Côte d'Ivoire | 5.1 | 5.2 |
| Bel Polska | 4.3 | |
| MBMA | 65.8 | 38.9 |
| Mont Blanc | 13.2 | 15.0 |
| Bel Karper | 4.7 | |
| Materne Canada | | 2.0 |
| All In Foods | 12.5 | 3.7 |
| Other outstanding cash advances (less than €1,000) | | |
| **TOTAL** | **173.1** | **111.7** |

Additionally, the balance of income tax payable due by entities in the tax consolidation scope totaled €11.4 million versus €1.7 million in 2020.

## 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 €115.4 million versus €91.0 million in 2020.

## NOTE 13 Short-term financial instruments

Other short-term financial instruments include premiums paid (assets) and received (liabilities) on currency options and interest rate hedges marked to market at the balance sheet date.

Because these 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 €12.2 million (€3.7 million in 2020) and those relating to financial activities amounted to €3.9 million (€0.9 million in 2020).

## NOTE 15 Translation differences

| (in millions of euros) | AMOUNTS | DIFFERENCES OFFSET | PROVISIONS FOR FOREIGN EXCHANGE LOSSES [(a)] |
|---|---|---|---|
| **TRANSLATION DIFFERENCES - ASSET** | | | |
| • from long term investments | 0.7 | 0.7 | |
| • from trade receivables | | | |
| • from cash instruments | | | |
| • from financial liabilities | 4.6 | 1.0 | 3.6 |
| • from debts | 0.6 | 0.2 | 0.4 |
| **TOTAL** | **5.9** | **1.9** | **4.0** |
| **UNREALIZED GAINS ON TRANSLATION DIFFERENCES** | | | |
| • from long term investments | 2.4 | 1.7 | 0.7 |
| • from trade receivables | 1.9 | 1.0 | 0.9 |
| • from cash instruments | | | |
| • from financial liabilities | | | |
| • from debts | 0.1 | 0.1 | |
| **TOTAL** | **4.4** | **2.8** | **1.6** |

(a) From translation differences only.

## NOTE 16 Provisions for impairment

| (in millions of euros) | AMOUNT AT BEGINNING OF YEAR | INCREASE (CHARGED DURING THE PERIOD) | DECREASE (REVERSALS) | AMOUNT AT YEAR END |
|---|---|---|---|---|
| Intangible assets | 1.6 | | | 1.6 |
| Property, plant and equipment | | | | |
| Financial assets | 18.9 | 0.2 | 16.1 | 3.0 |
| Inventories and work-in-progress | 0.1 | 0.2 | 0.2 | 0.1 |
| Trade receivables | 0.8 | | | 0.8 |
| Sundry receivables | | | | |
| Marketable securities | | | | |
| **TOTAL** | **21.4** | **0.4** | **16.3** | **5.5** |
| Of which charges and reversals: | | | | |
| posted to operating income/expenses | | 0.2 | 0.2 | |
| posted to financial income/expenses | | 0.2 | 16.1 | |
| posted to extraordinary income/expenses | | | | |

The provision for financial assets consists of a write-down of the New Protein Fund shares (€0.2 million). The provision reversal consists mainly of the reversal of the provision for the BEL SYRIE shares (€15.6 million).

## NOTE 17 Capital

The share capital is made up of 6,872,335 shares with a par value of €1.50, of which 80,620 were held by the Company on December 31, 2021, carrying 10,193,320 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, 2021 a total of 4,993,077 double voting rights were available for exercise at Annual General Meetings.

## NOTE 18 Regulated provisions

Provision charges and reversals corresponding to regulated provisions are recorded under extraordinary income.

| (in millions of euros) | AMOUNT AT BEGINNING OF YEAR | INCREASE (CHARGED DURING THE PERIOD) | DECREASE (REVERSALS) | AMOUNT AT YEAR END |
|---|---|---|---|---|
| Provision for investment | | | | |
| Provisions for price increases | | | | |
| Excess tax depreciation | 34.7 | 14.3 | 7.8 | 41.2 |
| Special revaluation provisions [(a)] | | | | |
| Reinvested capital gains | 1.7 | | | 1.7 |
| **TOTAL** | **36.4** | **14.3** | **7.8** | **42.9** |

(a) Only concerns the constructions line item.

The decrease in excess tax depreciation was primarily related to intangible assets, in particular internally produced software.

## NOTE 19 Changes in equity

| (in millions of euros) | |
|---|---|
| **Equity at December 31, 2019** | **1,165.5** |
| Revaluation adjustments | |
| Dividends (Combined AGM of May, 14, 2020) | (24.1) |
| Additional paid-in capital | |
| Cancellation of dividends on treasury shares | 0.3 |
| Free reserves | |
| Investment grants | |
| Regulated provisions | 6.6 |
| Profit for the year | 91.7 |
| **Equity at December 31, 2020** | **1,240.0** |
| Revaluation adjustments | |
| Dividends (Combined AGM of May 11, 2021) | |
| Additional paid-in capital | |
| Cancellation of dividends on treasury shares | |
| Free reserves | |
| Investment grants | (0.1) |
| Regulated provisions | 6.5 |
| Profit for the year | 53.2 |
| **EQUITY AT DECEMBER 31, 2021** | **1,299.6** |

In 2021, there was no movement in share capital and all earnings were allocated to retained earnings.

## NOTE 20 Provisions for contingencies and losses

| (in millions of euros) | AMOUNT AT THE BEGINNING OF THE YEAR | INCREASE (CHARGED DURING THE PERIOD) | REVERSALS – OFFSET AGAINST EXPENSES | REVERSALS – CANCELED PROVISIONS | AMOUNT AT YEAR END |
|---|---|---|---|---|---|
| Disputes and litigation | 2.4 | 0.3 | | 0.6 | 2.1 |
| Foreign exchange losses | 2.4 | 4.9 | 2.4 | | 4.9 |
| Restructuring | | | | | |
| Withholding tax | 1.5 | 1.0 | 1.4 | | 1.1 |
| Stock option plan | 4.0 | 0.8 | 1.5 | | 3.3 |
| Other | 0.7 | | | 0.1 | 0.6 |
| **TOTAL** | **11.0** | **7.0** | **5.3** | **0.7** | **12.0** |
| Of which charges and reversals: | | | | | |
| *posted to operating income/ expenses* | | *1.8* | *2.9* | *0.1* | |
| *posted to financial income/ expenses* | | *5.2* | *2.4* | | |
| *posted to extraordinary income/expenses* | | | | *0.6* | |

The unused provision reversal for the year mainly concerns the provision of €0.5 million for the Amaltheia dispute.

## NOTE 21 Other bonds

Three bond loans make up this item:

- a first loan of €500 million contracted in April 2017 with a coupon of 1.50% on maturity on April 24, 2024, excluding accrued interest not yet due of €5.3 million;
- a second loan of €125 million contracted in October 2019 maturing in 2027 and 2029 and indexed to performance in terms of social and environmental responsibility, excluding accrued interest not yet due of €0.4 million;
- a third loan of $150 million (€132.5 million) contracted in November 2020, maturing in 2035, excluding accrued interest not yet due of $0.4 million (€0.3 million).

All three bonds, which were fully subscribed at the issue date, were issued at par.

## NOTE 22 Bank borrowings

This line item mainly consists of a Schuldschein financing transaction.The operation includes a tranche of €20 million at a fixed rate, maturing in 2023.

Accrued interest not yet due on the bonds stands at €0.3 million.

## NOTE 23 Sundry borrowings and financial liabilities

This item primarily concerns liabilities relating to participating interests in Grupo Fromageries Bel España for €136.2 million – accrued interest included (€132.1 million in 2020), and with Bel Egypt Expansion for Cheese for €8.9 million – accrued interest included (€1.0 million in 2020), as well as the line item “Other borrowings – Treasury notes” of €110 million (€70 million in 2020) and the employee profit-sharing scheme of €1.8 million – accrued interest included (€3.2 million in 2020).

## NOTE 24 Other debts from operations

This line item consists entirely of trade and related receivables amounting to €43.9 million versus €32.7 million in 2020.

## NOTE 25 Other sundry payables

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Of which: | | |
| Interest-bearing advances from Group entities, excluding accrued interest | 457.3 | 512.0 |
| Excess payment of income tax of entities included in the tax combination | 0.4 | 0.4 |
| Accrued social debt for employee profit-sharing plan | 4.3 | 3.9 |
| Other | 0.9 | 1.2 |
| **TOTAL** | **462.9** | **517.5** |

## NOTE 26 Deferred income and suspense account

Deferred income concerns Financial income of €2.0 million (€16.3 million in 2020).

