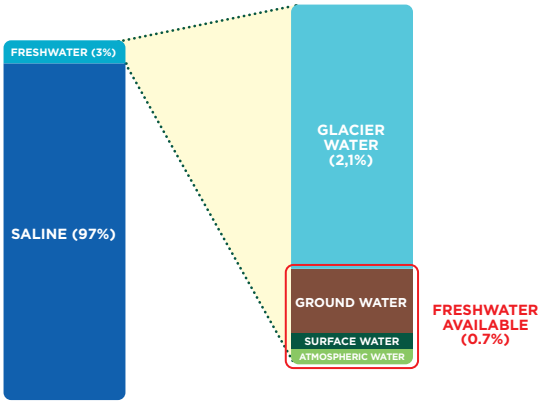
BEL GROUP WATER POLICY

BE WATER REGENERATIVE FROM FARM TO FORK

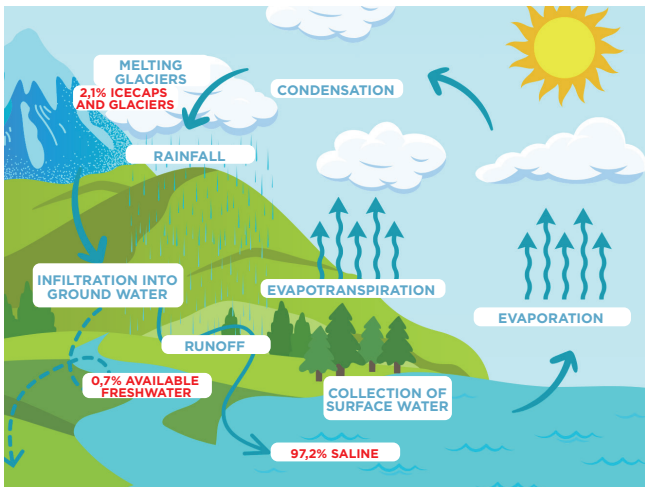
2024

CONTEXT



Water is vital for life on Earth, supporting both living beings and ecosystems. While water covers 71% of the surface of our planet, less than 3% is freshwater, with only 0.7% is available to humans. However, its distribution is uneven and seasonal. Only 9 countries are the world giants in terms of internal water resources, accounting for 60% of the world's natural freshwater[1], making water a scarce resource with a strong local stake.

Crucial for food production, public health, industry, and various economic activities, freshwater is a scarce and valuable resource facing growing challenges related to its availability and quality. Over 40% of the world's population is impacted by water scarcity[2], a situation that may worsen with the increasing global temperatures.



By 2023, the planetary boundary for freshwater has been exceeded[3]. This means that the demand for water for human activities and the natural functioning of ecosystems exceeds the availability of this resource. Various factors explain this deficit and exacerbate it such as over- consumption, pollution, population growth, and global warming. As a result, with reduced water availability, the water cycle is accelerating, leading to increased rainfall and more frequent extreme weather events.

Although only 0.7% of the Earth's freshwater is directly accessible[4] agriculture accounts for 70% of water use worldwide[5]. Our current food diets and agricultural practices place substantial strain on water availability and quality, and therefore hold a critical role in guaranteeing food security.

GLOSSARY

Distinguish water withdrawal and consumption:

- **Water withdrawal:** the quantity of water pumped from underground or surface sources, then discharged back into the ecosystems after use (thus available again in the same quantity but not necessarily the same quality).
- **Water consumption:** tthe quantity of water withdrawn and absorbed or consumed, i.e. not returned to the environment under the same form.

  Water consumed = Water withdrawn – Water returned
- **Intensity:** m^3 of water per ton of product manufactured (can be applied to water withdrawal and consumption).

Eutrophication of aquatic environments: a type of pollution that arises when an aquatic ecosystem receives an excessive amount of nutrients, such as phosphorus and nitrogen (commonly found in fertilizers). This encourages the rapid growth of algae, which can result in decreased oxygen levels and adversely affect aquatic life[6].

