



Made to last

For you For everyone

SUSTAINABLE DEVELOPMENT REPORT
EXTRACT FROM
THE REGISTRATION DOCUMENT

2016



2

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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**Sustainable
development report**
extract from registration document

2016



PROFILE AND STRATEGY

Since the creation of the Company in 1944, BIC's corporate responsibility and operational and financial performance have relied on several fundamental strategic pillars:

- quality and value product positioning;
- a large and diversified product portfolio aimed at answering consumers' needs:
 - our classic products are functional, reliable and affordable, manufactured using the minimum raw materials. They are designed to serve a very precise function and they offer the best value for money with a good environmental performance,
 - our value-added products are aimed at answering the growing demand for more sophisticated goods,
 - our responsible products use alternative or recycled raw materials;
- innovation: in 2016, BIC realized 12% of its net sales through new products ⁽¹⁾;
- recognized brands:
 - in the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, BIC® Kids, BIC® Matic, BIC® Ecolutions® (responsible products), Cello®,
 - in Advertising and Promotional Products: BIC Graphic;
- historical international footprint in both developed and developing markets:
 - BIC is present in more than 160 countries with a strong presence in developing markets, thanks notably to its quality products, accessible to as many people as possible,
 - BIC innovates with distribution adapted to the poorest populations;
- on-going and sustained productivity improvement policy:
 - the modernization and continuous rationalization of its production facilities allow BIC to maintain its worldwide competitiveness at the highest level and reduce its environmental footprint;
- a complete and solid international distribution network (stationery stores, office supplies companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets, E-commerce, etc.);
- a solid balance sheet and a clear use of cash strategy, including:
 - internal development, through focused capital expenditures,
 - external growth, through bolt-on strategic acquisitions in order to:
 - acquire a technology not yet held by the Group,
 - enter a new market segment,
 - enter a new geographic area;
 - regular shareholder remuneration.

(1) A product is considered as new during the year of its launch and the three following years.



“ We offer simple, inventive and reliable choices for everyone, everywhere, every time ,”

GROUP LONG-TERM STRATEGIC PRIORITIES

Continue to create long-term value by outperforming our markets and growing sales organically low to mid-single digit, thanks to:

- expanded distribution networks in all geographies,
- increased focus on value-added segments in Developed markets,
- enlarged consumer base in Developing markets.

Grow Normalized Income From Operations through increased productivity as we invest in our people, in brand support and in Research and Development focused on quality and innovative new products.

Maintain a strong cash generation to:

- finance strategic bolt-on acquisitions,
- sustain total Shareholders' remuneration.



“ Honor the past, invent the future ,”



PROFILE 2016

A WORLD LEADER IN THE CONSUMER GOODS MARKETS

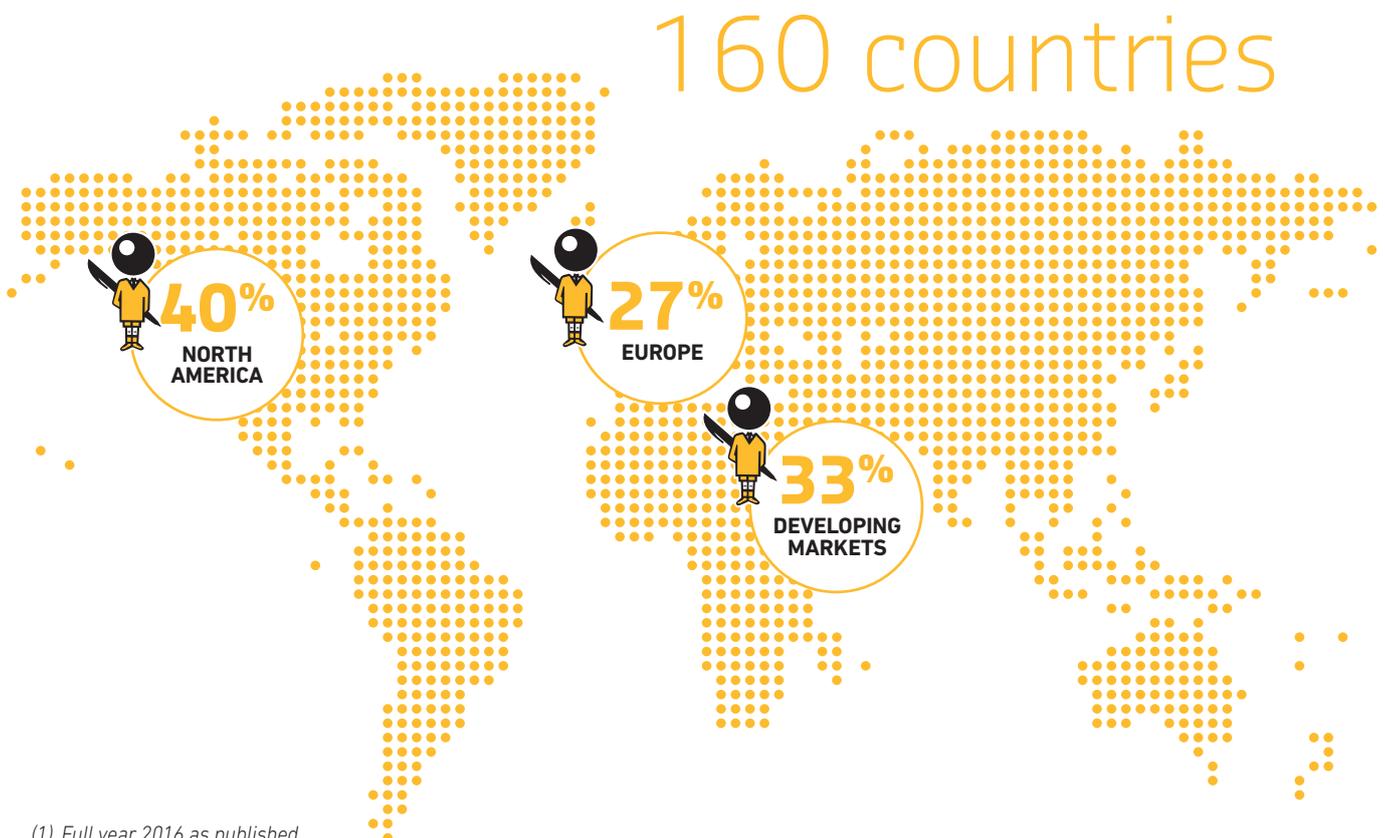
Over **70 years** of history

- 1950** Launch of the BIC® Cristal®
- 1969** BIC enters the Promotional Products Industry
- 1973** First BIC® lighter
- 1975** First BIC® shaver

Recognized **brands**

- BIC®, Tipp-Ex® | Wite-Out® | BIC® Kids |
- BIC® Matic | BIC® Ecolutions® |
- BIC Graphic (Promotional Products) |
- Cello® in India

Net Sales by geographies ⁽¹⁾



(1) Full year 2016 as published.



A true commitment to **sustainable and responsible growth**

QUALITY PRODUCTS SOLD AT A FAIR PRICE AND CONTINUALLY IMPROVED

- Long-lasting products with a light environmental footprint manufactured with a minimum of resources and a maximum useful life.
- An eco-design approach, integrating alternative solutions such as the use of recycled materials or bioplastics in the manufacturing of certain products.

A UNIQUE INDUSTRIAL EXPERTISE AND EFFECTIVE CONTROL OF MANUFACTURING COSTS

- 27 high performance factories (21 are located in developed countries according to the HDI indicator).
- 90% of net sales realized with products manufactured in our own factories*.

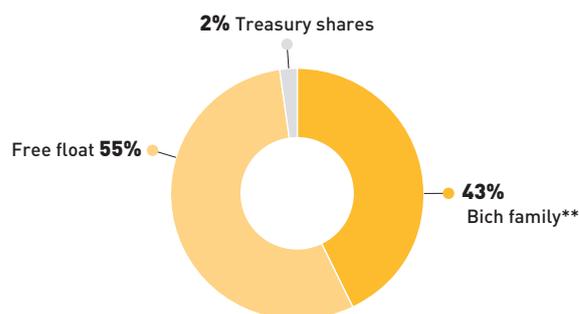
AN HISTORICAL **SOcially RESPONSIBLE** APPROACH

- A complete program for the training and development of its employees' skills and employability.
- A clear vision, a lasting philosophy and fundamental shared values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

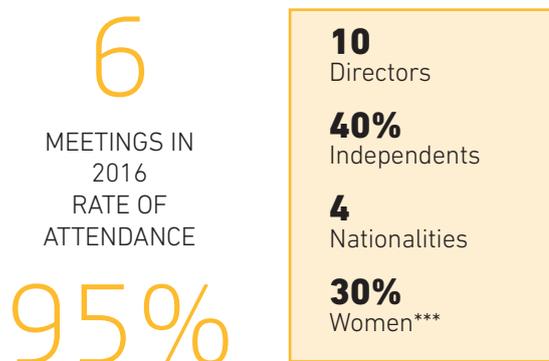
A SUSTAINABLE DEVELOPMENT PROGRAM MEASURED VIA **A BAROMETER WITH 10 OBJECTIVES ASSOCIATED WITH 10 PERFORMANCE INDICATORS** AND UPDATED EVERY THREE YEARS.

Strong governance

SHAREHOLDING STRUCTURE



Board of Directors



* Excluding Cello Pens.

** Direct and indirect.

*** This percentage will increase to 40% subject to the approval of the resolution of the May 10, 2017 Shareholders' meeting, related to the appointment of Mrs. Candace Matthews.



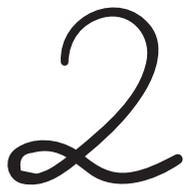


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OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY





2.1. The BIC Sustainable Development Program

The story of BIC is first and foremost the story of a vision: “To offer simple, inventive and reliable choices for everyone, everywhere.” The BIC sustainable development approach is perfectly consistent with this vision, reinforcing it by making sustainable development a core part of the Group’s strategy.

2.1.1. FOUR STRATEGIC DIRECTIONS

In order to deploy its Sustainable Development Program, BIC has defined a strategic direction for each of its areas of responsibility:

- innovate to continually reduce the environmental footprint of all products and their packaging, and make them affordable to all;
- improve the environmental performance of BIC’s factories and reduce the greenhouse gas (GHG) emissions generated by its transport operations;
- be a committed employer by upholding the Group’s values, ensuring safety in the workplace and employability for all personnel;
- fulfill its responsibility in its value chain beyond its direct scope of intervention to ensure respect for Human Rights in the workplace and expand environmental, social and governance (ESG) practices among its suppliers.

2.1.2. BIC GROUP SUSTAINABLE DEVELOPMENT KEY ISSUES

2.1.2.1. Evaluation of the Materiality Matrix of Sustainability Issues

In 2014, BIC performed a study to review the importance of the stakes and risks associated with corporate social responsibility (CSR) through the creation of a materiality matrix, in particular for the purpose of:

- updating its knowledge of the stakes considered to be the most important by its stakeholders;
- identifying any “subtle signals” of emerging topics that could represent a risk or an opportunity in the short or medium term;
- focusing on the most important stakes that requires special attention by the Group;
- ensuring that the Group’s perception is consistent with that of its stakeholders.

This evaluation was conducted by an external consultant and based on a documentary analysis (for example, client questionnaires, mapping of extra-financial risks, results of employee surveys) and interviews with the Group’s internal and external stakeholders (suppliers, customers, NGO’s, investors, General Management of BIC Group, etc.).

All seven of the Group’s key stakeholders have been mobilized (employees, customers, investors, shareholders, suppliers and subcontractors, communities and civil society, regulatory and control authorities).