## NOTE 27 Effect of tax exemption assessments

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Net profit for the year | 53.2 | 91.7 |
| Income tax | (17.4) | (1.8) |
| Profit before tax | 35.8 | 89.9 |
| Change in regulated provisions | 6.5 | 6.6 |
| **PROFIT BEFORE TAX EXCLUDING ASSESSED TAX EXEMPTIONS** | **42.3** | **96.5** |

# NOTE 28 Deferred income, accrued expenses, payables and receivables represented by bills of exchange

## DEFERRED INCOME

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Trade and other receivables | 3.1 | 11.6 |
| Other receivables from operations | 30.4 | 29.2 |
| Sundry receivables | | 0.2 |
| Cash on hand and balance with banks | 0.1 | 0.1 |
| **TOTAL** | **33.6** | **41.1** |

## ACCRUED EXPENSES

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Bonds | 6.0 | 6.0 |
| Bank borrowings | 0.3 | 0.3 |
| Sundry borrowings and financial liabilities | 8.3 | 4.2 |
| Trade and other payables | 85.8 | 95.2 |
| Taxes payable and payroll and on-cost amounts payable | 43.2 | 47.3 |
| Other debts from operations | 43.3 | 32.1 |
| Amounts payable to fixed asset suppliers and related accounts | 0.6 | 0.5 |
| Other sundry payables | | 0.4 |
| **TOTAL** | **187.5** | **186.0** |

## RECEIVABLES AND PAYABLES REPRESENTED BY BILLS OF EXCHANGE

| (in millions of euros) | 2021 | 2020 |
|---|---|---|
| Trade and other receivables | 0.2 | 0.2 |
| 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 millions of euros) | 2021 | 2020 |
|---|---|---|
| **COMMITMENTS GIVEN** | | |
| Bank guarantees | 0.2 | 0.2 |
| Guarantees given for a foreign subsidiary (Bel Rouzaneh and Bel Australia) | 0.2 | 0.2 |
| Partnership liability in GIEs, SCIs, etc. | | |
| Retirement indemnities (see Note 29.1) | 12.1 | 16.9 |
| Guarantees given for a foreign subsidiary (Bel Shotska Ukraine) | | 3.3 |
| **TOTAL** | **12.5** | **20.6** |
| **COMMITMENTS RECEIVED** | | |
| Syndicated credit lines (see Note 29.2) | 520.0 | 820.0 |
| Export receivable guarantees | 7.5 | 6.3 |
| **TOTAL** | **527.5** | **826.3** |
| **RECIPROCAL COMMITMENTS (EXCLUDING CURRENCY FUTURES AND FINANCIAL LEASES)** | | |
| Real estate rentals (see Note 29.3) | 41.4 | 55.2 |
| • less than one year | 6.9 | 6.9 |
| • from one to five years | 27.6 | 29.1 |
| • over five years | 6.9 | 19.2 |
| Put on All in Foods minority interests | 27.5 | 27.5 |
| Asset rentals | 3.4 | 4.4 |
| • less than one year | 1.8 | 1.7 |
| • from one to five years | 1.6 | 2.7 |
| • over five years | | |
| Asset orders | 3.4 | 2.7 |
| Stock option plan (see Note 29.4) | 3.2 | 6.5 |
| **TOTAL** | **78.9** | **96.3** |

### 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:
  - 2021:a nominal discount rate of 1.1% including an inflation rate of 1.8%,
  - 2020: a nominal discount rate of 0.7% including an inflation rate of 1.8%.

In accordance with the position of the IFRIC, validated by the IASB at the end of May 2021, for post-employment schemes, with conditions of presence and depending on the number of years of service, the services rendered are recognized only on the last years of service that confer rights on the employees at the time of their departure.

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

At December 31, 2021, the Group had significant liquidity including:

- a confirmed syndicated credit line of €520 million maturing in 2024.This line has not been drawn;
- a €500 million Commercial Paper program, of which €110 million has been used;
- a NEU MTN program of €200 million, of which €70 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 in April 2024;
- financing on the *Schuldschein* market including €20 million maturing in 2023;
- a private bond issue in the form of a USPP under French law of $150 million maturing in November 2035.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

In its syndicated credit lines, its private placements (Euro PP and US PP) and the *Schuldschein*, Bel SA has committed to keeping its financial leverage ratio below 3.75 over the entire life of the medium- and long-term financing mentioned above.The ratio's calculation method was changed in 2020 to reflect the integration of the IFRS 16 accounting standard.The financial leverage ratio now designates the amount of consolidated net debt, including lease liabilities divided by EBITDA on the basis of current operating income, including depreciation and amortization and financial reclassification relative to the Group's consolidated right of use.Failure to meet the ratio could trigger the repayment of a significant part of the debt.On December 31, 2021, the ratio stood at 2.03 versus 1.45 on December 31, 2020.

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.

### 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, 2021, the maturity of the derivatives portfolio did not go beyond January 31, 2023.Cash flow from the budgeted 2021 and 2022 hedges is expected in 2022 and will thus impact income in 2022.

#### 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

### VALUE OF HEDGES SECURED BY BEL SA

| CATEGORY OF TRANSACTIONS (in millions of euros) | AT DECEMBER 31, 2021 Market value | AT DECEMBER 31, 2020 Market value |
|---|---|---|
| TOTAL PORTFOLIO RELATED TO FOREIGN EXCHANGE | (5.2) | 15.5 |
| TOTAL PORTFOLIO RELATED TO INTEREST RATES | (6.3) | 0.8 |
| TOTAL PORTFOLIO OF BEL SA | (11.5) | 16.3 |
| TOTAL HEDGING PORTFOLIO OF BEL SA AND ITS SUBSIDIARIES | (11.5) | 16.3 |

On December 31, 2021, Bel SA had secured the following hedges:

| CATEGORY OF TRANSACTIONS (in millions of euros) | Cross | AT DECEMBER 31, 2021 Commi-tment | AT DECEMBER 31, 2021 Market value | AT DECEMBER 31, 2020 Commi-tment | AT DECEMBER 31, 2020 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 | 37.6 | (0.8) | 25.8 | 0.1 |
| Forward sale | EUR PLN | 32.5 | (0.4) | 22.7 | (0.3) |
| Forward purchase | EUR PLN | – | – | 2.4 | 0.1 |
| Forward purchase | EUR USD | 115.3 | (2.5) | 80.5 | 7.1 |
| Forward sale | EUR USD | 3.4 | 0.2 | 9.2 | (0.7) |
| Forward purchase | Other | 63.2 | (0.4) | 61.8 | 0.1 |
| Forward sale | Other | 0.9 | 0.2 | 0.5 | (0.0) |
| **FORWARD ON OPERATIONAL TRANSACTIONS** | | | **(3.8)** | | **6.4** |
| **2 – CURRENCY OPTIONS BACKED BY TRADE RECEIVABLES, TRADE PAYABLES OR FUTURES TRANSACTIONS** | | | | | |
| Call purchase | EUR GBP | 52 | 0.3 | 66.2 | 0.7 |
| Put sale | EUR GBP | 26 | (0.3) | 36.0 | (0.2) |
| Put purchase | EUR PLN | 30 | 0.2 | 32.0 | 0.2 |
| Call sale | EUR PLN | 11 | (0.2) | 11.2 | (0.2) |
| Call purchase | EUR USD | 93 | 0.1 | 119.3 | 8.0 |
| Put sale | EUR USD | 43 | (1.3) | 61.8 | (0.1) |
| Call purchase | Other | 56 | 0.5 | 43.4 | 1.0 |
| Put sale | Other | 25 | (0.3) | 17.1 | (0.1) |
| **OPTIONS ON OPERATIONAL TRANSACTIONS** | | | **(1.0)** | | **9.3** |
| **3 – FORWARD TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS** | | | | | |
| Forward purchase | EUR GBP | | | 2.0 | – |
| Forward purchase | EUR USD | 12.9 | (0.3) | 5.3 | 0.4 |
| Forward purchase | Other | | | 1.1 | – |
| **CURRENCY FORWARD AND OPTION CONTRACTS TO HEDGE FUTURE DIVIDEND OR SHARE TRANSACTION FLOWS** | | | **(0.3)** | | **0.4** |
| **4 – TRANSACTIONS TO HEDGE FINANCING FLOWS** | | | | | |
| Swap sale | EUR GBP | 22.9 | 0.0 | 20.0 | 0.1 |
| Swap sale | EUR PLN | 3.0 | (0.0) | 6.5 | (0.1) |
| Swap sale | EUR USD | 84.4 | (0.1) | 73.6 | (0.5) |
| Swap sale | Other | 18.2 | (0.0) | 11.2 | (0.0) |
| Swap purchase | Other | 10.5 | (0.0) | 10.1 | 0.0 |
| **TRANSACTIONS TO HEDGE FINANCING FLOWS** | | | **(0.1)** | | **(0.5)** |
| **5 – OTHER TRANSACTIONS OUTSIDE THE HEDGING TRANSACTIONS CATEGORY** | | | | | |
| Call sale | EUR GBP | | | 4.5 | (0.0) |
| Call sale | EUR USD | | | 5.9 | (0.1) |
| Call sale | Other | 2.0 | (0.0) | 0.1 | – |
| Other transactions | | | (0.0) | | (0.1) |
| **TOTAL PORTFOLIO RELATED TO FOREIGN EXCHANGE** | | | **(5.2)** | | **15.5** |

The transactions are expressed according to the direction of the cross-currency: Examples:

- forward purchase EUR USD means the Group is buying EUR and selling USD;
- call purchase EUR GBP means the Group is buying a EUR call/GBP put option;
- swap on futures sales EUR GBP means that the Group borrows EUR so is selling futures on EUR, lends GBP so is purchasing futures on GBP.