Peatland: wetland colonized by vegetation in a water-saturated environment. These environments called "the kidneys of the planet" have the capacity to retain and filter water[7].

About the water footprint:

- **Scope 1:** refers to the water withdrawn/ consumed during the manufacture of the product at the factory.
- **Scope 2:** refers to the water withdrawn/ consumed to produce the energy required for manufacturing the product.
- **Scope 3:** refers to the water withdrawn/ consumed throughout the remainder of the value chain, upstream and downstream of our production sites.

[1] Food and Agriculture Organization, World water resources by country
[2] Sustainable development goals of the United Nations
[3] French ministry of the ecological transition and territorial cohesion, 2023 Revision of the nine planetary boundaries framework
[4] INRAE, Reports, A finite resource to treasure
[5] OECD, Water and agriculture
[6] National Ocean Service, What is eutrophication?
[7] International Peatland Society

BEL'S CHALLENGES

Aware of the impact of agriculture on water resources, Bel has a responsibility to take action to preserve and restore it. This commitment is in line with Bel's mission to build a more sustainable food model while respecting planetary boundaries.

Furthermore, water resource issues directly affect Bel's long-term business resilience. We rely heavily on this resource for dairy and fruit production, as well as for processing in our plants, some of which are located in areas facing high water stress. Therefore, the matter of water is of utmost importance for the Group's sustainability and resilience in the face of future challenges.

In 2023, Bel became one of the first companies in the world to conduct a «water footprint assessment» of our entire value chain. This initial assessment revealed that scope 3 accounts for 90% to 99% of the company's global footprint, confirming that our responsibility extends beyond our factories' gates. Already committed in our production sites for years, the Group must also address indicators of quantity and quality throughout the entire value chain to tackle the challenges of water scarcity and the vulnerability of water resources.

OUR AMBITION

Our ambition is to

BE WATER REGENERATIVE FROM FARM TO FORK

by promoting a sustainable and responsible use of this resource throughout our entire value chain.

Bel has implemented a concrete policy under the supervision of our Chief Impact Officer, along with an innovative approach to regenerative hydrology[8] and water management:

- In our factories, throughout the production process, by implementing the 5R strategy (Refuse, Reduce, Reuse, Recycle, Restore).
- Upstream in agriculture, by deploying regenerative practices with our partner farmers and apple growers and by promoting sound water management practices with our suppliers[9].
- Beyond the Group's value chain, by working on nature-based solutions to slow down the water cycle.

[8] Regenerative hydrology definition by the association "Pour une hydrologie régénératrice"
[9] Sustainable Purchasing Charter

GOVERNANCE

Recognizing the significance of sustainable water resource management, Bel has established internal governance and has also been engaged with an external ecosystem to establish a framework aligned with our ambition:

- In 2023, Bel formed an internal Water Committee to spearhead the reduction of water footprint throughout the entire value chain. Simultaneously, a Water Risk Committee was established to evaluate medium and long-term risks, proactively address them, and coordinate action plans and their monitoring.
- Externally, Bel collaborates with local stakeholders and water experts to address issues impacting our industrial sites. Furthermore, in 2024, we joined the CEO Water Mandate, a United Nations initiative, providing the Group with a structured network of experts and a framework aligned with our objectives.

OUR COMMITMENTS AND ACTION PLANS

Leveraging insights gained from our Climate Policy[10], we are enacting a tangible action plan to enhance our influence on water resources

1. **Measure** the Group's impact on water resources across our entire value chain and set targets;
2. **Avoid and reduce** water consumption throughout the entire value chain;
3. **Protect and regenerate** water resources throughout the entire value chain;
4. **Strengthen the resilience** of the Group and our ecosystem.

1 MESURING THE GROUP'S IMPACT AND SETTING TARGETS

To establish a successful action plan for protecting water resources, it is crucial to understand where the Group has the most significant impact within our value chain. Therefore, the assessment of our water footprint is essential and must include several indicators of quantity (water use) and quality (water pollution) to ensure a holistic view of the environmental impact of our activities.

