FEBRUARY 2018

BEL GLOBAL SUSTAINABLE UPSTREAM DAIRY CHARTER

WE CARE IN EVERY PORTION.

PREAMBLE

Bel is an international, 150-year-old family company present worldwide. In the coming years, Bel aims to bring its quality dairy products to a growing number of consumers in every country where it operates.

Bel committed to Corporate Social Responsibility (CSR) well over 10 years ago, when it joined the United Nations Global Compact in 2003. Since then, the Group has consistently reduced the environmental footprint of its production plants and offered an increasingly responsible range of products.

Climate and demographic challenges require that soon we must contribute to feeding more than 9 billion people in a responsible way. This means increasing milk production without compromising the planet's resources, the environment or our lasting relationships with dairy farmers.

We are convinced that milk's high quality nutrients will ensure that dairy continues to play an important role in feeding the world's population. Furthermore, we believe that, with the support of all the players in our sector, we can achieve an ambitious upstream dairy procurement standard and, together, create an even more sustainable model.

To that end, we have drawn up a charter of commitments based on 6 strategic drivers. Each one is supported by a set of priority actions and targets to be achieved by 2025. The action plans will be adapted country-by-country, according to the level of maturity in dairy production, as well as the general context and climatic conditions.

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OUR 6 STRATEGIC DRIVERS FOR A SUSTAINABLE UPSTREAM DAIRY PRODUCTION

The following points introduce the commitments we have made and the targets we expect to achieve, with the maturity of dairy farming practices in the countries where we work duly taken into account. Our intention is to achieve these stated targets by 2025 at the latest, to create shared value for every stakeholder in our dairy procurement process and, naturally, for our consumers.

Sincere dialogue lies at the heart of all these commitments. It is in the spirit of seeking constant collaboration and co-construction that we want to continue working together and making progress with farmers and all our partners.

To spur the deployment of innovative farming practices in tune with local contexts and local consumer expectations, we will develop new pathways through our "Farming for the Future" scheme. This program will be deployed hand in hand with selected volunteer dairy farmers in each country and via pilot projects that we have identified as relevant for sharing improved farming practices. Our intention is to offer a range of durable solutions that meet sustainability, cost effectiveness and feasibility criteria, while taking into account local circumstances and local consumer expectations.

Finally, because our ambition is to strengthen our long-term bond of trust with consumers, farmers and all our stakeholders, we will assess and share our progress, results and good practices anchored around our six strategic drivers on a regular basis.

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OUR COMMITMENTS FOR EACH DRIVER

FARMER SUSTAINABILITY

Build on our ongoing relationships with dairy players to deploy more effective farming practices that contribute to a better quality of life and better working conditions for dairy farmers.

- Continue to develop a network of dairy farms as near as possible to our production sites to strengthen our close relationships, since in most countries we collect milk directly from farms.
- Contribute to helping dairy farmers increase farming efficiency, quality of life and yields by developing training programs, sharing practices, assisting them in developing precision dairy farming, and using big data and technology tailored to the specific circumstances of each country.
- Explore and encourage financial solutions adapted to the specific conditions of each country to enable farmers to invest in the future.

2025 TARGET

100% of dairy farmers who supply milk to Bel have access to innovative societal schemes such as training, long-term contracts and loans, etc.

ANIMAL WELFARE

Promote animal welfare practices and share demanding, common standards to ensure the wellbeing of livestock.

- Define and promote demanding, common standards to which our partners are expected to adhere, based on international benchmarks including the "Five Freedoms" and state-of-the-art practices.
- Strengthen cooperation with key players, such as local official bodies, research institutes and NGOs, to support the development of a tool to assess farm animal welfare.
- Encourage progress by promoting notable best practices.

2025 TARGET

100% of dairy farmers who supply milk to Bel are certified by a third party as compliant with the Bel Animal Welfare Charter.

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PASTURE GRAZING

Encourage pasture grazing for raw milk production whenever feasible under local conditions, e.g. climate, grazeland availability and local cultural practices.