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, 2021, Bel SA's subsidiary hedging portfolio hedged only subsidiaries' foreign exchange risks relating to the 2021 budget year and collected in 2022.

| | | AT DECEMBER 31, 2021 | | AT DECEMBER 31, 2020 | |
|---|---|---|---|---|---|
| CATEGORY OF TRANSACTIONS | CROSS | Commitment | Market value | Commitment | Market value |
| Forward purchase | EUR/USD | – | – | 6.0 | 0.4 |
| Forward sale | EUR/USD | – | – | 8.6 | (0.5) |
| Forward purchase | EUR/CAD | 0.4 | (0.0) | 2.7 | (0.1) |
| Forward sale | USD/CAD | – | – | 10.0 | 0.3 |
| Forward purchase | EUR/JPY | 7.3 | 0.3 | 9.4 | (0.3) |
| Forward purchase | DKK/EUR | 0.7 | (0.0) | 1.0 | 0.0 |
| Forward purchase | NOK/EUR | – | – | 0.2 | (0.0) |
| Forward sale | EUR/SEK | – | – | 0.7 | (0.1) |
| Forward purchase | EUR/SEK | 0.8 | (0.0) | (1.6) | 0.1 |
| Forward sale | EUR/PLN | 4.1 | (0.2) | 5.3 | 0.3 |
| Forward purchase | EUR/CHF | 1.0 | (0.0) | 1.2 | 0.0 |
| Forward purchase | EUR/CZK | – | – | 3.3 | (0.0) |
| Forward purchase | EUR/GBP | 9.9 | (0.8) | 7.1 | 0.1 |
| Forward sale | EUR/USD | – | – | 2.0 | 0.1 |
| Forward purchase | EUR/USD | 1.8 | (0.1) | 3.5 | (0.2) |
| **FORWARD ON OPERATIONAL TRANSACTIONS** | | | **(1.0)** | | **0.04** |

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, 2021, 2022 budget net exposure (realized and future) relative to the main currencies was hedged at a ratio between 81% and 86%, 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, 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, 2021, the Group hedged interest rate risk through interest rate swaps:

| | | AT DECEMBER 31, 2021 | | AT DECEMBER 31, 2020 | |
|---|---|---|---|---|---|
| CATEGORY OF TRANSACTIONS (in millions of euros) | CURRENCY | Commitment | Market value | Commitment | Market value |
| Portfolio related to interest rate | | | | | |
| Fixed-rate borrower swaps | EUR | 35.0 | (0.2) | 42.5 | (0.5) |
| Fixed-rate receiver swaps | EUR | 72.5 | (0.9) | 72.5 | 1.5 |
| Fixed-rate receiver swaps | USD | 66.2 | (4.9) | 48.9 | (1.0) |
| Fixed-rate borrower swaps | USD | | – | – | – |
| Fixed-rate borrower cross currency swaps | EUR/CAD | 5.2 | (0.2) | 19.2 | 0.8 |
| **TOTAL PORTFOLIO RELATED TO INTEREST RATES** | | | **(6.3)** | | **0.8** |

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, 2021

| (in millions of euros) | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 >2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Interest-rate swaps | EUR | 97.5 | 62.5 | 62.5 | 62.5 | 62.5 | 31.25 | 31.25 | 0 | 0 |
| Interest-rate swaps | USD | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 | 66.2 |

#### 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 not material at December 31, 2021.

#### 29.2.6 – RAW MATERIALS RISK MANAGEMENT

At December 31, 2021, Bel SA had no raw materials risk.

#### 29.2.7 – EQUITY RISK MANAGEMENT

At December 31, 2021 Bel SA had no equity derivatives.

### 29.3 – ASSET 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 six years, representing a total amount of €41.4 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 €3.4 million.

A breakdown of bonus share plans is presented in the following table:

| (in millions of euros) | 2020 PLAN CASH | 2020 PLAN SHARES | 2019 PLAN CASH | 2019 PLAN SHARES | TOTAL |
|---|---|---|---|---|---|
| Number of shares awarded originally [(a)] | 6,245 | 14,748 | 4,856 | 11,511 | |
| Award criteria: percentage provisioned | 100 | 100 | 71.429 | 71.429 | |
| number of shares awarded at December 31, 2021 | 5,299 | 12,513 | 2,620 | 6,209 | |
| Share value in € | 289 | 191.26 | 320 | 183.99 | |
| Amount expensed in 2019 | | | 0.7 | 0.8 | 1.5 |
| Amount expensed in 2020 | 0.9 | 1.3 | 0.1 | 0 | 2.3 |
| Amount expensed in 2021 | 0.4 | 0.3 | 0.2 | 0.1 | 1.0 |

(a) Authorized by the Board of Directors.

Also included in personnel expenses is the provision for the 2019 Bel SA cash plan totaling €0.6 million and representing 4,573 shares and the provision for the 2020 Bel SA cash plan totaling €1 million and representing 9,259 shares.

### 29.5 – OTHER COMMITMENTS

#### DISPUTES AND LITIGATION

The Group is engaged in a certain number of disputes and litigation 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 Company’s earnings or financial position that has not been provisioned for.

## 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, 92150 Suresnes.

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

The listing of Bel's shares was suspended on January 10, 2022 following the closure of the squeeze-out offer launched by its majority shareholder Unibel. Unibel thus holds 97.41% of Bel's share capital and 83.33% of the corresponding voting rights.The mandatory squeeze-out was implemented from January 25, 2022, the date of the delisting of Bel's shares on the regulated market of Euronext Paris.

## NOTE 32 Statement of maturities and debts

| (in millions of euros) | GROSS AMOUNT | MATURITY 1 year or less | MATURITY more than 1 year[e] |
|---|---|---|---|
| **Headings and line items** | | | |
| **RECEIVABLES** | | | |
| Fixed asset receivables: | | | |
| Loans to and receivables from participating interests | 637.6 | 637.6 | |
| Loans[a] | 6.5 | 0.4 | 6.1 |
| Other | 36.7 | 1.1 | 35.6 |
| Current asset receivables: | | | |
| Trade and other receivables | 176.8 | 176.8 | |
| Other | 241.6 | 241.6 | |
| Prepaid expenses | 16.1 | 15.2 | 0.9 |
| **TOTAL** | **1,115.3** | **1,072.7** | **42.6** |
| **DEBTS** | | | |
| Other bonds[b] | 763.5 | 6.0 | 757.5 |
| Borrowings[b] and current used facilities at banks[c] | 22.5 | 2.5 | 20.0 |
| Sundry borrowings and financial liabilities[b][d] | 327.2 | 265.8 | 61.4 |
| Trade and other payables | 228.4 | 228.4 | |
| Taxes payable and payroll and on-cost amounts payable | 50.6 | 41.5 | 9.1 |
| Amounts payable to fixed asset suppliers and related accounts | 10.4 | 10.4 | |
| Income tax payable | | | |
| Other liabilities[d][e] | 506.8 | 502.5 | 4.3 |
| Deferred income | 1.9 | 1.9 | |
| **TOTAL** | **1,911.3** | **1,059.0** | **852.3** |

| | |
|---|---|
| (a) Loans granted during the year | 0.3 |
| Loans recovered during the year | |
| (b) Borrowings subscribed during the year | 369.8 |
| Borrowings reimbursed during the year | 303.4 |
| (c) Of which: | |
| originally no more than two years | 2.5 |
| originally more than two years | 20.0 |
| (d) To associates (line item:Other debts) | 457.6 |
| (e) Debts maturing in more than five years | 4.3 |

## ELEMENTS CONCERNING AFFILIATES AND PARTICIPATING INTERESTS

| | AMOUNTS CONCERNING BUSINESSES | |
|---|---|---|
| **LINE ITEMS** (in millions of euros) | **affiliates** | **in which the Company has an equity interest** |
| Participating interests | 1,396.8 | |
| Loans to and receivables from participating interests | 636.8 | |
| Other long-term financial assets | 22.7 | |
| Loans | | |
| Other financial investments | | |
| Trade and other receivables | 91.3 | |
| Other current assets | 186.3 | |
| Subscribed capital called and unpaid | | |
| Sundry borrowings and financial liabilities | 145.1 | |
| Trade and other payables | 112.4 | |
| Amounts payable to fixed asset suppliers and related accounts | | |
| Other liabilities | 470.1 | |
| Dividends and interest income | 118.4 | |
| Other financial income | 3.6 | |
| Financial expenses | 7.4 | |

## RELATED-PARTY TRANSACTIONS

### CASH MANAGEMENT AGREEMENT WITH UNIBEL

At December 31, 2021, the Company had received a €24.5 million cash advance from Unibel. The advance, bearing interest at the EONIA rate plus 100 basis points, generated a financial expense of €0.2 million recorded in 2021.

