



**Sustainable
Purchasing
Charter**



Sharing smiles


A word from the Chairman and Chief Executive Officer



The Bel Group has assigned itself a mission with a clear and engaging promise — to bring smiles to all families by sharing cheerful and generous products, made from the best of milk. It establishes a very demanding framework for our actions vis-à-vis our customers, employees, suppliers, and the communities in which we operate. It forms the very foundation of our policy for corporate social responsibility.

The emerging economic, environmental and social challenges confronting all companies lead us to new responsibilities and a duty to promote sustainable growth. However, to ensure that the commitment of our Group is effective and constructive, it must be shared both within our company and with our suppliers.

The Sustainable Purchasing Charter demonstrates our desire to have our suppliers adopt sustainable development principles and to prompt continuous efforts to improve the social and environmental aspects of their businesses. It's an approach that we seek to lead together. In this way, it can be built and improved upon over the course of a business relationship that aims to be as profitable as it is responsible.



Antoine Fiévet
Chairman and Chief Executive Officer

A word from the Chief Purchasing Officer



The purpose of this charter is to clarify what we expect from our partners and suppliers and to detail our Group's commitments in terms of environment, social aspects, business ethics and effective Supply Chain management.

We aim to extend this commitment to social and environmental responsibility to all Bel suppliers.

This is a long-term undertaking with the purpose of including social and environmental responsibility as a criterion within the selection process, and giving it the same importance as the criteria of cost, quality, service, innovation and risk management.

Bel purchasing teams will pay attention to the respect of this charter and be keen to provide assistance in drawing up action plans to optimise our joint contribution to fulfilling these commitments.



Stéphane Paillot
Chief Purchasing Officer



Introduction

The Bel Group is taking action and making commitments to meet the challenges arising from its activities. Bel has formalised its challenges, priorities and commitments to a Corporate and Social Responsibility (CSR) approach and has achieved concrete results in many areas, including food safety and quality, the nutritional role of its products, the environmental impact of its activities, and good corporate citizenship.

The CSR approach of Bel is based on the five core corporate values: **ethics, spirit of innovation, enthusiasm, competence, and cohesion**. These values reflect the way the Group seeks to work both internally among its own teams and externally with its partners.

Ethics based on honesty and mutual trust between the company and its employees, and on respect for our consumers, our customers, our suppliers, and our business partners.

A Spirit of Innovation underpinned by foresight, creativity and the proactive attitude of everyone at all times.

Enthusiasm generating dynamism and boldness, and contributing to our determination to rank with the best.

Competence combining traditional know-how and the requirements of an ever-changing market. Bel's aim is to improve individual and collective skills, and to share our knowledge in order to excel in all aspects everywhere in the world.

Cohesion achieved through sharing, listening and a strong team spirit.

By signing up to the UN Global Compact initiative, Bel fully commits to sustainability and responsible corporate citizenship.

The Bel Group endorses the ten principles of the UN Global Compact

Human Rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;
- **Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

Labour Standards

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour;
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

Environment

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility;
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.





Why should we have a Sustainable Purchasing Charter?



Suppliers play an important role in the success of our business. We want to share with them our commitment towards sustainable development and involve them closely in a continuous improvement process.

The Sustainable Purchasing Charter presents the Corporate Social Responsibility (CSR) commitments required by Bel from its suppliers, but also presents the commitments we take towards our suppliers. This charter is an integral part of the Bel's Sustainable Development approach.

How the Bel Group wants to involve its suppliers?

When doing business with Bel, suppliers commit themselves to conform to this charter and to collaborate to implement the necessary corrective actions in the spirit of continuous improvement.

These guidelines are not an exhaustive list but we think that by publishing this document, we will help our suppliers benchmark their performance and establish internal improvement plans. As such, we see this as an evolving, interactive and collaborative process.

Compliance with the above principles is one of the suppliers' evaluation criteria. The respect of this charter is a key requirement for ensuring the continuity of the relationship between a supplier and Bel.