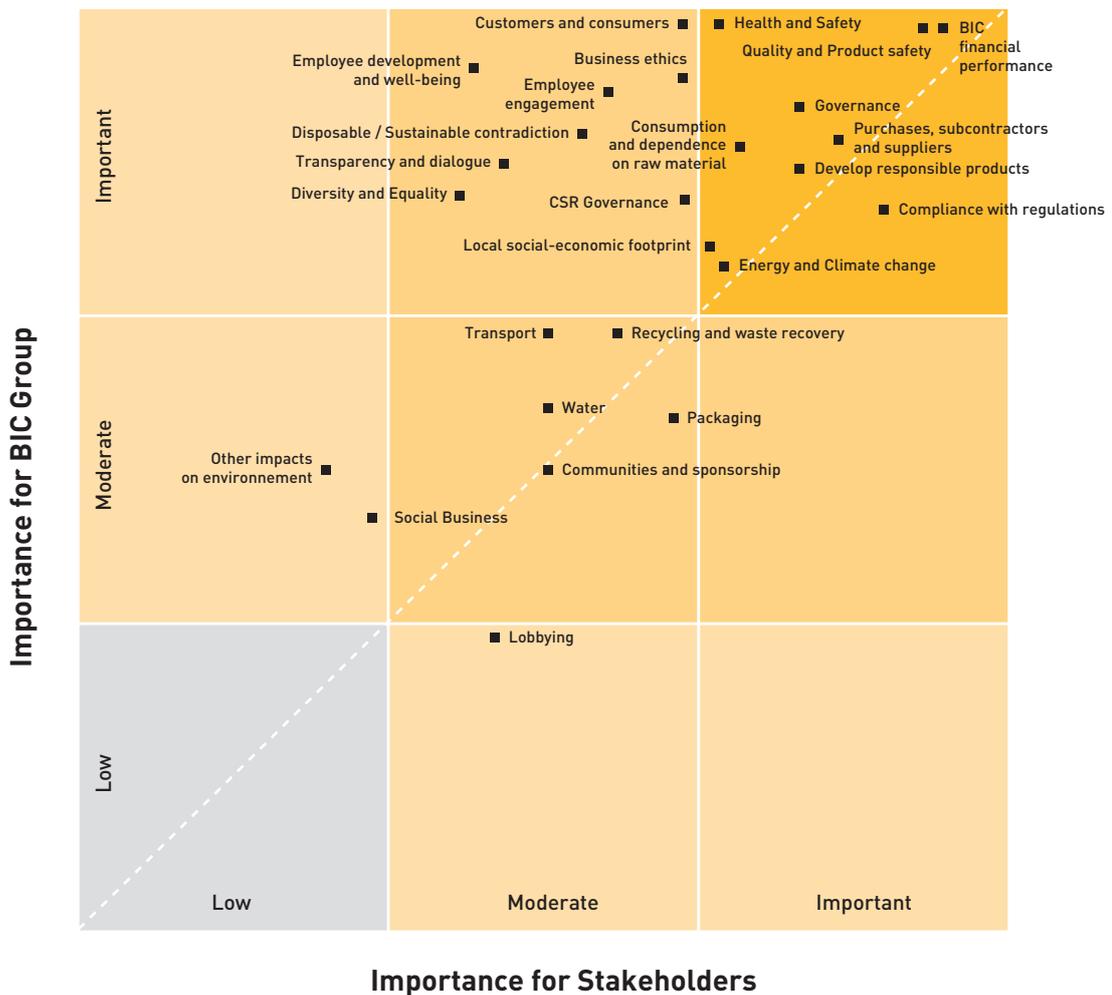




MATERIALITY MATRIX OF SUSTAINABILITY ISSUES

This materiality analysis confirmed the overall balance between the perception of BIC's material stakes by the Group and by the stakeholders. It also highlighted the fact that the 2014-2016 Barometer covers the Group's key stakes. Thus, through its Barometer, BIC ensures active monitoring and close management of its approach to sustainable development and contributes to the overall performance of the Company.

In 2015, this matrix was presented to the Board of Directors, Shareholders and the Leadership Team.





→ PREPARING FOR FUTURE CHANGE

BIC Group has identified a number of social and economic trends that will have a strong impact in the medium and long term:

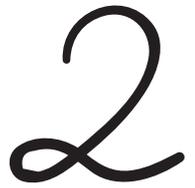
The globalization of trade flows is facilitating access to new high-growth markets. For BIC, this commercial opening also means increased competition due to low labor costs in certain zones. For several years now, the Group has been developing its product range and adapting its distribution models in emerging markets. It has also bolstered its positioning in these markets, for example through the acquisition of Cello Pens in India in 2013, and has set the goal of "creating products for developing markets" in Commitment #2 of the 2014-2016 Barometer. In addition, BIC's industrial know-how enables it to maintain competitive employment, especially in Europe. Its pragmatic economic model, adapted to the practical context of each geographic zone, allows the Group to seize the opportunities made possible by globalization.

Global demographic growth is expected to increase the world's human population to more than nine billion by 2050, according to the latest United Nations estimates. This population growth will be accompanied by a boom in the middle classes, which in turn will increase the consumption of goods and services, as well as the demand for access to education, healthcare and financial services. Demographic growth represents an opportunity for the Group because BIC® product ranges are especially adapted to middle class consumers, with both traditional and more sophisticated products, as well as responsible products. These ranges are designed to meet all market needs and will continue to evolve to keep pace with consumer trends.

Access to education for the poorest populations is one of the 17 sustainable development goals defined by the UN. In 2015, an estimated 121 million children worldwide were deprived of the right to education and nearly 800 million adults lack basic reading and writing skills. By offering simple, reliable and affordable products all around the world, BIC is providing part of the solution for reaching the UN's goal. Furthermore, the Group intends to continue adapting its products and its manufacturing chain to meet the needs of the populations at the "bottom of the pyramid."

The rarefaction of raw materials, in particular fossil fuels and metals, will make it increasingly difficult to meet the needs of the world's growing populations. BIC has been preparing for this contingency for a long time. From the very beginning, the Group has championed the principle of using "just what's necessary" in the manufacturing of its products. Constantly innovating to reduce the environmental footprint of its products and its factories, BIC will be able to continue offering products that address the environmental and social issues of the future.





2.1.2.2. BIC Group's contribution to the UN Sustainable Development Goals

Among the 17 Sustainable Development Goals (SDGs) set by the United Nations for 2030, BIC Group has identified 13 to which it is contributing.



 Sustainable Development Goals to which BIC is contributing

For four of these goals, BIC has already made an active contribution for a number of years through the products that it manufactures and markets in more than 160 countries, reflecting its vision of offering “simple, inventive and reliable choices for everyone, everywhere, every time.”

1. Eliminating poverty, by giving everyone access to simple, reliable products that meet basic needs (see page 27).

4. Providing quality education, through all the actions that the Company has taken to promote educational opportunities (see page 65).

8. Promoting economic and sustainable growth, in particular through the development of products and production modes that favor the efficient use of resources, including recycled materials (see pages: 21 to 25 and 34 to 39).

12. Establishing sustainable consumption and production modes, through the Company's ecodesign program that offers consumers information to help them make their purchasing choices, and through its monitoring and compliance program, which ensures that the products it markets are safe and comply with health and environmental standards (see pages: 21, 23, 24 and 28 to 30).

Within the direct perimeter of its operations or its sphere of direct influence, the Group also contributes to nine of the other UN Sustainable Development goals, through initiatives that provide support for its employees, the reduction of environmental impacts from its factories and ensuring respect for Human Rights in its own factories and by its suppliers and subcontractors, and through the actions of its Corporate Foundation:

- 3. Promoting good health and well-being for all people of all ages
- 5. Achieving gender equality and autonomy for all women and girls
- 6. Improving water quality ⁽¹⁾
- 7. Improving energy efficiency and the use of renewable energies ⁽¹⁾
- 9. Adapting industries to make them sustainable ⁽¹⁾
- 10. Reducing inequalities within and between countries
- 13. Taking urgent measures to combat climate change
- 15. Promoting forestry management and ending deforestation
- 16. Reducing corruption ⁽¹⁾

(1) For certain goals, only the sub-themes relevant to the Group's operations are mentioned here.



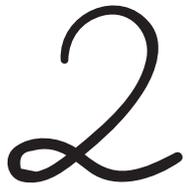


2.1.2.3. Issues for BIC concerning the life cycle of its products

The following table presents the main issues related to the key phases of BIC Group's business, from the supply of raw materials to the use of the products and end of life management.

Step	Stakes	Action plans
Purchasing 	The supply of raw materials that are used to make BIC® products <ul style="list-style-type: none"> • 45% of the Group's purchasing can be attributed to plastics • 9.5% of the plastics used by the Stationery category are recycled 	<ul style="list-style-type: none"> • Reduce consumption of non-renewable raw materials • Promote the use of alternative materials (recycled or plant based) and participate in the emergence of the circular economy • Verify suppliers' compliance with environmental, social and governance standards
Production 	The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> • Millions of products sold every day worldwide 	<ul style="list-style-type: none"> • Reduce water and energy consumption • Reduce CO₂ emissions and waste • Reduce waste and increase the proportion of recycled waste • Reduce our impact on biodiversity • Maintain good working conditions for our employees • Ensure respect for Human Rights • Strive to develop employees' skills • Promote diversity in the Company
Distribution 	The shipping of BIC® products by transport service providers <ul style="list-style-type: none"> • 0.768 teqCO₂ per ton of freight 	<ul style="list-style-type: none"> • Optimize shipments and distribution routes • Ensure responsible distribution adapted to local conditions
Usage 	The use of BIC® products (writing instruments, lighters, shavers, etc.) <ul style="list-style-type: none"> • More than 2 km for a BIC® Cristal® pen • Up to 3,000 lights for a BIC® Maxi lighter • Up to 17 shaves for a BIC® Flex 3 	<ul style="list-style-type: none"> • Guarantee long-lasting products (stationery, lighters, shavers, promotional products) • Ensure the quality and safety of products • Promote responsible consumption • Anticipate customer's and consumer's needs • Reduce packaging waste
End of life 	The disposable of BIC® products <ul style="list-style-type: none"> • Weight of a BIC® Cristal® ball pen: 5.9 g • Weight of a BIC® Maxi lighter: 21.8 g • Weight of a BIC® 3 shaver: 8.8 g 	<ul style="list-style-type: none"> • Help reduce the overall quantity of waste produced • Investigate possible recovery and recycling solutions





2.1.3. MANAGING THE APPROACH: THE BIC SUSTAINABLE DEVELOPMENT BAROMETER

Since 2008, the Group has based the application of its approach on a specific management tool: the BIC Sustainable Development Barometer. This Barometer comprises 10 operational commitments that follow on from the four strategic directions.

For its third edition, the 2014-2016 Barometer launched in 2014 once again defines 10 commitments for the Group along with concrete performance indicators. Again, the three major topics

addressed are "Products," "Industry" and "Social/Societal." Certain former commitments have been replaced by new ones that cover points in which BIC seeks to make a special effort to improve its performance.

This approach is implemented on a worldwide scale (except for BIC Graphic in certain cases).

→ HOW IS PERFORMANCE MEASURED BY THE BIC SUSTAINABLE DEVELOPMENT BAROMETER?

- It defines the 10 priority indicators for the Group in terms of sustainable development for the three-year period 2014-2016.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of BIC Group (except Cello Pens), unless specified.
- The "JAN 2014" reference value corresponds to the value at the year-end 2013.
- The indicators are graphically represented as follows: the January 2014 reference value is equal to a 0/10 rating and the 2016 objective is equivalent to a 10/10 rating.
- When an indicator includes several objectives, its representation is the average of their progress.
- The Barometer is consolidated at the beginning of each year.

Additional methodological information can be found in section 2.6.3.3. (page 69).

Completion of the BIC 2014-2016 Barometer and continuation of the BIC Sustainable Development Program

At the end of the three years and through great effort by the Group's teams, the final score is 9/10, up 0.3 points compared to the previous Barometer.

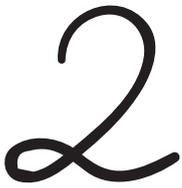
Several commitments concerning the products (innovative and responsible products, products adapted to developing markets and the commitment of the three categories to have at least 50% of their products with at least one environmental benefit) achieved the maximum score. Other commitments regarding the stabilization of

the appeal of air freight, the intensification of the implementation of the BIC Code of Conduct from its contract manufacturers, and finally the employability of its employees, should also be taken into account for improvement of the final score.

Other commitments will require more time to achieve their objectives. The Group will continue to monitor them to ensure they are met in the short term.

BIC wants to increase its efforts to take advantage of sustainable development as a lever for change, creating value over the long term for the benefit of its stakeholders. In 2017, the Group will define ambitious commitments for its Sustainable Development Program along with the appropriate management tools for reaching its goals. The target date of 2025 will be set for these commitments to allow sufficient time to deploy all necessary actions.

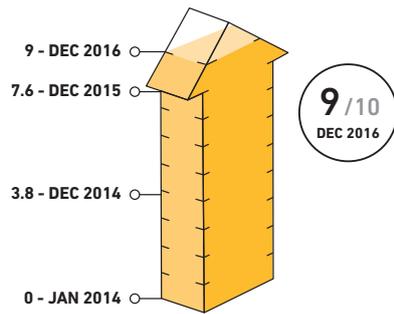




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
The BIC Sustainable Development Program



2014-2016 Barometer



The global score is the average of the 10 scores

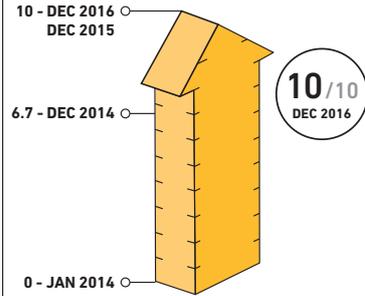
"The BIC Sustainable Development Barometer provides a pragmatic way to monitor the Company's commitment. It also encourages fluid communication within all teams by giving clear direction for three years and precisely reflecting our progress."