BEL'S COMMITMENTS AND TARGETS

WATER FOOTPRINT ASSESSMENT

Bel is dedicated to measuring our water footprint across our entire value chain, from farm to fork. This initiative leverages our extensive experience in measuring water usage in our factories ("WasaBel" program, for Water Saving at Bel, established since 2008), and represents a significant advancement by extending this assessment to cover the entire value chain.

[10] Our climate strategy and action plan, Open Climate

WATER FOOTPRINT BY PRODUCT

Similar to Bel's tool on carbon, we aim to extend this tool to estimate the water footprint at different scales: product, country or, brand.

INTERNAL WATER PRICE PER SITE

The value of water is local, it differs geographically according to water stress, regulations, etc. Thus, the application of an internal price for water makes it possible to integrate the real cost of its use according to the different local pressures. We want to work on the implementation of an internal water price adapted to the different local contexts that will allow water resources to be taken into account in the Group's decision-making processes.

DEFINITION OF SITE-SPECIFIC OBJECTIVES

Given that water-related challenges are unique to each location, Bel has the ambition to establish targets for reducing water consumption and pollution at each site (factories, upstream agriculture.

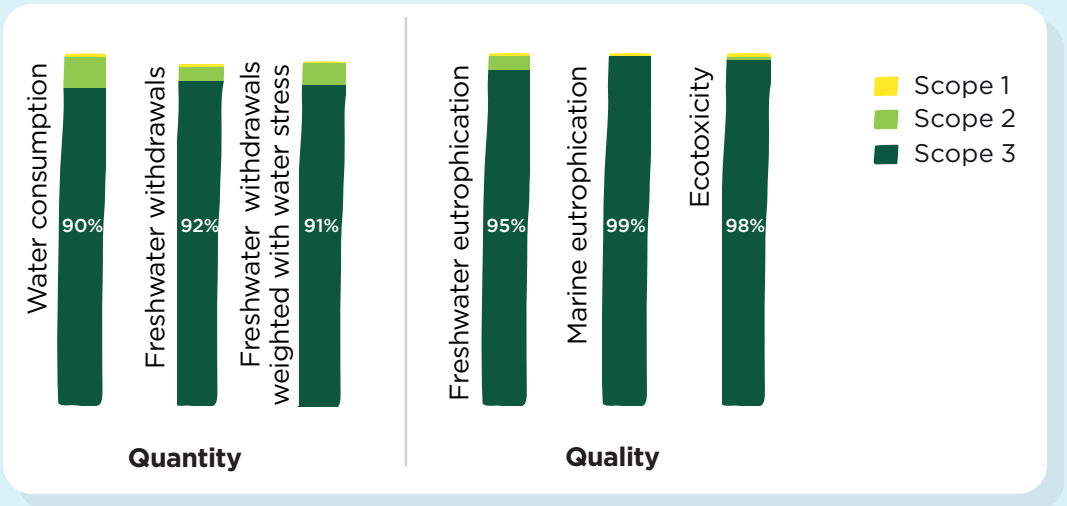
ENCOURAGING SUPPLIERS

The Group is committed to encouraging our main suppliers to preserve water resources through our Responsible Purchasing Charter, and to assess their products' water footprint.

EXAMPLES OF ACHIEVEMENTS

WATER FOOTPRINT ASSESSMENT

In 2023, we carried out a "water footprint assessment" covering our entire value chain, in partnership with the consulting firm Quantis, to collect data relating to quantity (water consumption, freshwater withdrawals and freshwater withdrawals weighted with water stress) and water quality (marine eutrophication, freshwater eutrophication, ecotoxicity).



SETTING LOCAL TARGETS

In 2023, Bel was selected by the SBTN[11] *(Science Based Targets Network for Nature)* from over 200 applicants to be one of 17 companies worldwide to test the methodology based on planetary boundaries, accounting for the pressures exerted on water in terms of quantity and quality.