The Bel Group commitments towards its suppliers

Fair Treatment of Suppliers

We treat our suppliers with honesty, fairness and respect. Our purchasing activities are conducted in accordance with high ethical and professional standards, as set out in our «Code of Best Business Practices». This Code applies to all Bel's co-workers in each of its entity, for all its activities within the company and with its suppliers.

Impartial Selection

We select our suppliers impartially according to predefined, explicit and transparent criteria: quality, service, technology, price... and environmental and social impact of products and services offered.

Confidentiality and Intellectual Rights

We respect the confidentiality of technical and commercial information communicated by our suppliers. We also respect suppliers' property and intellectual rights.

Enhancing Suppliers Capabilities

We seek to build long term relationships with our suppliers in a shared improvement approach. We are committed to assist our strategic suppliers to raise standards when performance is below the required level. We work with our suppliers to identify mutual benefits for sustainable development and we share best practices with them.

Transparent communication

We are committed to report on our Sustainable Purchasing Program on a regular and consistent basis, both internally and externally.

Small and Medium-Size Suppliers

We give due consideration to local suppliers into our purchasing activities to foster local economic development.

Economic Dependency Avoidance

We seek to avoid any economic dependency between Bel and its suppliers that could endanger one of the two parties. We are therefore developing methodologies and action plans to identify such situations and take appropriate measures.





The commitments required by the Bel Group from its Suppliers

ENVIRONMENT

- Suppliers comply with all environmental laws and regulations in force. They maintain and retain all required environmental permits and registrations.
- Suppliers apply a precautionary approach to environmental matters. They detect, identify and assess potential environmental risks and take all appropriate measures to mitigate those risks or eliminate them when it is possible.
- Suppliers continuously develop and improve an environmental management system which minimises their impacts on the environment and reduces energy and water consumption, CO2 emissions, as well as consumption of non-renewable natural resources or non-eco-friendly products.
- Suppliers make their best efforts in the innovation process to offer products with the lowest possible environmental impact considering the whole life cycle of the product.
- Suppliers promote the development of environmentally friendly agriculture and technologies.
- Suppliers meet the safety standards required by law and by the Bel purchasing and quality policies and should implement a safety management system based on the reference method HACCP (Hazard Analysis Critical Control Point).
- When implementing internal food safety procedures, food suppliers should refer to the standards recognized by the Global Food Safety Initiative (GFSI).



Chemical and Hazardous Materials

Chemical and other materials posing a hazard if released to the environment should be identified, labelled and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal. Appropriate employees should be trained and crisis management procedures should be in place to treat any accidental event presenting an environmental risk.

Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are monitored, controlled and treated as required prior to discharge or disposal.

Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations and transport are characterised, monitored, controlled and treated as required prior to discharge.

Minimise Waste, Maximise Recycling

Waste of all types are monitored and reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

Local pollutions

Emissions of noise, dust, odour, particles and any others sources of local pollution are monitored. Suppliers establish systems to minimise them.

Suppliers consider these impacts in relation to the overall life cycle of their products, from design and production to use and end of life, and develop an appropriate management system.



The commitments required by the Bel Group from its Suppliers

LABOUR PRACTICES AND HUMAN RIGHTS

Regarding Labour and Human Rights topics, Suppliers can also refer to the Global Social Compliance Programme code.

Suppliers strive to maintain a working environment where employees benefit from training and development opportunities, rewards for their contribution and a constructive dialogue with their employer.

Suppliers promote and respect the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the international law on human rights. They are not complicit in human rights abuses. In this context, suppliers must establish systems to ensure respect for the following principles on their sites and those of their suppliers:

- Abolition of child labour
- Elimination of forced and compulsory labour
- Freedom of association and Right to collective bargaining
- Elimination of discrimination in the workplace and fair treatment
- Compliance with all applicable wages, benefits and hour laws
- Occupational Health and Safety protection

Abolition of Child labour

Suppliers commit themselves to respect the minimum age for admission to employment defined by the 138 and 182 OIT conventions, either 15 years old or to 18 for hazardous or difficult work.