### SERVICE AGREEMENT WITH UNIBEL

In 2021, €5.8 million were expensed under the service agreement with Unibel.

### OPERATING EXPENSES BILLED BACK TO BEL SA BY UNCONSOLIDATED GROUP ENTITIES

In 2021, a total of €13.8 million in operating expenses were billed back to Bel SA.

## TABLE OF SUBSIDIARIES AND PARTICIPATING INTERESTS

## FINANCIAL YEAR 2021

| | | | | CARRYING AMOUNT OF SHARES HELD | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SOCIÉTÉS | CAPITAL[a] | EQUITY OTHER THAN SHARE CAPITAL[a] | % CAPITAL HELD | Gross | Net | OUTSTANDING LOANS AND ADVANCES GRANTED BY THE COMPANY | AMOUNT OF ENDORSE-MENTS, GUARANTEES AND LETTERS OF INTENT PROVIDED BY THE COMPANY | DIVIDENDS COLLECTED BY THE COMPANY DURING THE YEAR | REVENUE | NET PROFIT |
| | (in millions) | | | | | (in millions of euros) | | | (in millions) | |
| **I - DETAILED INFORMATION** | | | | | | | | | | |
| **Subsidiaries (more than 50%-owned by the Company):** | | | | | | | | | | |
| **French entities** | | | | | | | | | | |
| Fromageries Picon | EUR 0.6 | EUR 2.3 | 99.975 | 5.6 | 5.6 | | | 0.9 | EUR 0.8 | EUR 0.6 |
| Fromageries Bel Production France | EUR 48.9 | EUR 147.9 | 100.000 | 132.2 | 132.2 | 34.1 | | 7.9 | EUR 610.9 | EUR 10.4 |
| SAS des Fermiers Réunis | EUR 7.2 | EUR 11.1 | 99.848 | 18.1 | 18.1 | | | 0.8 | EUR 1.4 | EUR 1.0 |
| Sofico | EUR 2.3 | EUR 9.7 | 99.965 | 2.4 | 2.4 | | | 1.5 | EUR 0.0 | EUR 2.3 |
| Fromagerie Boursin SAS | EUR 2.8 | EUR 18.9 | 100.000 | 23.6 | 23.6 | 2 | | 1.0 | EUR 63.1 | EUR 1.0 |
| Sicopa | EUR 591.4 | EUR 949.5 | 100.000 | 780.2 | 780.2 | | | 59.1 | EUR 0.0 | 523,0 EUR |
| LVQR Diffusion | EUR 0.05 | EUR 0.5 | 100.000 | 0.1 | 0.1 | | | | EUR 1.3 | EUR 0.1 |
| Atad | EUR 0.3 | (EUR 0.1) | 100.000 | 0.4 | 0.4 | | | | EUR 0.0 | EUR 0.0 |
| Newton Holding | EUR 253.2 | EUR 268.5 | 68.020 | 331.2 | 331.2 | 496.8 | | | EUR 13.4 | EUR (18.8) |
| MOM INVESTISSEMENT | EUR 6.6 | EUR 27.5 | 50.000 | 17.0 | 17.0 | | | | EUR 0.0 | EUR 0.0 |
| All In Foods | EUR 0.1 | (EUR 2.8) | 80.000 | 56.4 | 56.4 | 12.5 | | | EUR 9.6 | EUR 1.9 |
| **Foreign entities** | | | | | | | | | | |
| Bel Tunisie | TND 3.0 | (TND 7.7) | 99.000 | 2.1 | | | | | | |
| Bel Algérie SpA | DZD 3,318.9 | DZD 3,431.8 | 99.023 | 21.2 | 21.2 | | | 3.6 | 10 215,0 DZD | (397,2 DZD) |
| **II - GENERAL INFORMATION** | | | | | | | | | | |
| **Subsidiaries not covered in paragraph I** | | | | | | | | | | |
| a) French subsidiaries (aggregate) | | | | | | | | | | |
| b) Foreign subsidiaries (aggregate) | | | | 8.4 | 8.4 | | | 5.4 | | |
| **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.

## INVENTORY OF INVESTMENTS AND PARTICIPATING INTERESTS

| (in millions of euros) | | NET CARRYING AMOUNT IN 2021 BALANCE SHEET | NET CARRYING AMOUNT IN 2020 BALANCE SHEET |
|---|---|---|---|
| **PARTICIPATING INTERESTS** | | | |
| **French entities** | | | |
| 219,373,487 | NEWTON HOLDING | 331.2 | 196.1 |
| 3,282,746 | MOMI | 17.0 | |
| 3,706,666 | FROMAGERIES BOURSIN SAS | 23.5 | 23.5 |
| 239,635 | SAS DES FERMIERS RÉUNIS "SAS FR" | 18.1 | 18.1 |
| 39,426,801 | SOCIETE INDUSTRIELLE COMMERCIALE ET DE PARTICIPATION "SICOPA" | 780.2 | 780.2 |
| 132,208,521 | Fromageries Bel Production France | 132.2 | 132.2 |
| 155,865 | Société Financière et Commerciale "SOFICO" | 2.4 | 2.4 |
| 19,995 | FROMAGERIES PICON | 5.6 | 5.6 |
| 10,000 | Atad | 0.4 | 0.4 |
| 999 | SOCIETE DES PRODUITS LAITIERS "SPL" | | |
| 3,333 | LVQR DIFFUSION | 0,1 | 0.1 |
| 1,200 | All In Foods | 56.4 | 56.4 |
| *Entities with a net carrying amount below €15 per category of shares* | | | |
| | | **1,367.1** | **1,215.0** |
| **Foreign entities** | | | |
| 76,664 | BEL EGYPT EXPANSION FOR CHEESE PRODUCTION | 7.2 | 7.2 |
| 3,286,512 | BEL ALGÉRIE SpA | 21.2 | 21.2 |
| 594 | BEL TUNISIE | | |
| 10 | BEL VIETNAM | 1.2 | 1.2 |
| *Entities with a net carrying amount below €15 per category of shares* | | | |
| | | **29.6** | **29.6** |
| **TOTAL PARTICIPATING INTERESTS** | | **1,396.7** | **1,244.6** |
| Other long-term financial assets | | | |
| **French entities** | | | |
| 37,051 | FPCI CAP AGRO-INNOVATION B | 3.7 | 3.4 |
| 1,120 | SOGAL – SOCAMUEL | | |
| 80,620 | Bel SA | 22.8 | 23.3 |
| *Entities with a net carrying amount below €15 per category of shares* | | | |
| | | **26.5** | **26.7** |
| **Foreign entities** | | | |
| 4,790 | NEW PROTEIN FUND | 4.1 | 4.2 |
| 50,000 | LIVELIHOODS CARBON FUND | 5.0 | |
| **TOTAL OTHER LONG-TERM FINANCIAL ASSETS** | | **35.6** | **30.9** |
| **MARKETABLE SECURITIES** | | **115.4** | **91.0** |

## COMPANY EARNINGS AND OTHER FINANCIAL HIGHLIGHTS OVER THE LAST FIVE YEARS (ARTICLES R. 225-81, R. 225-83 AND R. 225-102 OF THE FRENCH COMMERCIAL CODE)

| Type of information | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **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 | 1,267,171,218 | 1,323,456,351 | 1,317,068,112 | 1,314,188,053 | 1,317,849,203 |
| Profit before tax, profit-sharing, depreciation, amortization and write-downs | 41,504,823 | 112,165,679 | 66,840,700 | 114,668,722 | 125,036,074[b] |
| Income tax | (17,398,163) | (1,771,915) | (7,084,961) | (6,015,645) | (18,239,459) |
| Profit-sharing owed for the financial year | 4,074,976 | 3,474,969 | 3,675,049 | 2,053,071 | 2,246,437 |
| Earnings after tax, profit-sharing, depreciation, amortization and write-downs | 53,203,747 | 91,664,534 | 93,085,516 | 92,230,775 | 133,401,905 |
| Dividends paid out | 35,048,909[a] | 0 | 24,053,173[a] [c] | 34,018,058[a] | 48,106,345[a] |
| **III.EARNINGS PER SHARE** | | | | | |
| Earnings after tax and profit-sharing, but before depreciation, amortization and write-downs | 6.04 | 16.09 | 10.22 | 17.26 | 20.52 |
| Earnings after tax, profit-sharing, depreciation, amortization and write-downs | 7.74 | 13.34 | 13.54 | 13.42 | 19.41 |
| Dividend per share | 5.10 | 0 | 3.50 | 4.95 | 7.00 |
| **IV.PERSONNEL** | | | | | |
| Average workforce during financial year | 1,108 | 1,033 | 1,000 | 1,020 | 1,024 |
| Total payroll for the financial year | 86,109,488 | 83,871,141 | 92,957,668 | 76,417,529 | 74,201,969 |
| Amount of employee benefits paid in the financial year (social security, volunteer work) | 40,194,108 | 39,035,947 | 38,985,414 | 38,678,052 | 38,739,043 |

(a) 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”.