[11] https://sciencebasedtargetsnetwork.org/

2 AVOIDING AND REDUCING THE QUANTITY OF WATER WITHDRAWN

In order to alleviate strain on water resources, the Group has been actively engaged in reducing water withdrawals at our plants since 2008. In 2023, we are stepping up our commitment by accelerating the reduction of withdrawals, not only at our plants but also across our entire value chain. This will be achieved by employing regenerative hydrology to "slow down, distribute, infiltrate and store" the water cycle with nature-based solutions.

BEL'S COMMITMENTS AND TARGETS

OPTIMIZING WATER MANAGEMENT AT OUR PLANTS

By 2023, the Group has established our roadmap to 2035, identifying several levers for action such as fighting against food waste, recovering water from dairy materials, reusing water from wastewater treatment plants, and optimizing our cleaning processes; some levers being conditional to regulation in some countries. The Group ensures that none of our activities withdraw more than the allocated quota to guarantee a fair distribution of water resources.

Bel goes further by:

- Committing to reduce our water withdrawals by 45% in intensity (m^3 per ton produced) by 2035 compared to 2017; by continuing the Wasabel approach (Water Saving At Bel) to reduce water consumption and developing new solutions based on the 5R principles (Refuse, Reduce, Reuse, Recycle, and Restore).
- Aiming to achieve a closed-loop system at specific sites.
- Committing to reduce food waste in our operations by 50% in intensity by 2030 compared to 2021.

PROMOTING SUSTAINABLE AGRICULTURAL PRACTICES

The production of raw materials accounts for over 70% of the Group's annual water consumption. Therefore, we are committed to reducing our footprint within our agricultural upstream and aim to:

- Source 100% of milk from cows with access to pasture in regions with a pastoral tradition by 2025[12].
- Use 100% of milk and apples from regenerative agricultural supply chains by 2030, and 100% of our key raw materials by 2035[13].
- Rely on measurement tools to promote the development of products with low water intensity.

DEVELOPING RESPONSIBLE PACKAGING

The production of packaging accounts for 14% of the Group's water consumption, mainly due to the use of aluminum and plastic. Since 2022, we have been accelerating our efforts to reduce the environmental impact of our packaging through our Sustainable Portions Policy[14], particularly by:

- Drastically reducing the use of aluminum and plastic materials (although cardboard and paper already represent 2/3 of our portfolio).
- Favoring plant-based packaging materials with low water consumption and favoring recycled materials or materials from sustainable sources (for example: ASI aluminum)..

[12] Upstream Dairy Charter
[13] Promoting regenerative agriculture, Our Commitments, Bel Group
[14] Policy on sustainable portions

EXAMPLES OF ACHIEVEMENTS

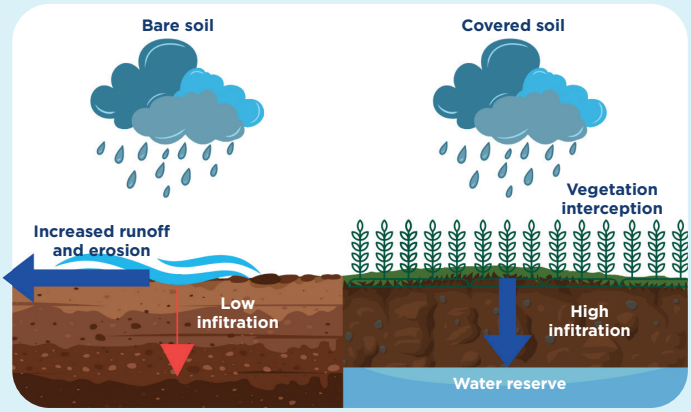
OPTIMIZING WATER MANAGEMENT AT OUR PLANTS

- Since 2008 The "WasaBel" (Water Saving at Bel) program equips each site with a collection of best practices, allowing them to monitor water consumption and develop action plans to reduce it, in a spirit of continuous improvement.
- Through this program, the Group has pinpointed various areas for action, including the recovery of water from dairy products, the reuse of water from wastewater treatment plants, and the reduction of water usage during cleaning.
- In 2023, the intensity of our water consumption had decreased by 2.3% compared to 2017, reaching 6.84 m^3 per ton produced.
- In 2023, food waste in our operations has decreased by 7% in intensity compared to 2021.