Christine Desbois, Sustainable Development Director

PRODUCTS
 INDUSTRY
 SOCIAL/SOCIETAL



Launch innovative responsible products

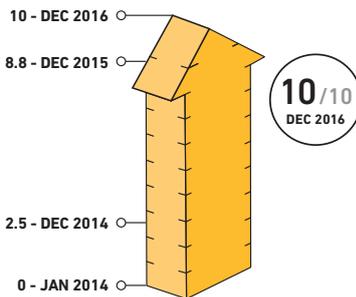


- From 2014 to 2016, BIC will have launched 3 innovative responsible products (Start JAN 14: 0 > DEC 16: 5)

1



Create products for developing markets

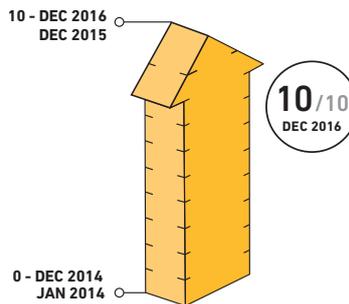


- From 2014 to 2016, BIC will have created 8 products adapted to developing markets (Start JAN 14: 0 > DEC 16: 8)

2



Offer BIC® products with environmental benefits*

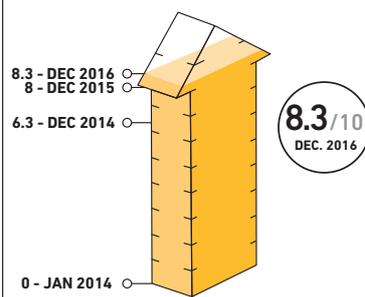


- In 2016, 50% of BIC® products will have at least one environmental benefit (Start JAN 14: 49.88% > DEC 16: 50%)

3



Select responsible materials for packaging*

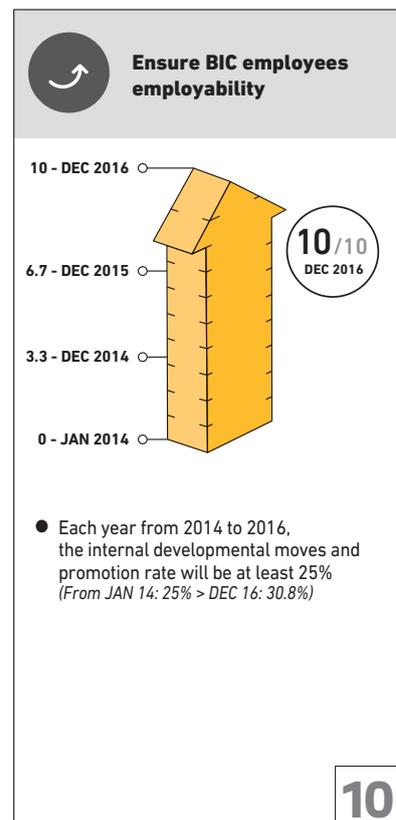
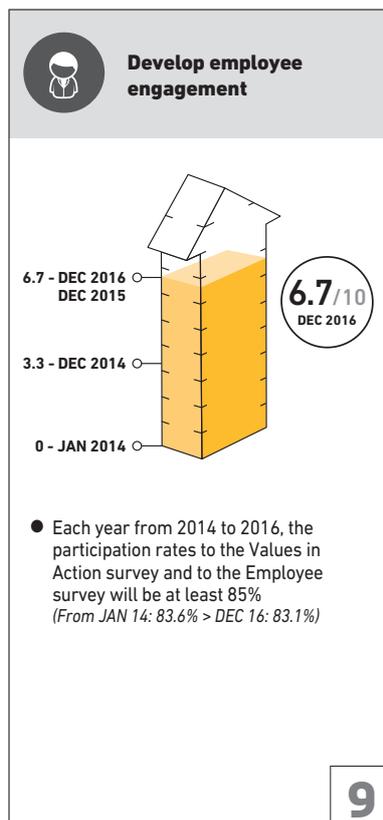
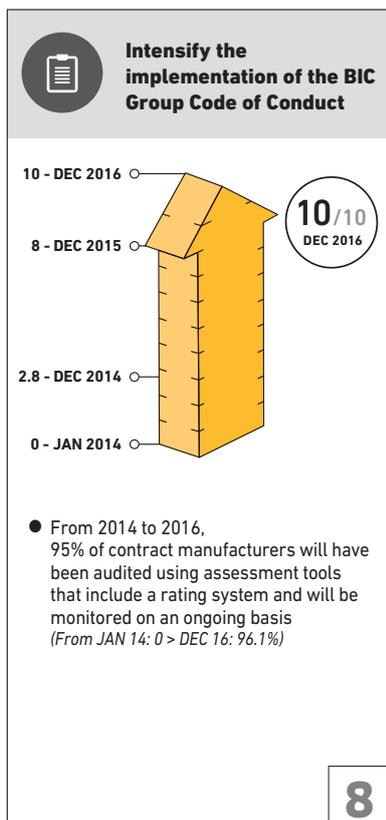
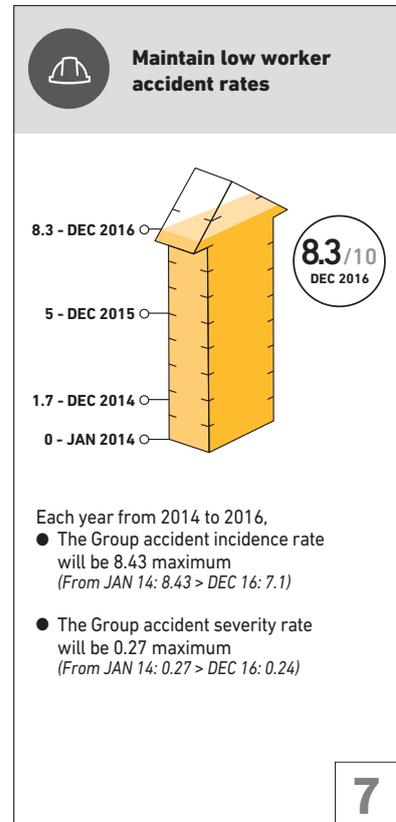
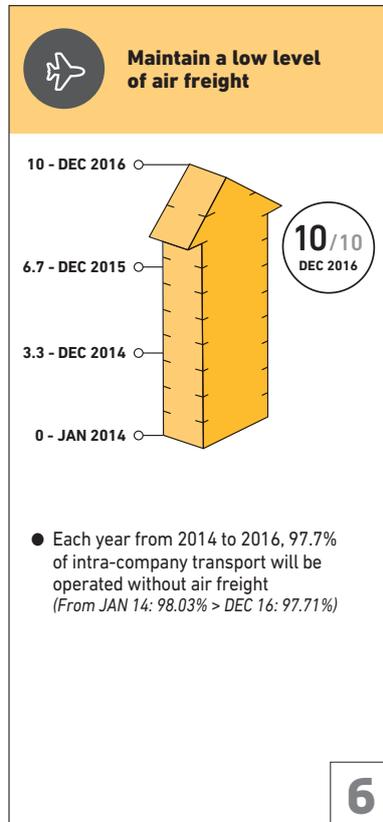
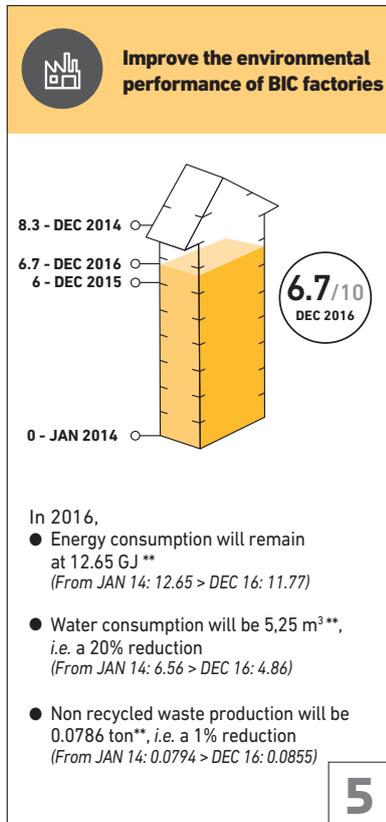


- In 2016,
 - 90% of BIC cardboard packaging will be from a certified and/or recycled source, i.e. a 17% improvement (Start JAN 14: 76.45% > DEC 16: 92.26%)
 - 90% of BIC plastic packaging will be PVC free, i.e. a 27% improvement (Start JAN 14: 71.32% > DEC 16: 83.46%)

4

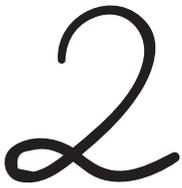
* BIC Graphic excluded





** Per ton of production





2.1.4. INTEGRATION OF SUSTAINABLE DEVELOPMENT INTO OUR ACTIVITIES

2.1.4.1. Sustainable Development as a key factor in the decision-making process

The issues of sustainable development are considered in the Company's decision-making process. The Group's CEO leads the Sustainable Development Steering Committee and every meeting of the Leadership Team includes an update on recent progress in sustainable development. In 2016, two main topics were discussed: issues concerning product safety and the continuation of the BIC Sustainable Development Program. The Leadership Team approved the decision to define ambitious commitments for the Group with a target completion date of 2025.

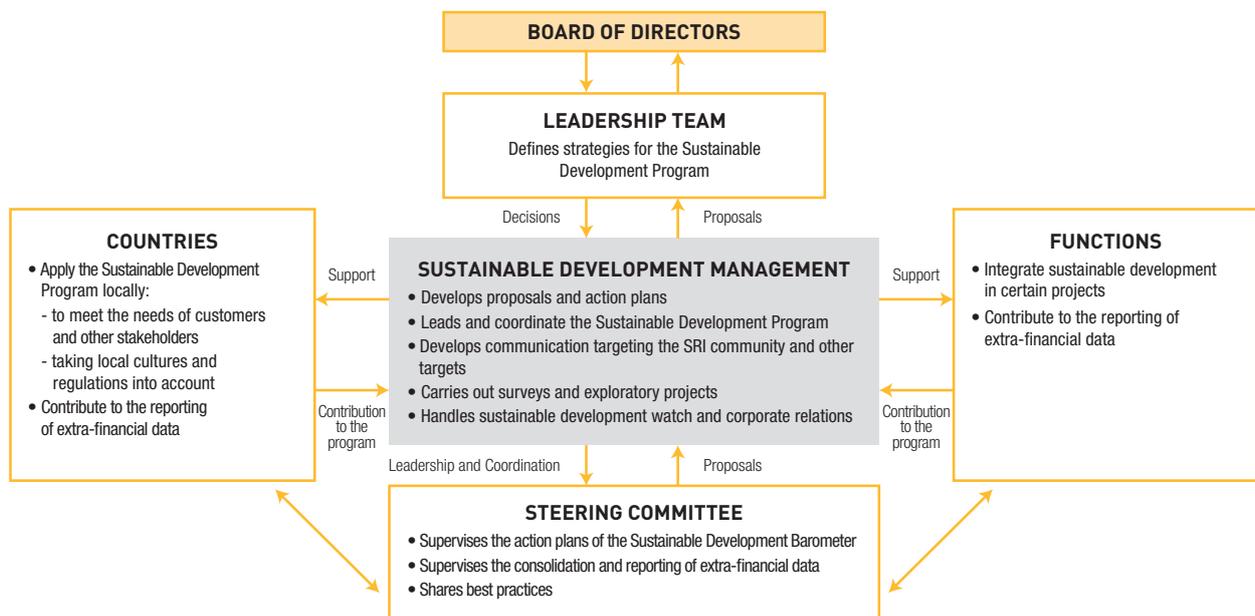
The BIC Sustainable Development Program's goals and progress are presented at least once a year to the Board of Directors and at the Annual Shareholders' Meeting. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group.

Extra-financial risks are taken into account by the Risk Management Department as part of its risk mapping.

2.1.4.2. Our operational structure

Managing sustainable development is based on a continuous improvement approach that is deployed across the entire BIC Group and benefits from a dedicated structure. This structure includes a Sustainable Development Team comprised of 25 members of different nationalities representing major Group functions. The team meets twice a year and is chaired by the Group's CEO. Taking action at the decision-making and operational levels, the team's role is to propose strategies and corresponding action plans to the BIC Group Executive Committee and then report on the implementation of programs. The team also has the mission of mobilizing internal resources.