(b) Amount modified vs 2017 URD.

(c) Amount modified vs 2019 URD.
In the context of the Covid-19 pandemic, the Board of Directors’ meeting of April 20, 2020 decided to reduce the amount of the dividend proposed by the Board of Directors on March 11, 2020.

# STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**Year ended December 31, 2021**

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the BEL Shareholders' Meeting,

## OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of BEL for the year ended December 31, 2021.

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 of December 31, 2021 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 our report.

### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2021 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) No 537/2014.

## JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## MEASUREMENT OF THE FAIR VALUE OF EQUITY SECURITIES

*Note 1.3 "Accounting rules and methods - Financial assets" to the financial statements*

| ***Risk identified*** | ***Our response*** |
|---|---|
| As of December 31, 2021, equity interests are recorded on the balance sheet at a net carrying amount of €1,397 million, or 43% of total net assets. They are recorded at acquisition cost on initial recognition.<br><br>When the fair value of these securities is lower than their net carrying amount, an impairment is recognized in the amount of the difference. Fair value is determined based on a range of criteria, including market value, value in use based on discounted forecast cash flows and the share of revalued equity. | Our assessment of the measurement of the fair value of equity securities is based on the process implemented by the Company to determine the value in use of equity securities.<br><br>Our work mainly consisted in:<br>• reconciling the net equity amounts used by the Company with the financial statements of subsidiaries;<br>• where the share in net equity is less than the net carrying amount of the securities: |

Cash flow projections are based on 5-year budget data taken from subsidiary business plans.

Given the significant amount of equity securities in the balance sheet and the sensitivity of valuation models to the assumptions used to determine cash flows, we considered the fair value measurement of equity securities to be a key audit matter.

- obtaining cash flow forecasts for the relevant entities and comparing them with the subsidiary business plans;
- verifying the consistency of the assumptions underlying the determination of cash flows with the historical performance of the Group and the entities, and confirming future growth prospects, primarily through interviews with local finance managers in each geographical area;
- assessing, with the assistance of our valuation experts, the valuation model and discount rates adopted with respect to market benchmarks.

### Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

### Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*code de commerce*).

### Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4 and L.225-10-10 of the French Commercial Code.

### Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

## OTHER LEGAL AND REGULATORY VERIFICATIONS OR INFORMATION

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of BEL by the Annual General Meetings held on June 25, 1998 for Deloitte & Associés, May 12, 2020 for Grant Thornton and May 11, 2021 for PricewaterhouseCoopers Audit.

As of December 31, 2021, Deloitte & Associés was in the 30th year of total uninterrupted engagement, taking into account audit firm acquisitions and mergers prior to this date and Grant Thornton and PricewaterhouseCoopers were in the 12th and 1st year of uninterrupted engagement, respectively.

## 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 determines is 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 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, regarding the 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 is 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the 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 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, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- 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 a report to the Audit Committee 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, if 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 financial statements of the current period 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 referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, April 1, 2022

The Statutory Auditors

| **Grant Thornton** | **PricewaterhouseCoopers Audit** | | **Deloitte & Associés** |
|---|---|---|---|
| French Member of Grant Thornton International | | | |
| Virginie Palethorpe | Xavier Belet | Thierry Leroux | Jean-Pierre Agazzi |

## 5.5.3 – INFORMATION ON THE STATUTORY AUDITORS

### IDENTITY OF THE STATUTORY AUDITORS

The Statutory Auditors are:

- **Deloitte & Associés,** represented by 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 Annual General Meeting on June 24, 1997.Its term was renewed on May 12, 2016 for a term of six financial years, expiring on 2022 after the Annual 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 Virginie Palethorpe

  29, rue du Pont, 92200 Neuilly-sur-Seine

  Grant Thornton was appointed as Statutory Auditor by the Combined Annual 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 vote on the financial statements for the year ending December 31, 2021.

  Grant Thornton is a member of the Compagnie régionale des Commissaires aux comptes de Versailles.

- **PricewaterhouseCoopers,** represented by Xavier Belet and Xavier Leroux

  63, rue du Pont, 92208 Neuilly-sur-Seine

  PricewaterhouseCoopers was appointed as Statutory Auditor by the Combined General Shareholders' Meeting on May 11, 2021 or a term of six financial years, expiring on 2027 after the Annual General Meeting that will meet to vote on the financial statements for the year ending December 31, 2026.

  PricewaterhouseCoopers 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 Annual 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 on 2022 after the Annual 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 Annual General Shareholders' Meeting on May 16, 2013, replacing Pierre-François Allioux, 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 2021.

### 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, 2021, 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, 2020, as well as the financial statements themselves, can be found in paragraphs 5.5.1 "Consolidated financial statements at December 31, 2020" and 5.5.2 "Company financial statements at December 31, 2020", respectively, of the Company's Universal Registration Document filed with the AMF on April 06, 2021 under number D.21-0258;
- the Statutory Auditors' Reports on the consolidated financial statements and the annual financial statements for the year ended December 31, 2019, as well as the financial statements themselves, can be found in paragraphs 5.5.1 "Consolidated financial statements at December 31, 2019" and 5.5.2 "Company financial statements at December 31, 2019", respectively, of the Company's Universal Registration Document filed with the AMF on April 3, 2020 under number D.20-0244.

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 €29 million in 2021.

### 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 €461,204.11.

### ARTICLE D. 441-6: OPEN TRADE PAYABLES WHICH ARE OVERDUE AT THE CLOSING DATE

| | 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 | 4,997 | | | | | 599 |
| Total amount (incl. VAT) (in euros) | 138,943,143 | 239,169 | 1,972,374 | 77,177 | -539,580 | 1,749,141 |
| Total amount, in % of the annual purchase amount (incl. VAT) | 9.90% | 0.02% | 0.14% | 0.01% | -0.04% | 0.12% |
| Total amount, in % of the annual revenue amount (incl. VAT) | | | | | | |
| **(B) Excluded invoices from (A), related to non-posted or under litigation trade payables/receivables** | | | | | | |
| Number of exclusions | 415 | | | | | |
| Total amount of exclusions (incl. VAT) (in euros) | 10,652,598 | | | | | |
| **(C) Reference payments terms (contractual or legal - Art. L. 441.6 or Art. L. 443.1 of the French Commercial Code)** | | | | | | |
| Payment terms used to calculate overdues | 30/40/50 days end of 10-day period: contractual payment terms | | | | | |

### ARTICLE D. 441-6: OPEN TRADE RECEIVABLES WHICH ARE OVERDUE AT THE CLOSING DATE

| | 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 | 6,737 | | | | | 2,114 |
| Total amount (incl. VAT) (in euros) | 142,605,620 | 4,424,585 | 2,805,470 | 1,651,791 | 18,561,881 | 27,443,726 |
| Total amount, in % of the annual purchase amount (incl. VAT) | | | | | | |
| Total amount, in % of the annual revenue amount (incl. VAT) | 9.8% | 0.3% | 0.2% | 0.1% | 1.3% | 1.9% |
| **(B) Excluded invoices from (A), related to non-posted or under litigation trade payables/receivables** | | | | | | |
| Number of exclusions | | | | 1,253 | | |
| Total amount of exclusions (incl. VAT) (in euros) | | | | 650,891 | | |
| **(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)<br>60 days boarding date (Export) | | | | | |

### 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, 2021.

## 5.8 – INTERIM AND OTHER FINANCIAL INFORMATION

### 5.8.1 – QUARTERLY AND HALF-YEARLY FINANCIAL INFORMATION

None.

### 5.8.2 — FINANCIAL INFORMATION FOR INTERIM PERIODS

As no financial position after December 31, 2021 has been published, these paragraphs are not applicable.

## 5.9 — DIVIDEND POLICY

| (in euros per share) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Net dividend | 7.00 | 4.95 | 3.50 | 0.00 | 5.10 |

A proposal will be submitted to the Combined Annual General Meeting of May 12, 2022 for a dividend payout of €5.10 per share for 2021.This distribution will be made on May 18, 2022.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 Annual Report.