PROMOTING SUSTAINABLE AGRICULTURAL PRACTICES

In 2023, we established our ambition around regenerative agriculture, in collaboration with various stakeholders including Earthworm Foundation and WWF France, as well as several customers and suppliers. Regenerative agriculture is an approach that aims to restore and improve soil health and biodiversity, based on the services provided by ecosystems. This agricultural practice increases water use efficiency by maximizing water infiltration into the soil and minimizing runoff. The water cycle is therefore slown down and recovers its verticality.

Initial pilots have been implemented in France, Portugal, and the USA to test various regenerative agricultural practices such as soil cover, crop rotation and diversity, reduced use of fertilizers, and improved manure management.



In parallel, in 2023, Bel launched the Alliance for Regenerative Agriculture, which unites all stakeholders in the agri-food sector aiming to accelerate the expansion of regenerative agriculture practices by providing a forum for exchanging and sharing best practices.

DEVELOPING RESPONSIBLE PACKAGING

- Since 2017, Bel has been participating in the Aluminium Stewardship Initiative (ASI), a global certification organization that encourages actors in the aluminum industry to promote more responsible management. The Sablé-sur-Sarthe factory, which produces Kiri® aluminum portions, has been using ASI aluminum since June 2022.
- In 2021, the Group invested in eQopack, an LCA tool including water impact and dedicated to packaging, which packaging R&D developers use to optimize renovation/innovation projects.
- Since 2023, our GogoSqueeze® pouches, are gradually introducing new plastic caps with a 40% reduced plastic weight.
- In 2023 The Laughing Cow® portions have been optimized with the cutting of aluminum sheets, resulting in a reduction of 72 tons of aluminum.

3 PROTECTING AND RESTORING THE QUALITY OF WATER RESOURCES

In addition to our commitment to reducing water consumption, we seek to preserve the quality of this vital resource and contribute to its regeneration and restoration within our value chain and beyond.

BEL'S COMMITMENTS AND TARGETS

IMPROVING WASTEWATER TREATMENT

The Group ensures compliance with regulations on discharges at each site and aims to move towards discharges that are as close as possible in quality to aquatic ecosystems.

ENSURING SUSTAINABLE FARMING PRACTICES

- Implementing regenerative farming practices with partner farmers to enhance the water cycle, improve soil porosity and preserve water quality.
- Supporting partner farmers in implementing effective manure management practices to prevent environmental leaks and limit water pollution.
- Promoting the implementation of regenerative agricultural practices among stakeholders in the agri-food industry through the *Alliance for Regenerative Agriculture*[15] initiative

DEVELOPING RESPONSIBLE PACKAGING

The Group's Sustainable Portions policy aims to transition towards a circular economy, thereby reducing pressure on natural resources and avoiding water pollution.
Our commitments include:

- Launching products that are 100% recyclable and/or home compostable by 2030, with an interim target of 90% by 2025.
- Clearly communicating waste sorting information or end-of-life instructions on all packaging by 2025.
- Continuing to support the establishment of packaging recycling and recovery channels in countries where the Group operates, by participating in Extended Producer Responsibility (EPR) initiatives, with a goal of reaching 12 countries by 2030.

PRESERVING AND REHABILITATING WETLANDS

Wetlands, particularly peatlands, are veritable "sponges" that retain and filter water, capture carbon and are a source of biodiversity. Through our sequestration plan, we are already committed to rehabilitating peatlands, particularly in our historic birthplace, the Jura.