These programs are carried out by the departments and operational teams and coordinated by the Group Sustainable Development Director, who reports to one of the Group's three Executive Vice-Presidents.



The annual Forum of the Sustainable Development Committee, chaired by Chairman and CEO, Bruno Bich, was held on June 8 – 10, 2016, with all 25 members of the Sustainable Development Committee attending, as well as all members of the Leadership Team. This important get-together serves as an opportunity for a yearly review of the Group's program, including goals, progress made and perspectives for the future. The topics discussed in 2016

included: future sustainable development issues and how to prepare for them, how sustainable development contributes to the Group's growth, the recycling of plastics, the circular economy, employee engagement, the environmental performance of the Group's products, and the Group's positioning on "Bottom of the Pyramid" (BOP) markets.





2.1.4.3. Our Policies

BIC Group's sustainable development approach is based on a set of documents that defines its vision and gives a framework to each employee's everyday activities to ensure compliance with the principles of sustainable development.

The five BIC Values: Ethics, Responsibility, Teamwork, Simplicity, Ingenuity.

Since 2007, **the BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world (see also page 64).

The Group's **Anti-Corruption Policy**, defined in 2016, states that BIC Group will not tolerate bribery or corruption in any place where it operates, upholding its reputation for integrity (see page 64).

The BIC Group Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO) (see also page 62).

The Product Safety Policy, introduced in 2001, specifies the 10 commitments adopted to ensure that the products developed and manufactured by BIC are safe in terms of human health and the environment. More specifically, BIC has adopted seven commitments to ensure the quality and safety of its lighters (see also page 28).

The Environment, Health & Safety (EH&S) Policy, defined in 2005 and signed by the CEO, codifies the Group's commitment to minimizing the impact of its industrial activities (see also page 33).

The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to actively promote diversity (see also page 58).

The Responsible Purchasing Charter, signed in 2014, codifies the Group's desire to establish mutually beneficial relationships with its suppliers based on its five Values (see also page 60).

Defined in 2013, **the Responsible Communication Charter** formalizes BIC Group's integration of the Value of Responsibility in its communication. This charter applies to all communication undertaken by the Group around the world. (see also page 18).

A worldwide moratorium on all animal testing was declared by BIC in 1997. The Company is committed to using reliable alternatives to animal testing on chemical substances made possible by the latest technological breakthroughs.

2.1.4.4. BIC's employees: stakeholders in the approach

BIC sponsors and develops training and awareness activities conceived to ensure that its employees are well-versed in the issues related to sustainable development, prepared to anticipate customer demands, and able to convey the Group's commitment in their words and actions:

- An internal newsletter has been distributed to employees since April 2012. Published in five languages, the newsletter keeps all employees worldwide regularly up to date on the latest in sustainable development (except Cello Pens);
- The Group's sites organize activities with local and national events. Examples include Sustainable Development Week in France, participation in the WWF's "Earth Hour" operation in Canada, and "Environment, Health and Safety Week" in Brazil;
- In recent years, proactive *Green Teams* have been formed in certain countries (such as Canada and the U.S.) to promote sustainable development among BIC employees. They raise awareness of "green habits," encourage their co-workers to set goals for improvement, monitor these objectives, encourage participation in environmental and social outreach programs, organize conferences with presentations by associations and experts in the field, etc.

Since 2013, all BIC employees are invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 47). The members of the Executive Committee then select the winners from the list of nominees.

Employee involvement in the promotion of sustainable development is also encouraged and evaluated through a biannual survey on the BIC Sustainable Development Program (page 48).

In 2015, a video on sustainable development was produced in six languages to raise awareness. In 2016 it was made available to all HR entities worldwide to be used as part of locally organized internal events.

The October 2016 newsletter contained an overview of the media used by the Group to communicate on sustainable development, reminding BIC employees of where they can find these resources and the nature of the information they contain.

2.1.5. INTERACTION WITH OUR STAKEHOLDERS

2.1.5.1. Sharing value with our stakeholders

◆ Challenges and approach

BIC Group economic, financial and extra-financial performances have an impact on its stakeholders worldwide, including employees, customers, consumers, suppliers, public authorities and communities. The Group develops strategic methods for creating and sharing the value it generates – choices that enable it to cultivate the Company's goals and responsibly pave the way for the future.





◆ Performance

DISTRIBUTION TO STAKEHOLDERS IN 2016*

→ CUSTOMERS TURNOVER: 2,272.4 MILLION EUROS						
Employees	Suppliers	Shareholders	Banks	Governments	Net investments	Communities
641.5 million euros. Corresponding to payroll, bonuses and other payments to employees.	1,119.7 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	277.0 million euros in ordinary dividends and 81.6 million euros for the repurchase of shares.	5.6 million euros in net interest received.	151.8 million euros, including 134.8 million euros paid around the world as corporate income tax and 17.0 million euros in other taxes.	178.9 million euros. Including 180.8 million euros for the acquisition of tangible and intangible fixed assets and 1.9 million euros received from the disposal of assets.	2.4 million euros in donations of funds and products to local communities (internal valuation).

* The distribution of revenues to stakeholders does not include the change in net current working capital and is restated for discontinued operations.

2.1.5.2. Responsible Communication

◆ Challenges

BIC seeks to engage in controlled, responsible communication operations that will allow the Group to retain the confidence of its stakeholders.

◆ Approach

Defined in 2013, the **Responsible Communication Charter** formalizes BIC Group's integration of the Value of Responsibility in its communication. This Charter expresses BIC's intention to share reliable information and release clear, accurate messages; it applies to all communication undertaken by the Group around the world towards all its stakeholders.

To ensure accuracy in the Group's communication, this Charter comprises three principles by which BIC pledges to:

- implement the necessary means, in terms of organization, processes and tools, for verifying all communications issued by the Group;
- make responsible use of its stakeholders' personal data, in compliance with the regulations;
- include the factors of environmental and social impact in the criteria that determine its communication choices.

It also defines communication actions to help build a more responsible world.

Special representatives were designated to facilitate the deployment of the charter and gather best practices.

Since 2013, as a signatory of the Advertisers' Charter of Commitment to Responsible Communication of the *Union Des Annonceurs* (UDA, French advertiser's union), BIC submits to the UDA an annual summary of its actions undertaken to promote responsible communication.

◆ Progress made in 2016

In 2016, BIC supplemented its communication on the Sustainable Development Program with the publication, "The Essentials of Sustainable Development in 2015," which was published in French and English. In 20 illustrated pages, this brochure explains the key aspects of the Group's approach, as well as its performance and initiatives for the year.

→ 100% of the environmental claims that appear on the packaging, in the catalogs and on the websites for BIC® products are approved by the legal department.

2.1.5.3. The BIC Panel

◆ Challenges and approach

To have an outside point of view on its entire sustainable development approach, BIC has organized a panel of four stakeholders since 2005, including two customers, one investor analyst and one supplier.

The panel is consulted once a year during individual reviews that enable each member to:

- comment on the Company's policies and practices;
- suggest improvements that can be integrated into action plans;
- outline future needs and expectations;
- formulate an opinion on the Group's Sustainable Development Program.





Three members of the panel offer their point of view on BIC's Sustainable Development Program and the progress made in 2016:

→ BIC'S COMMITMENT AS SEEN BY LYRECO

Once again this year, I can report that BIC continues to be a key partner for issues concerning sustainable development. BIC is a clear leader in this area for four essential reasons: it has developed a genuine strategy; it has set up a specific dedicated organization; it undertakes practical, pragmatic actions, like obtaining the *NF Environnement* ecolabel for many of its writing products; and lastly, it takes its entire supply chain into account, allowing the Group to address the issues beyond the confines of its own factories. Among the most important actions of the year, I would mention the work carried out to meet the Group's challenges, based on its materiality matrix, to define its future commitments on sustainable development. I also commend the Group's good governance of sustainable development, which allows its management to convey the messages. Lastly, a possible area for improvement would be the more systematic reliance on a framework of standards.

Nasser Kahil, Group Quality, Security and Sustainability Director, Lyreco

→ BIC'S COMMITMENT AS SEEN BY HACO TIGER BRANDS

Haco Tiger brands continues to appreciate BIC's commitment to sustainable development and to support the company's initiatives on products, the environment and governance. We suggest to spread efforts locally with Haco Tiger Brands in Eastern Africa and to share best practices. I value BIC's work to strengthen its codes and policies, and its clear commitment to anti-corruption. This is especially important because counterfeit and corruption are major challenges in Africa. Also, we consider the integration of Cello Pens' Indian entities very important, as the Cello® brand is present and strong in Africa, which may help to fight counterfeiting.

Finally, I see a fantastic opportunity for the BIC Foundation to launch projects in Africa and fight school drop-out while collaborating with local stakeholders.

Antony Mburu, Sales Director, **Haco Tiger Brands**, a licensed BIC contract manufacturer and distributor

→ BIC'S COMMITMENT AS SEEN BY ODDO

I commend BIC for its positive approach in announcing its intention to make sustainable development part of its long-term goals. This reflects the management team's vision and leadership, taking into account the future succession of the CEO. I would recommend that these commitments not be too subjective. They should be chosen carefully based on the materiality of the issues and the economic model, and associated with benchmarks that will allow them to be implemented quickly. Access to education is a topic closely related to the activities of the Group and its Corporate Foundation, and the link with the United Nations Sustainable Development Goals could be highlighted in BIC publications. The integration of Cello in India represents a genuine social challenge, and it will be important to emphasize all the actions undertaken to send a message to the Shareholders. Lastly, the ongoing work on integrated reporting reflects a degree of maturity, allowing BIC to unite economic viability and sustainable development in the long-term challenges, and making it the ideal instrument in terms of materiality. We will be eager to see the results of this difficult undertaking.

Nicolas Jacob, Head of ESG (Environmental, Social, Governance) Research, **Oddo Securities**

→ CUSTOMERS' EVALUATION OF THE CORPORATE SOCIAL RESPONSIBILITY APPROACH AND OF THE PRODUCTS' ENVIRONMENTAL AND SOCIAL PERFORMANCE

BIC Group distinguishes its "customers" (*i.e.* companies, administrations and office supply distributors, as well as major mass-market retailers) from its "consumers," the end-users of its products. (The consumers' expectations are discussed in section 2.2.2.).

Customers are becoming increasingly demanding in terms of the environmental and social performance of the products they buy, as well as the evaluation of their suppliers' Sustainable Development Policies.

They submit many questionnaires addressing increasingly specific and diversified topics. In addition to questions on health risks, the local origins of products and respect for Human Rights, they want to know about compliance with product quality and safety regulations, the products' environmental benefits and labeling, environmental management policies and the systems adopted for collecting and recycling wastes.

Retailers and wholesalers also want their collaborators in the distribution chain to show how they are helping reduce the global environmental and social impact of their operations. BIC Group has participated in Walmart's Sustainability Index (since 2014 for shavers and since 2016 for writing instruments), which assesses suppliers' sustainability performance according to indicators established by The Sustainability Consortium. BIC also carries out specific reporting for Walmart every year through the CDP Supply Chain.

In addition to responding to its customers' specific questionnaires on its CSR approach, BIC maintains commercial relations with them on all pertinent topics, including sustainable development issues. In certain cases these relations can take the form of partnerships, for example to optimize shipping. All the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program.





2.1.5.4. Responsible lobbying and participation in sector working groups

◆ Challenges

BIC Group considers lobbying to be a positive action, making good use of its industrial expertise and knowledge of the market in its relationships with the public authorities. For the Group, lobbying is quite simply the communication targeted towards decision-makers and important players on key issues on the lessons learned from its experience to help establish the necessary balances. Its purpose is to help improve the effectiveness of the authorities' regulatory actions, to improve the safety of the products available on the market, thus improving consumer safety and ensuring fair competition. In this way, BIC seeks to be recognized and consulted as a stakeholder in all decisions and actions that affect its operations.

◆ Approach

Participation in sector dialogues

BIC Group pursues its lobbying activities in a responsible, ethical way to ensure that the legal and regulatory decisions, as well as the actions undertaken to enforce the rules, have realistic and effective technical and economic consequences, maintaining or restoring fair and honest relations among all the market players.

BIC has no tradition of making public statements on major industrial or societal topics. However, the Group does participate in sector dialogues and seeks to exert its influence in four key areas that are directly related to its commitments as a responsible corporation: product safety, the fight against counterfeiting, the fight against unfair competition and environmental protection.