## 5.11 — SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITION

The main changes in the financial position during the financial year are set out in section 5.3.1 and in Note 4.15.2 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 2021".

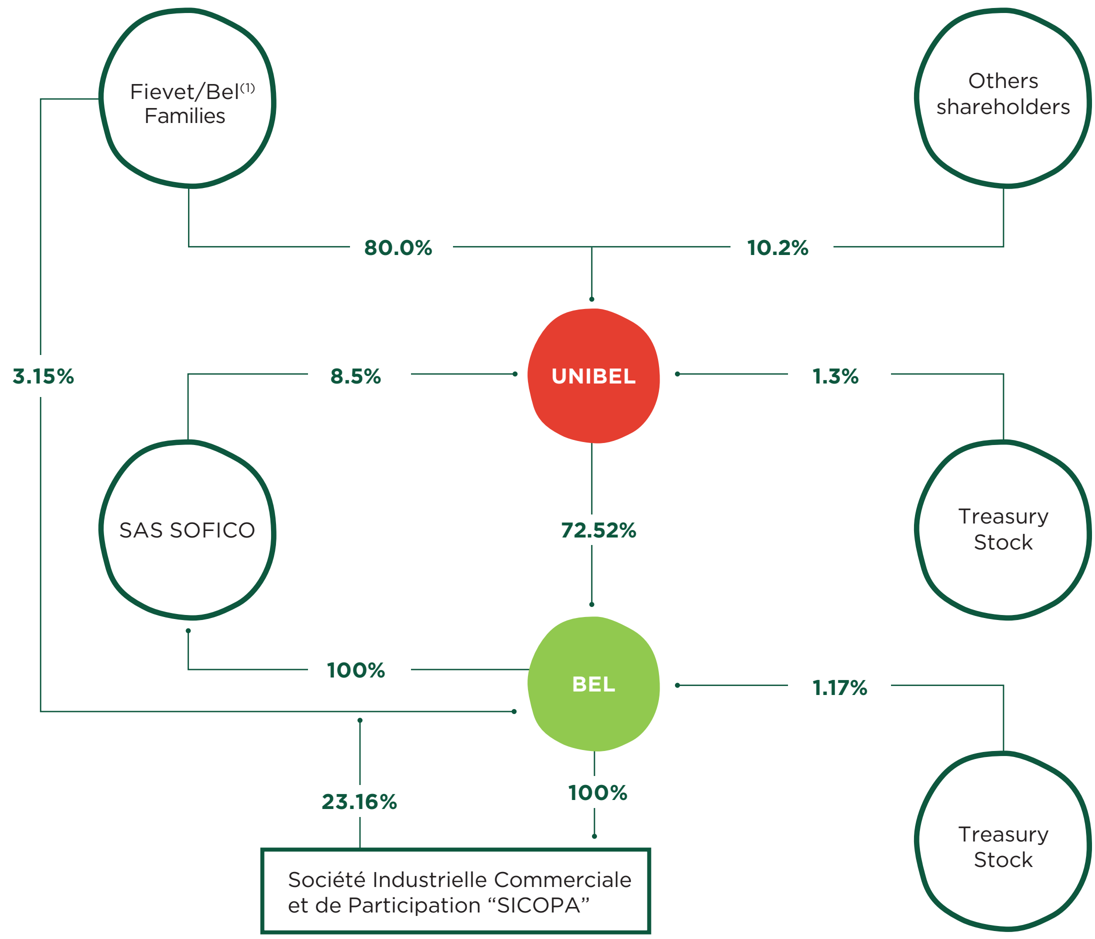
# 6 SHAREHOLDING AND SHARE CAPITAL



# 6.1 – SHAREHOLDING AND SHARE CAPITAL

## 6.1.1 – SHAREHOLDING POST SQUEEZE-OUT, I.E. FROM JANUARY 25, 2022 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's agreement which came into on September 19, 2013 and controlled companies.

To the issuer's knowledge, Bel's share capital is broken down between shareholders as follows:

| | SHARE CAPITAL | | "GROSS" VOTING RIGHTS | | AGM VOTING RIGHTS | |
|---|---|---|---|---|---|---|
| **BEL AT DECEMBER 31, 2021** | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| Unibel[(a)] | 4,683,556 | 68.15% | 9,334,793 | 78.67% | 9,331,797 | 91.58% |
| Fiévet-Bel family group[(b)] | 216,500 | 3.15% | 432,999 | 3.65% | 432,999 | 4.25% |
| **CONCERT SUBTOTAL** | **4,900,056** | **71.30%** | **9,767,792** | **82.32%** | **9,764,796** | **95.83%** |
| Sofil/Lactalis Group[(c)] | 61,851 | 0.90% | 123,702 | 1.04% | 123,702 | 1.21% |
| Other shareholders | 238,336 | 3.47% | 301,826 | 2.54% | 304,822 | 2.96% |
| **PUBLIC SUBTOTAL** | **303,183** | **4.41%** | **428,524** | **3.61%** | **428,524** | **4.20%** |
| Treasury shares | 80,620 | 1.17% | 80,620 | 0.00% | – | 0.00% |
| SICOPA | 1,591,472 | 23.16% | 1,591,472 | 0.00% | – | 0.00% |
| **TOTALS** | **6,872,335** | **100%** | **11,865,412** | **100%** | **10,193,320** | **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 19, 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.

On December 31, 2021, the share capital consisted of 6,872,335 shares carrying 11,865,412 gross voting rights and 10,193,320 voting rights that could be exercised at the Annual General Meeting (the difference corresponding to treasury shares and double voting rights).

During the financial year, the following disclosures of threshold crossings were made:

- disclosure of individual threshold crossing by Unibel and Sicopa on October 6, 2021;
- disclosure of in-concert threshold crossing by Unibel, Sicopa and the Fiévet-Bel family group acting in concert toward Bel.

These disclosures of threshold crossings were made in the context of the acquisition by Sicopa (a wholly-owned Bel subsidiary), on September 30, 2021, of 1,591,472 Bel shares transferred by Sofil, in exchange for the transfer by Sicopa of business assets including Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all related rights, and Bel Shostka Ukraine.

On December 31, 2021, Unibel, which, together with the members of the Fiévet-Bel family group, directly and indirectly held 95.63% of the share capital and 82.32% of the Company's theoretical voting rights, launched a public buyback offer followed by a mandatory squeeze-out offer ("OPR-RO") at a price of €550 per share.

At the end of this public offer, lasting from December 24, 2021 to January 10, 2022, Unibel, the members of the Fievet-Bel family group and the simplified joint stock company Société Industrielle Commerciale et de Participation, controlled by Unibel, together held 97.41% of the share capital and at least 83.33% of Bel's theoretical voting rights.

In accordance with the AMF notice of January 12, 2022 (D&I No. 222C0119), the Mandatory Squeeze-out was implemented as of January 25, 2022, the date on which Bel's shares were delisted from the regulated market of Euronext Paris.

Unibel, a French société anonyme (public corporation) with a Management Board and a Supervisory Board, 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 19, 2013. This agreement is described in AMF notice N°. 213C1436 of September 19, 2013 and in Unibel's Universal Registration Document. These shareholders currently control 80% of the share capital and 84.9% of Unibel's gross voting rights.

In addition, Société Financière et Commerciale (Sofico), a wholly-owned subsidiary of Bel, holds 8.45% of Unibel treasury shares.

The Dutreil agreement No. 2019/2 signed on January 7, 2019 and registered on January 9, 2019, for a minimum period of two years, tacitly renewable for an additional period of three months, was terminated by a letter dated February 24, 2021 to the tax authorities. As a result, the agreement was not renewed and expired on April 9, 2021, the date on which the individual lock-up agreements for the beneficiaries of donations made through this agreement came into force. The individual lock-up agreements are valid for a period of four years, i.e. until April 9, 2025.

Accordingly, a new collective lock-up agreement relating to BEL shares was entered into on April 1, 2021, with the following characteristics:

| LOCK-UP AGREEMENT | |
|---|---|
| Type | Collective |
| Registration date/start date | 04/06/2021 |
| Initial duration of the collective commitment | 2 years |
| Renewal | |
| % of share capital committed on the signing date | 71.58% |
| % of voting rights committed on the signing date | 72.91% |
| Executive signatory | Antoine Fiévet |
| Signatory holding at least 5% of the share capital | Unibel |

In light of the delisting of BEL on January 25, 2022, an amendment to this collective lock-up agreement is planned.