- Set regional targets where it makes sense to develop or redevelop pasture grazing, while maintaining the necessary flexibility to adapt to specific circumstances, weather conditions, etc.
- When pasture grazing is not feasible, ensure that housing conditions meet animal welfare criteria, such as good air quality and ventilation, sufficient space to lie down and rest, at least one space per cow where individual spaces are provided for cows to rest, etc.
- Identify, characterize and highlight the benefits of pasture grazing in terms of animal welfare, environmental impact, wellbeing of farmers, and dairy nutritional quality, and share them with other partners.

2025 TARGET

100% of milk is collected from pasture grazed cows whenever feasible in regions with pastoral tradition[1] .

SUSTAINABLE AND LOCAL ANIMAL FEEDING

Promote the use and production of sustainable animal feed that combines benefits for farmers, for local economy and for environment.

- Ensure that any imported PKE (Palm Kernel Expeller) and soy used by dairy farmers who provide milk to Bel come from sustainable and traceable supply chain systems, such as RTRS, RSPO or equivalent.
- Ensure that the animal feed comes from non-genetically modified (non-GMO) crops.
- Explore potential, local feed options on a country-by-country basis by evaluating their impact on farm efficiency, the local economy and the environment, and determine the local commitments to be made.

2025 TARGETS

100% of animal feeding is non-GMO;

100% of imported soy and PKE comes from sustainable, traceable and certified supply chain systems (RTRS, RSPO or equivalent).

1/ Starting with France, Netherlands and the Acores.

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ENVIRONMENTAL FOOTPRINT

Encourage dairy farming practices that reduce the environmental impact of milk production, lower overall greenhouse gas emissions and increase resilience against climate change and hydric stress.

- In line with our commitment under the Science Based Targets[2] initiative, promote dairy farming practices that have proven to reduce our environmental footprint, be cost effective and adaptable to local circumstances. Examples include manure management to mitigate environmental impact, wastewater purification, the use of renewable energy sources, agroforestry, etc.
- Identify and share pathways adapted to local conditions and possibilities to enable the assessment of an individual farm's environmental footprint.

2025 TARGETS

An average 8% decline in global greenhouse gas emissions from the farms in our networks, versus 2017, based on targets designed as part of the Science Based Targets initiative;

100% of dairy supply basins have action plans to strengthen their resilience against climate change and hydric stress.

NUTRITIONAL QUALITY AND SAFETY

Guarantee high quality and safe milk, and develop innovative solutions to seek greater nutritional quality.

- Maintain rigorous control processes including health and sanitary tests to guarantee high quality and safe milk, and make sure that there are no antibiotic residues in our loads.
- Initiate technical experiments (such as specific internal analyses of milk quality) or research partnerships (such as veterinary schools, agronomic institutes, etc.) to explore ways to improve the milk's nutritional quality.

2025 OBJECTIVE:

100% of dairy supply basins have explored means to improve the nutritional quality of their milk.

2/ Launched in June 2015, the Science Based Targets initiative is a collaboration between Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and the United Nations Global Compact (UNGC) to support member companies in setting emissions reduction targets consistent with global efforts to limit global warming to well below 2°C.

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BEYOND RAW MILK, OUR COMMITMENTS FOR OTHER DAIRY PRODUCTS

For other dairy products, such as cream, butter, cheeses and powdered milk, which we purchase to produce some of our cheese recipes, our demanding quality control requirements are intended to guarantee the highest standards in terms of quality, taste, nutrition, and consumer health.

We conduct regular assessments of all our suppliers, who are required to ensure full traceability. We know where the dairy products we use come from and we aim to increasingly influence the conditions under which they are produced.

- Suppliers must be able to trace their products to the farms that provided the milk used to make the dairy products we order.
- Samples of dairy products are systematically tested for quality and compliance.

In addition to our "Sustainable Purchasing Charter", the suppliers from whom we purchase dairy products are asked to champion the commitments for the same key drivers we cultivate with our raw milk suppliers.

2025 TARGET

Annual assessments are conducted to verify that our dairy products suppliers work toward the same commitments to sustainable production as those set up with the dairy farmers with whom we work directly.

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