BIC carries out its lobbying primarily as a member of various organizations, participating as needed in their working groups:

- French, European and American professional federations;
- Standardization committees for toys, lighters and writing instruments;
- French watchdog groups, intra-sector associations.

BIC is a member of the Executive Committees of the main professional associations, and in some cases, has been for many years.

Lobbying activities can also take the form of direct contacts with the pertinent authorities.

BIC's subsidiaries also cultivate direct relations with the authorities in their countries of operation. However, the Group has no professional lobbyists on its payroll.

Clearly identified lobbying responsibilities

At the highest level of the Group, Chairman and CEO, Bruno Bich, and BIC Executive Vice-President, Marie-Aimée Bich-Dufour, along with the Category and Continent Directors, are responsible for steering and monitoring all lobbying actions on a regular basis.

The operational responsibility for BIC's relationships with public authorities and institutions is delegated to a small number of specifically identified managers, who have been named to represent the Group in the above-mentioned proceedings. The Category and Continent Directors are kept informed of the progress of laws and regulations that affect their operations.

BIC Group ensures strict compliance with local laws and regulations in the pursuit of its lobbying activities. Like all the Group's activities, lobbying is governed by the Anti-Corruption Policy and the BIC Code of Ethics, which names the persons to be notified in case of violation.

Employee awareness

The latest developments concerning lighters are shared with the Group's employees during the performance presentations. The General Managers and Marketing Managers are also kept directly abreast of BIC's lobbying actions on lighters.

◆ Progress made in 2016

BIC Group lobbying activity in 2016 focused on pending regulations and standards concerning stationery products (EU directives and regulations: REACH, CLP, Toy Safety) and lighters (ISO 9994 and Child Safety). The Group also participated in the consultations and conferences organized by the European Commission on how to improve market oversight.

2.1.5.5. Dialoging with the financial community

◆ Challenges

Shareholders and investors increasingly seek to integrate sustainable development into the realm of finance. As part of its ongoing dialog with the financial community, BIC strives to offer all relevant information and indicators and shows how its Sustainable Development Program has allowed the Group to seize opportunities and control the associated risks.

◆ Progress made in 2016

Throughout 2016, various events continued the dialog on the topic of sustainable development, including:

- the Annual Shareholders' Meeting on May 18, 2016, at which the topic was presented to the Shareholders;
- the Oddo Mid-Cap Forum in January 2016 in Lyon, France, where BIC met, upon their request, with fund managers and financial and extra-financial analysts in individual or group meetings;
- meetings organized with various socially responsible investment actors.

As majority Shareholders, the members of the Bich family are given regular presentations on the Group's Sustainable Development Program, its ambitions and its progress by the Sustainable Development Director.





2.2. Responsibility concerning our products

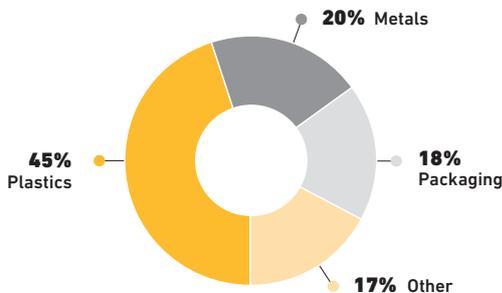
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this goal, the Group has always pursued an approach that is based on innovation and emphasizes economy of materials. By cultivating this active eco-design process and initiating partnerships for the supply of secondary raw materials, BIC is contributing to the emergence of the circular economy. All BIC® products are conceived to meet and anticipate the expectations of all consumers in developed as well as developing countries.

2.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

◆ Challenges

To manufacture its products, BIC uses raw materials (plastics, inks, packaging and metals, etc.) and resources (water and energy), and generates waste. The challenge for BIC is to minimize its products' primary environmental impact, namely the use of these raw materials.

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2016



2.2.1.1. The three eco-design solutions developed by BIC

◆ Approach and progress made in 2016

To minimize the consumption of non-renewable raw materials, BIC has developed an eco-design approach based on three points:

- minimizing the quantity of materials used in the manufacturing of each product, while ensuring long-lasting performance;
- using alternative materials of either vegetable or recycled origin;
- developing refillable products.

→ BIC'S THREE ECO-DESIGN SOLUTIONS

- Economy of materials
- Integrating alternative materials
- Developing refillable products

Economy of materials

BIC has always sought to optimize its use of raw materials as much as possible. As an expert in the processing of plastics, BIC exercises its responsibility above all by minimizing its use of these materials.

In the Stationery category, the BIC® Cristal®, one of the Group's flagship products, exemplifies this approach (see Commitment #3 on page 23). Even though its design already optimized the use of materials in 1950, the BIC® Cristal® ball pen continues to benefit from ongoing research to minimize the quantity of material used:

- It has a minimum writing length of more than 2 km;
- It uses only 2.9 grams of material per kilometer of writing, compared with 6.4 grams for a competing product with comparable characteristics.

In the Shavers category, BIC achieves very good performance on its markets due to its highly competitive price/quality ratio. For each product range, this price/quality ratio is made possible by the development of simple products that require an optimal quantity of materials.

For example, the BIC® Simply Soleil® shaver is designed to weigh as little as possible. Although it is hollow, its handle nonetheless ensures a high level of performance, quality and comfort in shaving. In 2016, the marketing of the BIC® Simply Soleil® shaver was extended to Russia. This product has also been repositioned in Europe under the BIC® Miss Soleil® franchise. The new BIC® Miss Soleil® Colour Collection has made it possible to expand distribution of these shavers throughout Europe.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Responsibility concerning our products

→ BIC® WRITING PRODUCTS EARN THE NF ENVIRONNEMENT ECOLABEL

For equal performance in use, the *NF Environnement* ecolabel granted in France by AFNOR Certification certifies products that have a reduced impact on the environment. To obtain this ecolabel, a product must comply with certain functional and ecological guidelines conceived to reduce its environmental impact throughout its life cycle.

In the case of BIC® writing products, the main criteria for receiving the ecolabel are limited quantities of raw materials or the use of recycled materials, a long performance life and the strength of the pencil leads. BIC was the first manufacturer of writing instruments to earn *NF Environnement* certification. **Today, a full range of 22 BIC® products has been granted this ecolabel**, including historical products like the BIC® Cristal® sold in boxes of 50 and the BIC® 4-Couleurs™ ballpoint pen, as well as the pens in the BIC® Ecolutions® line.

Integrating alternative materials

Research & Development

Regarding new materials, the BIC Research and Development teams, in collaboration with the Purchasing departments, focus on two approaches:

- **the use of existing innovative materials.** An inventory of innovative materials available for industrial use is kept up to date. From this list, engineers select materials that correspond to industrial and economic requirements with the objective of conducting feasibility tests. In the absence of a simple, economical solution to develop a material based on biological material from plants, recycled materials are chosen;
- **collaborative research** with suppliers to identify new materials (e.g. plant-based or recycled, etc.), new concepts or hybrid materials. Many materials are considered and then analyzed. These have included potato starch, sugarcane, plant fibers, woodchips and other materials. Once a formulation is ready, it is tested to ensure that it meets industrial specifications for quality and safety, sometimes going all the way to the final qualification stage.

By the end of 2016, 83 alternative materials had been tested, including 33 recycled plastics, 26 hybrid materials and 24 materials derived from renewable resources.

→ 83 alternative materials tested.

Integrating alternative or recycled materials into stationery products

Since 2014, BIC has been conducting a research program to maximize the use of recycled and alternative materials in the Group's products. To achieve this, the research teams have identified all BIC® products whose design could be modified or adapted for production using alternative/recycled materials without sacrificing quality. The challenge is, first of all, to ensure a perennial source of such materials that meet the specifications and are

available on the market, and secondly to convert any products that lend themselves to this adaptation.

Exemplifying this approach, the BIC® Ecolutions® range is a complete stationery line that consists of products manufactured using recycled materials (at least 50%) in compliance with the standard ISO 14021. For example, the BIC® Matic Ecolutions® mechanical pencil contains 65% recycled materials. Eventually, all stationery lines will include at least one product made with alternative or recycled materials.

→ THE RECYBIC PROJECT RECOGNIZED BY ADEME

The RecyBIC project was launched in 2016 at the Boulogne site (France) with the goal of increasing production capacity for pencils in the Evolution® line using recycled materials (+ 100 million units). Submitted in response to an ADEME call for proposals entitled ORPLAST (*Objectif Recyclage PLASTiques*), the project received a prize and a cash award to help promote the purchasing by consumers of these products using recycled materials, to subsidize investment in the necessary equipment, and to fund further research.

At BIC Sport, a new, cleaner and more easily recyclable technology

In 2016, BIC Sport continued its efforts to reduce the environmental footprint of its products and operations. A new technology called TOUGH TEC has been developed to produce stand-up paddle (SUP) boards for beginners and schools. It produces lighter, stronger boards than the DURA TEC technology using polyurethane foam. TOUGH TEC replaces this material with less polluting, using a more recyclable polystyrene foam.

In 2016, the Earth SUP and Earth Surf lines, made from paulownia wood and flax fiber, were expanded with the addition of several models. One of the Earth SUP models, the 12'6 Biscayne, was awarded the 2016 "Étoile du Design prize" by *L'Observateur du design* for its environmentally-friendly design and production.

BIC at the heart of an innovation community

Over the years, BIC has cultivated more than 45 strategic partnerships in research and development with startups, companies at the forefront of innovation, universities, research institutes and external laboratories, playing a leading role in a community with which it pursues long-term prospective and development programs. For example, BIC Group works closely with two French startups, Microfactory and Pilibio, specializing respectively in microfluidics and the production of inks from microorganisms. Since 2012, the BIC Group Research & Development (R&D) Department has also been a member of *Matériaux Chimie, Chimie Verte* (formerly called MAUD), a competitiveness cluster based in Villeneuve d'Ascq that backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and bio-sourced materials, high-efficiency processes and clean technologies.

Developing refillable products

BIC makes an ongoing effort to launch refillable products due to their ecological benefits. However, in the case of low-end stationery products, the consumer demand for refills is virtually non-existent.





In the Stationery category, the Group continues to offer consumers refillable pens. In 2016, BIC launched a complete line of refillable gel ink pens under the BIC® Gel-ocity® brand and extended its 4-Colours™ line with the launch of the 4- Colours™ Fluo, combining three “classic” ink colors and one fluorescent ink. On the U.S. market, pen refills are available on the dedicated website www.shopbic.com. They are also available on the website www.bicworld.com, which links to a European e-commerce site offering the BIC® refill range.

In the Shavers category, the BIC® Easy/BIC® Hybrid shaver is sold as a handle with refills (not sold separately). The underside of the handle is ribbed to reduce the use of plastic without altering the shaver’s ergonomic characteristics, which are the same as those of a conventional handle. Because it comes with four to six blades, the product’s performance life is at least four times that of a standard non-refillable shaver. Over its entire life cycle and for one year of shaving, the environmental impact of the BIC® Easy/BIC® Hybrid shaver is 59% less than that of a similar non-refillable BIC® model, like the BIC® Comfort 3® Advance®. As this model is considered non-refillable by the customers, it is compared to a non-refillable model.

This hybrid line of triple-blade shavers is enjoying strong commercial success and is constantly being extended, offering the consumer a combination of shaving quality and environmental performance. In 2016, the BIC® Simply Soleil® Click was launched in Canada. With its lightweight hollow handle and six cartridges for a longer performance life, it offers female consumers a combination of high-quality shaving and good environmental characteristics. In addition, the distribution of the BIC® Hybrid 3, comprising a handle and 12 cartridges, was extended to the United States, and the BIC® Flex 3 Hybrid is selling very well in Russia.

→ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

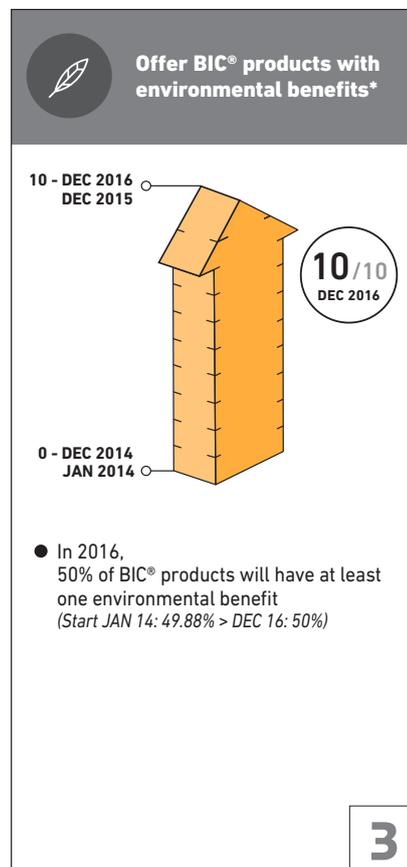
BIC® products are very often stigmatized as “disposable.” Although not all of them are refillable, neither are they used just once. On the contrary, most of them offer long-lasting performance: more than 2 km of writing for a ball pen, up to 3,000 flames produced for a lighter and 17 shaves for a triple-blade shaver. In addition, most of them are designed with no superfluous parts or features, using a minimum of raw materials, and BIC makes an ongoing effort to reduce their environmental impact in daily use. Each of the various products on the market, whether refillable or not, meets a specific consumer need.