"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 could be exercised at AGMs over the last three years.

| | 12/31/2021 | | | 12/31/2020 | | | 12/31/2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | % share capital | % of AGM voting rights | Shares | % share capital | % of AGM voting rights | Shares | % share capital | % of AGM voting rights |
| Unibel[a] | 4,680,560 | 68.11% | 91.54% | 4,651,237 | 67.68% | 69.42% | 4,651,237 | 67.68% | 69.44% |
| Fiévet-Bel family group[b] | 216,500 | 3.15% | 4.25% | 237,221 | 3.45% | 3.54% | 237,221 | 3.45% | 3.54% |
| **CONCERT SUBTOTAL** | **4,897,060** | **71.26%** | **95.83%** | **4,888,458** | **71.13%** | **72.97%** | **4,888,458** | **71.13%** | **72.97%** |
| Sofil/Lactalis Group[c] | 61,851 | 0.90% | 1.21% | 1,653,323 | 24.06% | 24.68% | 1,653,323 | 24.06% | 24.68% |
| Other shareholders | 241,332 | 3.51% | 2.96% | 246,791 | 3.59% | 2.36% | 246,554 | 3.59% | 2.34% |
| **PUBLIC SUBTOTAL** | **303,183** | **4.41%** | **4.20%** | **1,900,084** | **27.65%** | **27.03%** | **1,899,877** | **27.65%** | **26.46%** |
| Treasury shares | 80,620 | 1.17% | 0.00% | 83,793 | 1.22% | 0.00% | 84,000 | 1.22% | 0.00% |
| Sofico | 1,591,472 | 23.16% | 0.00% | | | | | | |
| **TOTALS** | **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 19, 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 — SHARE CAPITAL

### BALANCE AT DECEMBER 31, 2021

The amount of share capital subscribed and fully paid up was €10,308,502.50 at December 31, 2021. 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, 2021, 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 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. | The 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 The unused portion of this delegation was canceled by the fifteenth resolution of the AGM of May 14, 2020. | |
| May 22, 2019 | Authorization to be given to the Board of Directors to grant bonus shares already existing and/or to be issued by the Company for personnel and/or certain corporate officers of the Company and related companies. | 30,000 shares | 38 months, i.e. up to July 21, 2022 The unused portion of this delegation was canceled by the fourteenth resolution of the AGM of May 14, 2020. | |
| May 14, 2020 | 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. | The 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 13, 2022 | |
| May 14, 2020 | Authorization to be given to the Board of Directors to grant bonus shares already existing and/or to be issued by the Company for personnel and/or certain corporate officers of the Company and related companies. | 30,000 shares | 38 months, i.e. up to July 13, 2023 | |
| May 11, 2021 | Authorization to be given to the Board of Directors for the Company to buy back its own shares in accordance with Article L. 22-10-62 of the French Commercial Code, duration of the authorization, purpose, terms and ceiling. | | 18 months, i.e. up to November 10, 2022 | |
| May 11, 2021 | Authorization to be given to the Board of Directors to cancel the shares purchased by the Company in accordance with Article L. 225-10-62 of the French Commercial Code. | | 24 months, i.e. up to May 10, 2023 | |

## CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

| Date | Type of transaction | Number of shares created or canceled | Variation of nominal capital *(in euros)* | Reserves | At the end of the transaction, nominal *(in euros)* | Number of shares |
|---|---|---|---|---|---|---|
| 01/01/2016 | Starting position | – | – | – | 10,308,502.50 | 6,872,335 |
| 12/31/2021 | Final position | – | – | – | 10,308,502.50 | 6,872,335 |

## 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;
- 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.

# 6.1.3 — 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 voting right that is double that which is conferred on bearer shares in respect of the proportion 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 capitalization 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, with the exception of decisions relating to the allocation of profits, which fall to the beneficial owner.

## 6.1.4 – STOCK OPTIONS – PERFORMANCE SHARES

To date, the Group has never used stock options.

A plan has been put in place each year, except 2021, since 2007. The following table summarizes the plans affecting 2021.

However, bonus issue plans under performance conditions have been implemented since 2007. Beneficiaries of Bel's first 12 plans have been able to sell the shares they were awarded.

### BEL BONUS ISSUE PLANS

| PLAN NO. | 12 | 13 | 14 |
|---|---|---|---|
| AGM authorization | 05/14/2018 | 05/22/2019 | 05/22/2019 |
| Award date | 05/15/2018 | 05/22/2019 | 03/11/2020 |
| Vesting date | 05/17/2021 | 05/22/2022 | 03/21/2023 |
| Availability date | 05/18/2021 | 05/23/2022 | 03/21/2023 |
| Number of securities attributed | 8,809 | 11,511 | 14,748 |
| Number of securities transferred (transferable) | (3,391) | (6,209)[a] | (2,486)[a] |
| Number of employee beneficiaries | 69 | 72[a] | 90[a] |

(a) Subject to continuous service and performance conditions.

The Board of Directors voted on the fourteenth bonus issue plan on March 11, 2020. Under the plan, 14,748 shares were awarded to 90 beneficiaries. These shares will be transferred to the beneficiaries on March 21, 2023 depending on the performances obtained for three criteria: firstly, the performance of free cash flow (FCF) over the 2020, 2021, and 2022 financial years; secondly, the share of innovation and renovation in 2022 sales and finally, the Group's carbon footprint in 2022.

No corporate officer was transferred bonus shares.

The ten largest awards to employees represented 4,703 shares.

After taking into account known results and departures, a total of 18,695 existing shares could still be awarded under the plans underway at December 31, 2021.

At December 31, 2021, employees held no stake in Bel's share capital within the meaning of article L. 225-102 of the French Commercial Code.

Following the delisting of Bel shares, Unibel will provide each beneficiary with a promise to purchase the shares awarded under plans 13 and 14.

## 6.1.5 – SHARE BUYBACK PROGRAM: REPORT AND DESCRIPTION

### REPORT ON SHARE BUYBACK PROGRAMS

The Combined General Meeting of May 11, 2021 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 10, 2022). This authorization replaced the one granted by the Annual General Meeting of May 14, 2020.

During 2021, Bel acquired a total of 218 of its own shares at an average price of €332.97, for a total amount of €72,878.35 with fees amounting to €290.35, of which:

- 218 shares for the share buyback program decided by the AGM of May 14, 2020 at an average price of €332.97;
- No shares for the share buyback program decided by the AGM of May 11, 2021.

3,391 shares were transferred to the beneficiaries of the eleventh bonus share plan.

No treasury shares were reallocated for another purpose in 2020.

### NO. OF TREASURY SHARES AT DECEMBER 31, 2021

| | |
|---|---|
| Number of shares held in treasury | 80,620 |
| % of capital held in treasury | 1.17% |
| Net carrying value | €22,745 thousand |
| Par value (€1.50 per share) | €121 thousand |

### OBJECTIVES OF SHARE CAPITAL HELD ON FEBRUARY 28, 2021

Number of shares held directly and indirectly: 80,620, representing 1.22% of the 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 | 80,620 |
| 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.

# 7

# ADDITIONAL INFORMATION



7

# ADDITIONAL INFORMATION

# 7.1 — 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

**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

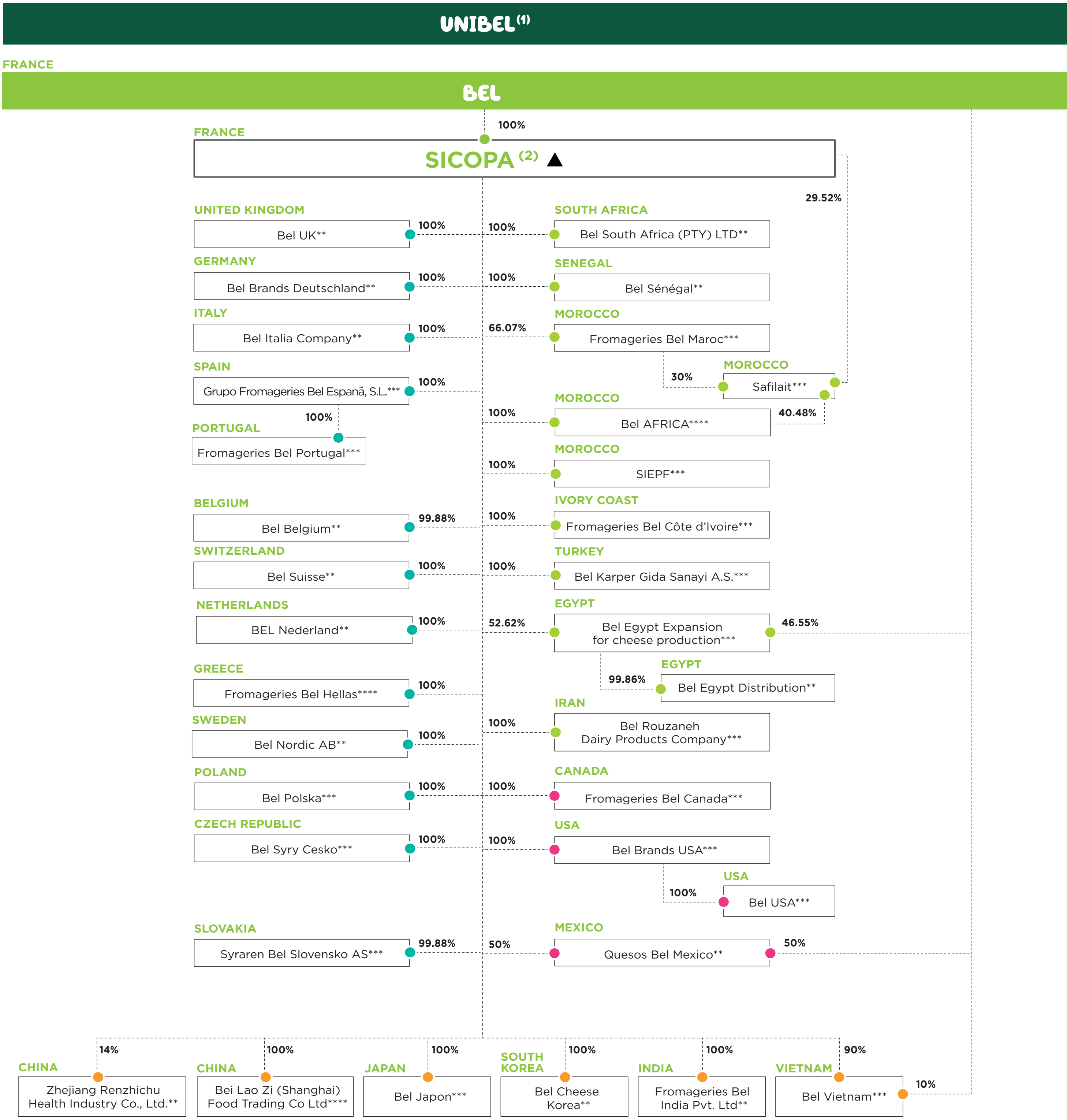
*(Excerpt from the Articles of Association – Article 26)*