[15] Alliance for regenerative agriculture
[16] Policy on sustainable portions
[17] Bel committed to carbon sequestration, Our commitments, Bel Groupe

EXAMPLES OF ACHIEVEMENTS

IMPROVING WASTEWATER TREATMENT

- Several investments and optimizations in wastewater treatment plants are carried out in our factories as needed.
- For example, at Lons-le-Saunier, a project is underway with a phase 1 for a pre-treatment stage and then a phase 2 with a biological treatment.

PROMOTING AGROFORESTRY FOR OPTIMAL WATER USE

The implementation of hedgerows on dairy farms helps to regulate the water cycle and facilitates water absorption into the soil. The Kiri® brand develops agroforestry initiatives with its partner farmers in France. With the aim of planting 30,000 trees by 2025, 24 projects have already been carried out since 2022 representing a total of 20.3 km of hedges and 20,300 trees planted.

DEVELOPING RESPONSIBLE PACKAGING

- ESince 2021, Bel has been a signatory of the Ellen MacArthur Foundation's Position Paper to contribute to the deployment of EPR (Extended Producer Responsibility) systems such as the International Treaty on Plastic Pollution. In 2024, we are involved in 7 local EPR initiatives in different countries: France, Belgium, USA, Canada, UK, Vietnam, Morocco.
- In 2023, 82% of the Group's packaging is ready for recycling and/or home compostable.
- Bel is also an active member of several coalitions advocating for the development of aluminum recycling channels, including CELAA in France, AREME in Belgium, and COAALI in Spain.

PRESERVING AND REHABILITATING WETLANDS

- In 2024, Bel signed a partnership with the CEN Franche-Comté and the EPAGEs of Haut-Doubs Haute- Loue and Doubs-Dessoubre to rehabilitate around 40 peatlands in the Jura Mountains over the next 6 years.
- In 2024, to ensure the successful implementation of this program, Bel is committed to supporting the development of a Jura-based company specializing in ecological engineering, Jura Natura Services, with both the technical and material expertise to rehabilitate these complex ecosystems.

4 STRENGTHENING THE RESILIENCE OF THE GROUP AND ITS ECOSYSTEM

Companies rely on the well-being of individuals and communities to ensure their sustainability and growth. The lack of access to water, sanitation and hygiene in the communities where companies operate has a direct impact on the sustainability of operations. Promoting sustainable access to water is essential to strengthening resilience to climate change and contributing to the Group's *"For All"* mission, thereby bolstering the resilience of both businesses and communities. Additionally, it is imperative for our resilience to focus on sourcing our raw materials in a way that considers the risks generated by the impacts of global warming on water resources.

BEL'S COMMITMENTS AND TARGETS

- Improving site resilience by prioritizing efforts and investments on plants and watersheds with the highest water risks, using *WWF's Water Risk Filter*[16] tool to provide visibility on water availability by watershed.
- Ensuring access to water, sanitation and hygiene for all employees at the Group's operational sites.
- Adapting our supply strategy to projected water-related risks (shortages, flooding, etc.) by region to guarantee sustainable access to ingredients.
- Strengthen farm resilience through the implementation of regenerative farming practices that support a balanced water cycle.

EXAMPLES OF ACHIEVEMENTS

- In 2022, we carried out an analysis entitled "Taskforce on Climate-related Financial Disclosures", which highlighted the "water" risk arising from the consequences of climate change. This analysis identified the most significant impact on the supply of raw materials, enabling an initial mapping of the materials and zones most exposed to risk for the Group.
- In 2023, Bel has drawn up a site prioritization matrix, considering the risk of water stress and the production volumes at each site. This prioritization is reflected in the Group's 2023 investment roadmap.
- Since 2024, the Group has been part of the CEO Water Mandate, a United Nations initiative focused on mobilizing international companies to support sustainable water management. By joining this mandate, we pledge to enhance water efficiency in our direct operations, engage in collaborative initiatives to address local water challenges, work with communities to enhance access to clean water and sanitation, and demonstrate transparency by publicly reporting on water management efforts and progress.