◆ Perspectives

The distribution of the BIC® Simply Soleil® shaver will continue to be extended, especially in France. Its presence in stores will be maximized with the introduction of a BIC® Miss Soleil® pack of eight units for France and Poland.

Building on the success of the BIC® Easy/BIC® Hybrid line, the Group plans to launch a BIC® Flex 5 Hybrid shaver in 2017, comprising a handle and four, five-blade cartridges.

◆ Performance of the eco-design approach



* BIC Graphic excluded.

RESULTS FOR 2016: In 2016, the three categories (Stationery, Lighters and Shavers) have all reached the objective of having 50% of their products having at least one environmental benefit (commitment in value). This is due to the good performance of core products for the Stationery and Lighters categories, and the sales increase of hybrid products for the Shavers category. This commitment’s final score is 10/10⁽¹⁾.

2.2.1.2. Tools to facilitate the eco-design process

Measuring products’ environmental performance

Eco-measurement has shown that the product’s weight/performance life ratio is a pertinent indicator for environmental performance. In fact, the more lightweight a product is and the longer it lasts, the better its environmental performance. This illustrates the necessity for finding solutions that are adapted to saving resources.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Responsibility concerning our products

To deploy an effective policy for limiting the environmental impact of BIC® products, the first step is to measure these impacts across entire life cycles. BIC has been a pioneer in this field since 1994, commissioning life cycle studies of its products from outside consulting experts, which confirm that the environmental impact of a product is mainly due to raw material usage in its manufacturing.

BIC was moving towards an approach for environmental responsibility, and demonstrated that its founding principle of "just what's necessary" ⁽¹⁾ enabled the Group not only to offer more affordable products, but also products that have less impact on the environment.

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS

<i>Life cycle assessment approach – Recipe end point (h/h) method Europe</i>	 Raw materials	 Production	 Distribution	 End of life cycle
BIC® Cristal® ball pen	88%	7%	4%	1%
BIC® Maxi flint lighter	87%	6%	5%	2%
BIC® Classic Single-blade shaver	83%	11%	4%	2%

To evaluate its products' environmental performances, BIC focuses on life cycle phases where it can take action. For shavers, an approach incorporating the usage phase shows that this step – involving water, water heating and the disposal of the shaving cream packaging – plays a key role (78% of the total environmental impact, according to certain estimations), underlining the importance of consumer awareness.

From 2008 to 2014, BIC measured the environmental performances of its products as part of a commitment specified in the Barometer. This phase is now completely integrated in the processes for designing or modifying a product. In Stationery, 100% of new products are thus subject to eco-measurement.

- **100% of new Stationery products are subject to eco-measurement**
- **By the end of 2014, 92.5% of all existing BIC® products were subject to eco-measurement**

Our LCA and eco-design tools

In 2004, upon the launch of its Sustainable Development Program, BIC extended the life cycle work and commissioned a normalized Life Cycle Analysis (LCA) along with several simplified LCAs for three category-leading products. The move was immediately followed by the procurement of an internal environmental measurement tool for use by BIC designers.

In 2009, continuing its approach, BIC replaced its first tool with SimaPro, a professional LCA software package that is equipped with

the e-DEA ⁽²⁾ interface to enable Research and Development (R&D) designers to carry out complete and detailed environmental evaluations, as well as create quick decision-making studies during the design process.

Whenever possible for products that are still on the drawing board, BIC R&D teams explore different solutions for minimizing impacts by varying the types and quantities of materials used, while respecting design and manufacturing requirements. In this way, BIC stays on course with regards to finding a balance between quality, cost and environmental requirements.

In 2015, the databases used by the SimaPro tool were updated, making it possible to integrate the most recent scientific knowledge. These updates take place in stages, eventually extending to all categories.

Within BIC Group, the users of SimaPro in combination with the e-DEA interface are essentially the R&D design teams and the Sustainable Development Department, for building the internal scientific expertise needed for the realization of normalized LCAs (ISO 14040).

To bolster and spread the culture of eco-design within the Group, BIC deployed two specific tools in 2016:

- Sharing the **products' environmental profiles** with the teams in charge of their development, in the form of information sheets summarizing the SimaPro findings. These sheets, which are integrated into the design and development process, improve the product managers' knowledge of each product's environmental benefits;
- An in-house **eco-design and LCA guide** is made available to the teams in charge of product design and new product launches.

(1) "Il y aura l'âge des choses légères" by Thierry Kazazian, Victoires Éditions, 2003.

(2) Everybody can Design with Environmental Awareness.





→ **LCA AT BIC**

A Life Cycle Analysis (LCA) is a method for assessing a product's total environmental impact in each successive phase in its life: the extraction and transportation of the raw materials used to make it, the manufacturing processes, transportation to the consumer, product usage, and finally, end of life and waste processing. BIC Group often uses the simplified method of the life cycle approach, which is similar to Life Cycle Analysis except that it does not include the final independent verification phase.

LCA is a comprehensive, multi-criterion method. Unlike carbon footprint analysis, which focuses on measuring a product's impact on climate change, the LCA method takes all environmental aspects into account: water, air, soil, waste, human health, etc. From the very beginning of its Sustainable Development Program, BIC Group has been committed to the life cycle approach to verify that it is making steady progress in all pertinent areas.

As part of the continuation of this partnership, BIC has developed a teaching module entitled *Halte aux Déchets* ("No More Waste") on recycling for elementary school teachers, combining all of the necessary pedagogical material. The pupils are encouraged to learn about waste and recycling through fun and engaging lessons and exercises, and to recycle the pens they use in school through the BIC-TerraCycle program. The module is distributed through the website EDD-Primaire.fr and a demonstration is available at www.bicworld.com.

More than 85% of the waste in BIC factories are recycled or reused in other ways (see page 38). For more than 12 years now, the waste tracking indicators have shown a constant reduction in the proportion of non-recycled waste per ton of production (-16% between 2004 and 2016). BIC Group is committed to reducing non-recycled wastes in its factories and has made this a sub-goal of Commitment #5 of the BIC Sustainable Development Barometer (see page 39).

Although the **fight against food waste** is not a major issue for BIC, the Group holds regular awareness events for employees in its company restaurants, especially in Brazil.

2.2.1.3. BIC Group's contribution to the circular economy

◆ **Waste reduction and management approach**

In partnership with TerraCycle, BIC Group is developing an original model for the **collection and recycling of used writing instruments**.

→ **BIC-TERRACYCLE PARTNERSHIP FOR THE RECYCLING OF USED WRITING INSTRUMENTS**

In 2016, BIC continued its partnership with TerraCycle, a pioneer in the collection and reuse of non-recyclable waste. Launched in 2011, first in France and then in other European countries, this was the first program for the collection and recycling of used writing instruments in Europe. The program allows users of the products to organize at their consumption sites the voluntary collection of all types of writing instruments, whether BIC® branded or not, to be recycled into benches and pencil holders. In return for this civic gesture, one euro cent per writing instrument collected is donated to a charity or not-for-profit association chosen by the organization responsible for the collection. In the case of schools, the money is donated directly to the school to finance a future educational project. So far, more than 350,000 euros has been donated since 2011. This program enables BIC Group through the recuperation of used products, to gain a better understanding of the way its own products are used by consumers and, from an educational point of view, to promote the sorting of waste. Previously, used writing instruments were not collected by any dedicated recycling waste stream. BIC is now in the phase of processing the 20 million writing instruments that have already been collected and has created a task force to develop a model based on the circular economy.

Largely due to its transparency and traceability, the program has been a tremendous success and offers schools and offices an opportunity to put sustainable development into practice in daily life.

◆ **Approach for the sustainable use of resources**

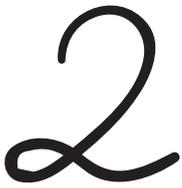
Waste prevention measures are implemented at the stages in the products' life cycles for which BIC has the means to take effective action:

- A three-part approach to eco-design: economy of materials, integrating alternative materials and developing refillable products (pages 21 and 22), monitored by Commitment #3 of the BIC Sustainable Development Barometer (see page 23);
- The RecyBIC project to increase the production capacity for pencils in the Ecolution® line using recycled materials (see page 22);
- The use of certified or recycled fibers for packaging, monitored by Commitment #4 of the BIC Sustainable Development Barometer (see page 31);
- The reduction of water consumption is a sub-goal of Commitment #5 of the BIC Sustainable Development Barometer (see page 39). The factories implement numerous actions to reduce their water consumption every year;
- The reduction of energy consumption is a sub-goal of Commitment #5 of the BIC Sustainable Development Barometer (see page 39). The factories implement numerous actions to improve their energy efficiency every year (see page 35);
- The use of renewable energy sources has been implemented in the United States since 2012 and in Greece since 2016 (see page 36).

→ **9.5% of the plastics (by quantity) used in the Stationery category are recycled**

BIC remains vigilant about the issue of soil protection even though it is not a major issue for the Group. Soil use conditions and the measures undertaken for soil protection are explained on page 39.





2.2.2. PRODUCTS CONCEIVED TO MEET AND ANTICIPATE CONSUMERS' EXPECTATIONS

Since its founding, BIC has believed that its products should satisfy and anticipate the expectations of all its consumers. It therefore strives to develop and offer simple, affordable products leaving out anything superfluous, that meet the expectations of consumers and customers in developed countries as well as the needs of developing countries.

2.2.2.1. Encouraging consumers to adopt more responsible consumption habits

◆ Challenges

In the past few years, the demand for responsible products has become a market trend in developed countries. Although this criterion has become a strong expectation among the Group's customers (major retailers, administrations, distributors – see page 19), BIC has observed that the demand for "products offering the best environmental or social qualities" is not significantly higher among the consumers on its markets. Nonetheless, the Group seeks to promote responsible consumption through its product range and consumer information.

◆ Approach

To promote responsible consumption, BIC uses its know-how to develop responsible products and ensures that its consumers are aware of this fact, making a special effort to:

- offer products with the least possible environmental and social impact;
- give consumers accurate, pertinent information to help them make well-informed choices.

All the products that use recycled materials display the Moebius strip symbol as well as information to help consumers make their purchasing decisions. Some BIC® products are *NF Environnement* certified, while others supply information on their environmental and social qualities (eco-values) to help consumers choose products that meet their expectations. The most appropriate approach is chosen for each continent. For example, the communication in Europe emphasizes the *NF Environnement* ecolabel certification of a given product, where it was manufactured, the amount of recycled materials in it or its writing length.



To help consumers make well-informed decisions, BIC strives to improve the clarity and reliability of the communication used for its range of responsible products.

(1) www.bicworld.com/fr/affichage-environnemental.

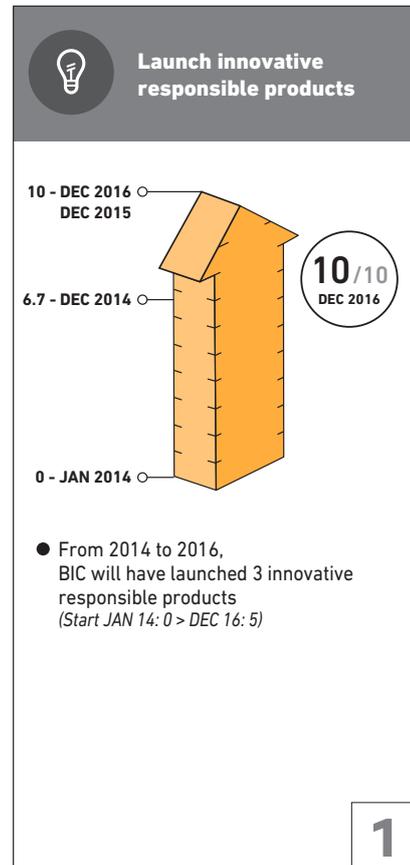
(2) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.

In keeping with its Responsible Communication Charter, the Group seeks to provide clear, accurate consumer information on the benefits of BIC® products. (See 2.1.5.2 "Responsible Communication").