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.

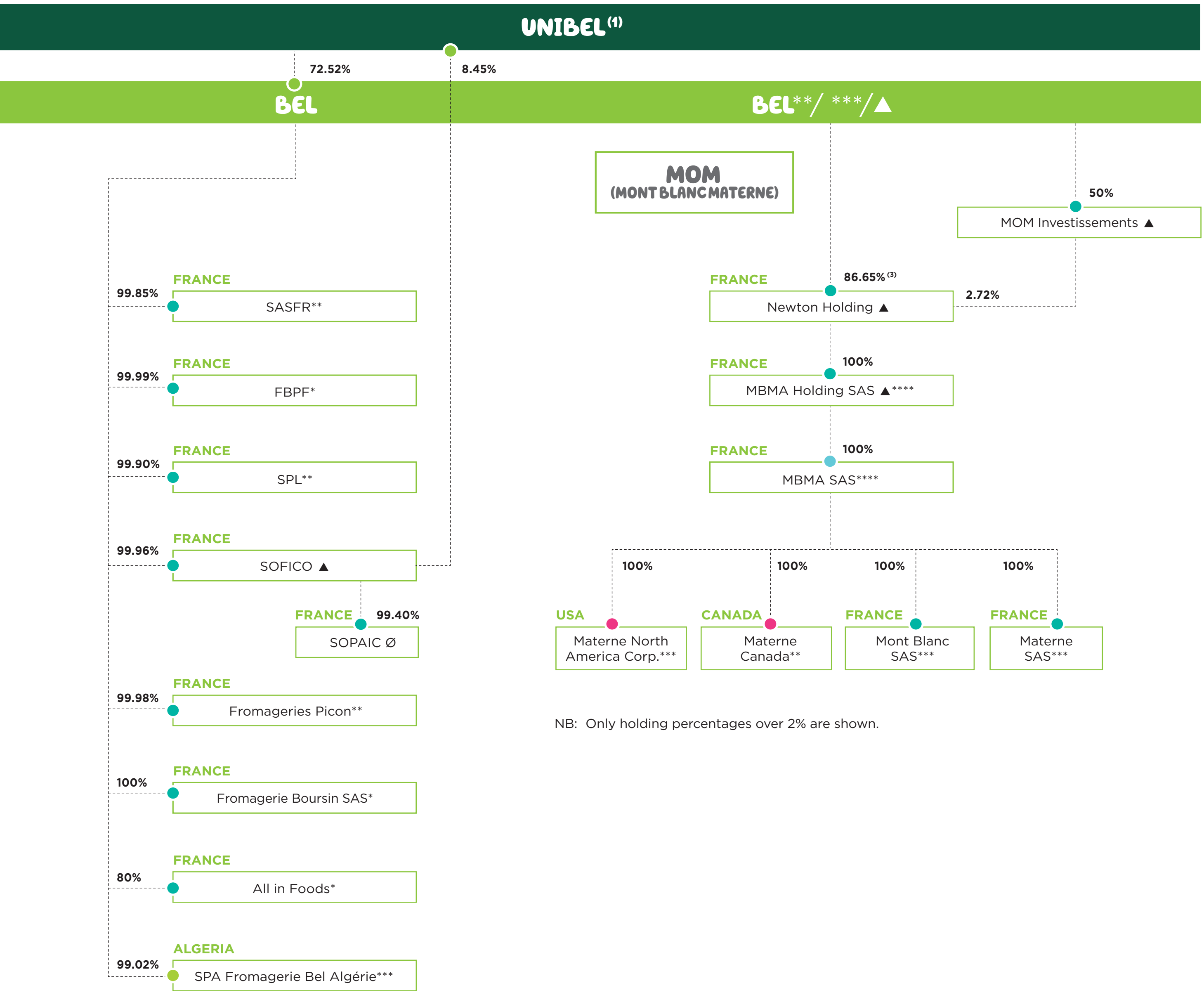
The Annual General Meeting may grant each shareholder the choice between payment in cash and/or in shares, for all or part of the dividend to be distributed or for an interim dividend.

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.

# 7.2 – INFORMATION ON SUBSIDIARIES AND INTERESTS




NB: Only holding percentages over 2% are shown.




NB: Only holding percentages over 2% are shown.

| | |
|---|---|
| * | Production activity |
| ** | Marketing activity |
| *** | Production and marketing activity |
| **** | Administrative services |
| ▲ | Holding company |
| Ø | No activity in 2021 |

- Europe
- Americas
- Asia-Pacific
- MIDDLE EAST/GREATER AFRICA

(1) The recorded percentage of Unibel's holding in Bel is the provisional direct holding percentage after the Tender Offer, Squeeze-out and OTC Acquisition transactions; it does not take into account treasury shares or shares held by SICOPA.
(2) As of September 30, 2021, Sicopa holds 1,591,472 of Bel's shares, representing 23.16% of the share capital. This holding is not shown on this chart.
(3) Of which 55.36% are ordinary shares and 31.29% are preference shares.

# 7.3 — MATERIAL CONTRACTS

Contracts concluded by the Company and its subsidiaries in the ordinary course of business are not included below.

Since acquiring the MOM group in 2016, the Bel Group has benefited from a promise to sell (call option) from the managers of the MOM group for all the shares they hold, i.e. 35% of the ordinary shares, exercisable at Bel's request by no later than April 30, 2022. On April 30, 2021, Bel partially exercised the call option and acquired 17.56% of the ordinary shares. Following this transaction, Bel now holds 82.5% of the MOM group's ordinary shares. The Group also has the option to acquire the remaining shares by no later than April 30, 2022 for a fixed price of €208 million. It would then hold 100% of the share capital and voting rights.

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.

In 2021, the Bel Group also sold to Lactalis a scope of activities, including Royal Bel Leerdammer BV, Bel Italia, Bel Deutschland, the Leerdammer brand and all rights attached, as well as Bel Shostka Ukraine.

This group of activities has been transferred to Lactalis through SICOPA, a subsidiary 100% owned by Bel, in exchange for 1,591,472 Bel shares (representing 23.16% of Bel's capital) owned by Lactalis. This transaction includes an agreement for Lactalis to distribute the Bel Group's products in Germany, Italy and Ukraine.

For more information, see Note 6 in paragraph 5.5.1 "Consolidated Financial Statements" on the total commitments recorded at December 31, 2021.

Information on the existing service contract between Unibel and Bel is provided in section 4.4.2 "Related Parties".

# 7.4 — DOCUMENTS AVAILABLE

Group information is available on the corporate website www.groupe-bel.com, under the Finance heading.

The Articles of Association, minutes of the Annual 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.

**Follow Bel news at**

www.groupe-bel.com

@belcorporate

Bel

Bel Group

**Photos:** @Bel – Getty Images
**Design and production:** HAVAS PARIS.

**2, allée de Longchamp**
**92150 Suresnes**

A French limited company (*société anonyme*)
with share capital of €10,308,502.50
Nanterre Trade and Companies Register 542 088 067
APE/NAF code: 1 051C