All young workers must be protected from performing any work that is likely to be hazardous or to interfere with the child's education or that may be harmful to the child's health, physical, mental, social, spiritual or moral development. Bel supports the use of legitimate workplace apprenticeship programs and complies with all laws and regulations governing child labour and apprenticeship programs.

Elimination of forced and compulsory labour

Suppliers shall not use forced labour, bonded or involuntary or unpaid prison labour. All employment, including overtime work, is voluntary. Workers are free to leave provided they comply with advance notice specified by law. The retention of identity papers, passports, training certificates work permits or others government-issued identification as a condition of employment is prohibited as well as to require workers to make deposits or financial guarantees.

Compliance with all applicable wage, benefits and hour laws

Suppliers comply, as a minimum, with all wage and working hours legislation and regulations, including those pertaining to minimum wages, overtime wages, piece rates, and other elements of compensation and provide legally mandated benefits.

Health and Safety

Suppliers ensure that their activities do not harm the health and safety of their staff, their own suppliers and local people. Suppliers provide workers with appropriate personal protective equipment.





The commitments required by the Bel Group from its Suppliers



BUSINESS ETHICS

First and foremost, we expect our suppliers to have high standards of business and personal ethics, and obviously follow all applicable laws and regulations in the countries where they operate.

Corruption

Suppliers are committed to working against all forms of corruption, including extortion, fraud and bribery. Suppliers do not offer any benefit such as free goods or services or a work position or sales opportunity to Bel employees in order to facilitate the supplier's business with Bel.

Anti-competitive practices

Suppliers take preventive measures to avoid anti-competitive practices and behaviour.

Confidentiality / Intellectual rights

Suppliers respect the confidentiality of information received which is the property of Bel and never use such information for their own benefit. Information given in the course of duty should be true and fair and must not mislead. Suppliers take measures to ensure compliance with intellectual property rights.

Transparency and accountability

Suppliers are committed to transparency and accountability in their business dealings.

Conflict of Interest

Suppliers are expected to disclose any situation that may appear as a conflict of interest, and disclose to us if any Bel employee may have an interest of any kind in the supplier's business or any kind of personal economic link with the supplier.

OTHER

Suppliers' suppliers

Suppliers agree to promote the principles of the Bel Group Sustainable Purchasing Charter throughout their own suppliers.

Assessment / Monitoring

Suppliers possess all internal procedures, tools and indicators to ensure compliance with the principles listed above and maintain and retain documentation demonstrating compliance with these principles.

Suppliers respond promptly to reasonable inquiries from Bel representatives regarding implementation of these principles.

Suppliers agree to be assessed or audited by Bel, or by a third party mandated by Bel on the above-mentioned principles.

Non-Compliance

When the supplier does not comply with some elements of this charter, he may be required to prepare, document and implement a corrective action plan to improve the situation and become compliant.

In case of non-compliance, Bel may collaborate with or assist suppliers to become compliant with this charter.

We reserve the right to disengage from suppliers who fail to comply with this charter.

Communication & training

Suppliers communicate the principles of our Sustainable Purchasing Charter to their employees in the local language. Bel will provide French and English translations.

Document history

Version 1 – Created April, 2010. The Bel Group Sustainable Purchasing Charter will be reviewed at appropriate intervals and revised when deemed necessary. Changes will be communicated to suppliers.

Version 2 – Updated June, 2014.



Sustainable Purchasing Charter

References

Bel's Corporate Responsibility program

<http://www.bel-group.com/en/sustainability/our-corporate-responsibility-program>

Universal Declaration of Human Rights

www.un.org

UN Global Compact

www.unglobalcompact.org

International Labour Organisation (ILO) Fundamental conventions

www.ilo.org

ILO Declaration on Fundamental Principles and Rights at Work

www.ilo.org

The Global Social Compliance Programme (GSCP)

www.mygscp.com

The Global Food Safety Initiative (GFSI)

www.mygfsi.com

OHSAS 18001

www.ohsas.org

Eco-Management and Audit Scheme (EMAS)

ec.europa.eu

International HACCP Alliance

www.haccpalliance.org

ISO 14001 environmental management systems

www.iso.org

ISO 26000 environmental management systems

www.iso.org



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