In France, BIC is a member of the ADEME-Quantis platform and participates in the joint effort now underway on environmental labeling of products. To this end, in 2012 the Group launched a test score posting in the form of a dedicated website⁽¹⁾ that shows the ecological footprint of the BIC® Flex 3 and BIC® Flexi Lady shavers and proposes eco-habits that allow consumers to help reduce the footprint.

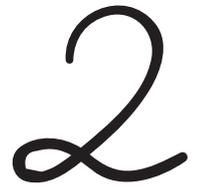
Since 2015, in compliance with French law, BIC Group has been offering consumers sorting instructions for its packaging. This information is posted in a dedicated section of the Group's website.

◆ Performance



RESULTS FOR 2016: A new pen has been added to the list of innovative products with an environmental benefit: the BIC® Cristal® Like Me! Its unique two-shot cap molding gives it a modern, innovative bi-color design, and it is lightweight and long-lasting, giving it a good environmental performance⁽²⁾.





→ **"VOICE OF CONSUMER": FOLLOWING UP ON CUSTOMER AND CONSUMER COMPLAINTS**

BIC's organization makes it possible to collect consumer feedback on its products throughout the Group. All complaints are subject to an in-depth analysis, after which the products in question are sent to the quality team at their factory of origin. The resulting analysis reports, called the "Voice of Consumer," provide a key performance indicator: the number of complaints per million products sold. This ratio has been reduced by half in the past five years and now stands, for example, at 1.6 for all stationery products. The goal for 2020 is to reduce this figure to only one complaint per million products sold.

→ **Twenty-two BIC® writing instruments received the French ecolabel NF Environnement (NF 400)**

◆ **Perspectives**

Responsible products are a permanent and ever-growing feature of BIC's product range. In the coming years the Group will continue integrating these products into its corporate strategy, while giving them greater visibility by pursuing the efforts undertaken to improve the communication of its range of responsible products.

2.2.2.2. Making our products affordable to all

◆ **Challenges**

BIC Group is guided by a vision: "To offer simple, inventive and reliable choices for everyone, everywhere, every time." For BIC Group, making products that everyone can afford means adapting them to markets in developing countries. The pens and shavers marketed by BIC in more than 160 countries promote access to education and personal care. BIC is thus contributing to social progress around the world.

In 2016, 33% of the Group's turnover came from these growth markets.

◆ **Approach**

BIC Group's approach consists of adapting all possible parameters to make its products affordable:

Building close relations between its production units and their distribution markets to facilitate the manufacture of products that are adapted to local consumption habits and purchasing power. For example, a factory opened in Tunisia in 2013 enables the Group to respond more effectively to the needs of the North African markets. In 2015, BIC opened an office in Côte d'Ivoire and a subsidiary in Morocco, allowing it to serve these markets even better.

Creating products for growth markets. One of BIC's goals for 2014-2016 was to create eight products for growth markets, most of which were in emerging countries, as stated by Commitment #2 of the Barometer. In 2016, the BIC® Cristal® Ultra Fine pen was launched in Nigeria, with a fine tip that meets local consumer preferences.

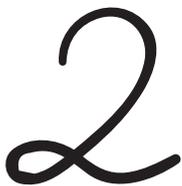
Adapting BIC® products to the buying power of emerging countries, to meet basic needs of the population with quality products. In 2011, the BIC® Comfort 3® shaver was redesigned for South America to suit the buying power of those countries. For its launch in Nigeria, the design and production of the BIC® Cristal® Ultra Fine pen was adapted to ensure compatibility with the local monetary system and buying power.

Completely rethinking the packaging. In certain emerging countries, BIC is marketing its pens, lighters and shavers in packages that contain only one or two items. Examples include the BIC® 1 shaver and the BIC® 1 Lady shaver, which are sold in single-unit or two-unit pouches in Nigeria, Kenya, Madagascar, Côte d'Ivoire, Cameroon, Mali, Pakistan and Bangladesh.

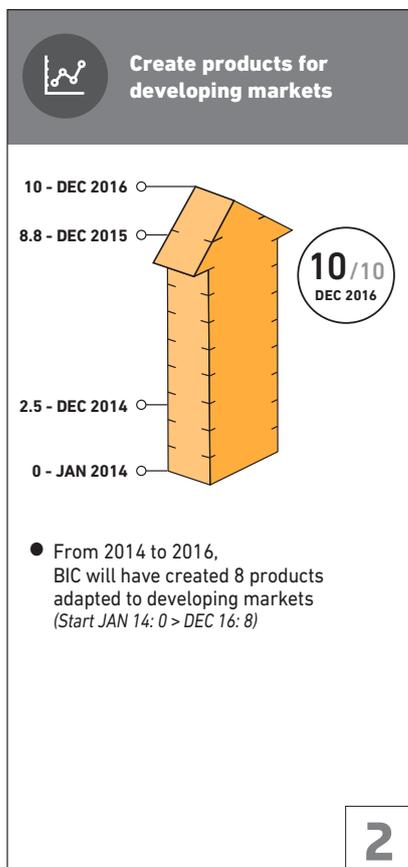
Offering the best functionality at the best price. In emerging countries, where the optimization of the quality-price ratio is of great importance for low-income populations, BIC sets its pricing policies in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds.

Developing innovative distribution models. To reach the most impoverished consumers wherever they live, generally in remote rural areas or on the outskirts of large cities, BIC relies on local retailers to develop appropriate distribution channels, such as individual kiosks or micro-shops, service outlets near schools or specific "Social Business" initiatives (see page 28).





◆ **Performance**



RESULTS FOR 2016: BIC completed its 2014-2016 Barometer with a score of 10/10 for this commitment after the launch of a new product adapted to developing markets: the BIC® Cristal® Ultra Fine, a classic ballpoint pen offering ultra-smooth, precise writing, conceived for students and young adults in Nigeria. In addition, it is manufactured locally due to the country's import regulations, which would have made it impossible to offer to local consumers at an affordable price⁽¹⁾.

◆ **Perspectives**

In 2017, the Group plans to launch a new BIC® Soleil® Sensitive shaver developed especially for the South American markets, especially Brazil and Mexico. Building on the know-how that it has acquired for meeting the needs of North American consumers, BIC has adapted this product to offer high-quality shaving at a lower cost.

2.2.2.3. Experimenting with innovative alternative distribution modes through a Social Business initiative

◆ **Challenges**

The expression "bottom of the pyramid" (BOP) designates the lowest-income populations, for whom most consumer goods remain

unaffordable, primarily because they are designed for more affluent populations at the "top of the pyramid." Today it is estimated that more than three billion people in the world live on less than three U.S. dollars per day. In keeping with its vision of offering "simple, inventive and reliable choices for everyone, everywhere, every time," BIC Group explores ways to make products available that meet the needs of BOP populations. Its longstanding commitment to sustainable development and the BIC® brand's reputation for offering high-quality products at an affordable price is among the Group's key assets for playing an active role in these markets.

◆ **Approach**

In 2016, BIC Group structured its approach to bottom-of-the-pyramid markets to bolster its commitment in this area. A new position was created for a "BOP and Social Business Director" and the Group is in the process of defining a specific BOP strategy.

In addition, for several years BIC Group has taken advantage of its presence in the conventional retail circuits in Bangladesh to try out an innovative "Social Business" distribution model that makes simple, affordable, good-quality products available to the inhabitants of remote areas. In May 2011, BIC joined the Rural Sales Program established by the NGO CARE, called 'JITA' in honor of self-employed women entrepreneurs called *Aparajitas* (women who never give up). Launched in 2004, JITA fights poverty by promoting entrepreneurial ventures amongst the poorest women. Following a change of management for JITA, studies have been undertaken to explore further opportunities.

◆ **Perspectives**

Through its BOP and Social Business approach, BIC seeks to identify potential channels for making its products affordable to all. As a result, the Group is able to participate in the large-scale sharing of solutions for promoting access to education and personal care.

2.2.3. PRODUCT SAFETY

◆ **Challenges**

Concerns for consumer health and safety have led to increasingly stringent, constantly evolving restrictions and regulations on the use of chemical substances and products, as well as more numerous and specific demands on the part of both the public and the regulatory authorities.

◆ **Approach**

The topics of product safety and the protection of consumer health are of strategic importance for BIC. Regulatory compliance and risk management concerning product safety are integrated into BIC's strategy through a body of documents defining the Group's commitment, and through the adoption of strict processes to ensure compliance with all regulations and the production of safe, compliant products. As a result, each day, BIC supplies millions of products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.



The policies for product safety

The **Product Safety Policy**, introduced in 2001, specifies the ten commitments adopted to ensure that the products developed and manufactured by BIC are safe for human health and the environment. They include:

- a systematic program of pre-market product testing;
- a commitment by BIC to comply with national and international safety standards;
- expecting BIC suppliers to comply with national and international safety standards;
- incorporating safety considerations from the earliest stages of product design;
- active technical and regulatory monitoring on these topics;
- innovation to improve safety;
- client awareness;
- conducting in-depth studies;
- implementing appropriate measures in the case of an incident;
- a senior product safety officer oversees implementation of the BIC Product Safety Policy.

BIC has also adopted seven specific commitments to ensure the quality and safety of its lighters (see below):

→ THE BIC GROUP'S SEVEN COMMITMENTS TO ENSURE THE QUALITY AND SAFETY OF ITS LIGHTERS:

1. All BIC® lighter plants are ISO 9001 certified production plants. BIC® lighter products meet or exceed the ISO 9994 international safety standard requirements;
2. BIC is an active member of various organizations (such as the European Federation of Lighter Manufacturers, ISO, CEN, AFNOR, etc.) to provide the latest and most reliable quality and safety information to its customers;
3. Each BIC® lighter undergoes more than 50 separate automatic quality checks. Additionally, BIC conducts regular post-market product tests of its lighters;
4. BIC continuously develops exclusive technology to ensure the quality and safety of all BIC® lighters, including factors like flame height and stability, extinction time, and a reservoir that can resist extreme drop tests and exposure to elevated temperatures;
5. BIC has an integrated production process, designs and develops much of its own machinery and uses all the latest manufacturing technologies, from basic materials right down to the packaged product;
6. BIC employees are all guided by three principles: Method-Precision-Discipline. Each employee in the lighter plants spends nearly 25% of his or her time checking product conformity and proper operation of the control equipment;
7. BIC has been committed to sustainable, long-term safety programs for over 30 years.

Regulatory monitoring and compliance

BIC Group has implemented a comprehensive monitoring system based on formalized regulatory watch procedures in addition to internal and external resources – in particular, the product safety teams' specific knowledge of BIC® products, their components and the materials used. The Group also participates in studies conducted by intra-sector organizations and professional associations⁽¹⁾. In this way it can anticipate regulatory changes, gain a better understanding of the requirements and, as a manufacturer, share its knowledge of the economic and technical factors involved in their implementation.

Marketing compliant products that are safe for human health and the environment

To guarantee consumer safety, the BIC Group Category Directors are responsible for marketing safe products that comply with regulations. To this end, they rely on:

- a product safety qualification process for all products before they are launched in the market (see below).

This solid, longstanding organization is constantly being adapted and expanded to take changing regulations into account. The Leadership Team and management teams are systematically kept abreast of new developments in product safety and regulations.

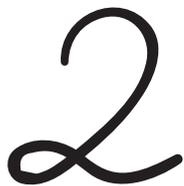
In keeping with the Group's corporate policy, the Advertising and Promotional Products business (BIC Graphic) has developed a dedicated structure and processes to meet its own specific safety challenges. BIC Graphic must ensure the safety of a wide variety of product ranges whose production involves numerous contract manufacturers.

Safety starting at the product design stage

Starting with its design, each BIC® product meets all the national safety requirements for its target market and often international requirements as well. As a result, BIC® products often exceed local safety requirements. For example, a pen sold in France complies with French and European regulations as well as Brazilian standards and the requirements of the U.S. market. It can be sold anywhere in the world and meets the most demanding safety standards.

(1) BIC Group is a member of EWIMA (European Writing Instrument Manufacturer's Association), WIMA (Writing Instrument Manufacturer's Association), ACMI (Art & Creative Materials Institute), TIE (Toy Industries of Europe), EFLM (European Federation of Lighter Manufacturers) and FEBEA (Fédération des Entreprises de la Beauté, French Federation of Beauty Businesses).





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Responsibility concerning our products

Systematic tests

Before they arrive on the market, all BIC® products, including modified products, must pass a full program of safety qualification tests. These tests assess potential hazards, including chemical, physical and inflammability risks. For example, all the inks used in our pens are analyzed by an independent toxicologist who evaluates their potential hazards. Tests are also conducted for the identification of the chemical substances present, to evaluate their risk level, verify compliance with standards and identify substitute ingredients with the aim of reducing risks. In addition, BIC® writing products comply with the various safety requirements in force around the world concerning heavy metals.

BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by independent accredited laboratories, more than three-quarters of the lighter models in the European market fail to meet standards. The Group has initiated actions to raise awareness among the various parties involved.

In 2010, emphasizing the consequences for consumer safety and seeking to counter the competition from the many lighters that do not meet regulatory requirements, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of the Commission's 2006 decision on lighters. As a result, the Commission opened an infringement procedure against the Netherlands. In March 2012 and then in July 2014, the country was served formal notice to explain its failure. The procedure remains pending.

→ COMPLIANCE WITH THE REACH REGULATION

The European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation establishes the regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use.

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has preregistered 70 substances for five of its legal entities. The registration of these substances with the European Chemicals Agency (ECHA) comprises two phases: the first deadline came in 2013 and the second is scheduled for 2018. BIC complied with the 2013 deadline for the three substances that needed to be registered at that time, and the Group has begun preparing for the registration of the remaining substances by 2018.

◆ Progress made in 2016

The training in product safety carried out in 2015 for the Stationery category was continued in 2016 with specific sessions for the BIMA 83 (France) and BIC Bizerte (Tunisia) factories. Training was also extended to Shavers category factories in Europe, involving the factory Directors and quality managers as well as the heads of R&D, marketing and development.

In 2016, these training sessions focused on chemical substance inventories in various countries (REACH in Europe, TSCA in the U.S., NICNAS in Australia, etc.).

Lastly, more than 356 products were tested in independent laboratories.

◆ Perspectives

In the coming years, BIC will continue to adapt its working methods and means to maintain its own standards and level of compliance concerning product safety. The Group also plans to continue developing and extending its product safety training.

2.2.4. OPTIMIZED PACKAGING

◆ Challenges

Packaging is needed at several stages in the life cycle of BIC® products: for their protection, shipping, storage and sale, and for promotional support. BIC's packaging consists primarily of boxes and cases made of plastic, paper and cardboard. This packaging has an environmental impact during its manufacturing and shipping, and at its end of life.

◆ Approach and progress made in 2016

Historically, BIC promotes selling products without consumer packaging or in value packs. In Europe, 72% of writing products are packaged in boxes, trays or pouches of at least ten products (78% in North America), 80% of lighters are sold in trays of at least 50 (72% in North America) and 68% of shavers are marketed in pouches of five, ten or more (50% in North America).

BIC Group Packaging Community

The "Packaging Community" defines and oversees the Group's packaging strategy, specifically through Commitment #4 of the BIC Sustainable Development Barometer – "Select responsible materials for packaging" – as well as other best practices related to packaging (optimization and waste reduction). It unites packaging experts from around the world in a network for sharing tools and best practices in responsible packaging, duplicating them as appropriate. This community meets about six times per year.

Three priorities for reducing the impact of our packaging

Priority #1: Selecting responsible packaging materials

With the aim of continuing and widening its efforts to reduce its environmental footprint resulting from the production of packaging, the Group decided to devote a commitment of the 2014-2016 Barometer to two goals, one on cardboard packaging and one on plastic packaging:

- by 2016, 90% of BIC's cardboard packaging will be from a certified and/or recycled source, i.e. an 18% improvement;
- by 2016, 90% of BIC's plastic packaging will be PVC-free, i.e. a 27% improvement.





Certified and/or recycled sourcing for cardboard packaging

In order to increase the use of certified or recycled cellulose fiber in its packaging, BIC works closely with its packaging suppliers to help them obtain certification and improve their supply processes. Certifications can be: FSC (Forest Stewardship Council), SFI (Sustainable Forestry Initiative) or PEFC (Pan European Forest Certification).

As of December 2015, the Group has reached its goal of having 90% of its packaging come from certified sources and/or contains more than 50% recycled fibers. At the end of 2016, the Group's rate was more than 92% overall. This result reflects the efforts made on several continents and in some factories to select suppliers that are engaged in a long-term responsible approach.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago in Europe (more than 99% PVC-free) and is well advanced in the U.S. and Mexico.

Depending on the type of packaging, the transition from PVC to PET can entail a few simple adjustments of the machine settings or, in other cases, a complete reworking of the packaging system. For this reason, the "Packaging Community" works with the factories and R&D, getting the marketing teams involved as far upstream as possible.

In 2016, the Group made progress in the following areas:

- technical constraints concerning the adaptation of the machines and the stability of the raw materials have slowed down the transition from PVC to PET in Brazil and Mexico;
- however, in Mexico, the packaging of two top-selling lighters was transitioned from PVC to PET in December 2016;
- in the U.S., the transition from PVC to PET began in 2012. At the factory in Charlotte (North Carolina), the installation in 2016 of two new PET-compatible machines for blisters, bringing the total to six, will make it possible to reach the goal of 90% PVC-free packaging in Q1 2017.

Priority #2: Reducing the quantity of packaging per product sold

BIC Group actively seeks to reduce the weight and volume of its packaging through multiple targeted actions around the world in accordance with local distribution models. For example, in the U.S. in 2016, BIC continued its participation in Walmart's "Packaging Scorecard" program, which puts a premium on seven "Rs" for progress: Remove, Reduce, Reuse, Recycle, Renew (use renewable materials), Revenue (look for savings), and Read (educate consumers).

In Brazil, following a study conducted in 2015 to optimize the placement of blister packs in cardboard boxes, two major improvements have been made: since Q1 2017, BIC® 3 and BIC® Comfort 3® shavers are now sold in blisters of eight. Compared with hanging cards of 12 blisters of two, this makes it possible to reduce the packaging per unit sold by 40% for BIC® 3 and 47% for BIC® Comfort 3® shavers.

Priority #3: Reducing packaging waste

The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte site in the U.S. has already reached the program's goal of 100% waste recycling.

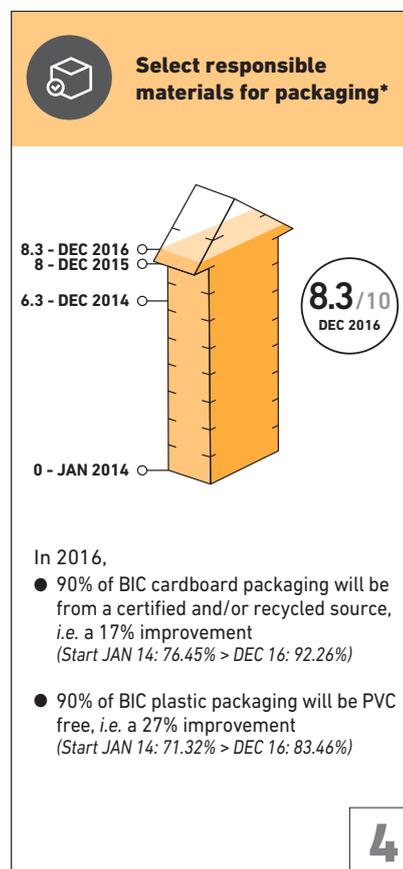
This result has been achieved through packaging design and working with suppliers to minimize waste and provide outlets for recycling paperboard and plastic packaging components; and lastly by using non-recyclable wastes for energy recuperation (3.8%).

Lastly, the "Packaging Community" seeks to reduce the amount of waste generated by the destruction of stocks of obsolete packaging.

In order to encourage recycling by consumers in the U.S., "Club" packaging and blister packs of Stationery and Lighters categories have been redesigned to facilitate the separation of different materials and thus improving recycling.

In Australia, since 2013, BIC has been a member of the Australian Packaging Covenant (APC), a governmental initiative to promote the development of more sustainable packaging systems, increase recycling and reduce packaging waste – three priorities shared by BIC Group. BIC Australia has defined several goals in this area.

◆ Performance



* BIC Graphic excluded.

RESULTS FOR 2016: The Commitment #4 of the BIC Sustainable Development Barometer had the double objective to have 90% of cardboard packaging from a certified and/or recycled source, and 90% of plastic packaging without PVC. In 2016, the first objective has been reached and exceeded (92.26%) thanks to a good performance in all areas. The second objective has not yet been reached (83.46%) but will continue to be monitored so that it is achieved in a short amount of time. This commitment scored 8.3/10⁽¹⁾.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.



2

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY Responsibility concerning our products

◆ Perspectives

In the U.S., a study is underway to reduce the size of the package for the Mega Lighter™ Flex®, with the goal of increasing the number of lighters shipped per pallet by 50%.

Also in the U.S., once all plastic packaging is 100% PVC-free, the Group will research ways to raise consumer awareness of the importance of sorting these materials for recycling.

In addition, BIC will pursue its programs to reduce the amount of materials used in its product packaging as well as the packaging waste generated by its factories.





2.3. Environmental responsibility concerning our operations

As an industrial leader in the manufacture of consumer products, BIC is committed to ensuring that its production facilities operate in an environmentally responsible way. BIC Group strives to reduce the impact of its manufacturing operations, optimize the shipping of its products and control the environmental footprint of its sales and support activities.

BIC exerts good environmental control over its entire manufacturing chain due to two factors. First, BIC favors in-house production over contract manufacturing (90% of the Group's net sales are generated by products manufactured in its own factories; 93% in the Consumer Goods business and 74% in the Advertising and Promotional Products business of BIC Graphic). Secondly, in the Consumer business in Europe, 85% of the products sold on this continent are also manufactured there.

2.3.1. OUR FACTORIES

◆ Challenges

To manufacture its products, BIC uses raw materials (plastics, inks, paperboard, metals, etc.), consumes resources (water, energy) and produces waste. The Group is aware of the environmental impact of its production activity and is committed to minimizing it. While the need for raw materials is determined mainly by the design of the products (see § 2.2.1. *Our products' environmental performance*, page 21). The factories that manufacture BIC® products assume the important responsibilities of optimizing their water and energy consumption, as well as reducing greenhouse gas (GHG) emissions and waste production.

◆ Approach

The **Environment, Health & Safety (EH&S) Policy**, defined in 2005 and signed by the CEO, codifies the Group's commitment to assessing, managing, and improving the environmental and safety impacts that result from our operations, our products and our packaging. The Policy specifies BIC's dedication to:

- pollution prevention;
- health and safety risk prevention;
- regulatory compliance;
- continuous improvement;
- awareness and involvement.

The EH&S Policy is deployed at all production sites. Since 2010, this Policy applies to all BIC Group factories and is currently being implemented at the Cello Pens' factories.

BIC maintains a formal procedure to review the BIC EH&S Policy to ensure that it remains pertinent and appropriate to the business. This procedure describes a periodic assessment and revision of the Policy to ensure that the Policy is still appropriate for any changes in the Group's activities and products, including acquisitions and changing stakeholder expectations.

2.3.1.1. Management systems

The Group's Policy on Environment, Health & Safety (EH&S) requires factories to implement pragmatic management systems designed to involve all stakeholders, as well as to drive continuous improvement of operational performance. Every BIC factory has a local EH&S manager in charge of deploying and maintaining these management systems. In addition, the Stationery category, which has the most sites around the world, employs a central EH&S manager who coordinates with local EH&S managers to ensure that all facilities comply with the Group's Policy and objectives, and to monitor site performance by consolidating, analyzing and communicating the results achieved.

Implementing an environmental management system involves the identification of the regulatory requirements that apply to the site and the analysis of its compliance with those regulations, as well as an in-depth review of all aspects of the site's activities and environmental impacts (water, air, soil, noise, etc.).

The environmental management system helps ensure **compliance with applicable laws and regulations concerning the environment**. This may include periodic audits and controls that are carried out internally or with the assistance of an independent external company. An action plan is established to correct any identified compliance issues.

Within the framework of the management systems, action plans are defined to limit environmental impact. Simple improvement targets are set for the factories to contribute to BIC's overall environmental performance while meeting their own specific challenges (production, resources, geographic location, etc.).

In 2015, the Conté-Samer (France) and BIC Violex (Greece) factories obtained ISO 50001 certification, the international standard for energy management. This certification requires the definition of goals to improve energy consumption and the adoption of a system to track the results achieved to ensure ongoing improvement in energy management.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

In April 2015, the BIC Viorex factory (Greece) was granted European Water Stewardship (EWS) Gold certification in recognition of its adoption of a water management system that optimizes consumption, reduces pollution, encourages the sharing of best practices, etc. EWS certification also requires close cooperation with the other users of the catchment basin for the joint management of this resource.

The environmental management systems deployed in BIC Group's plants call for contingency plans to deal with pollution accidents. Emergency prevention and response plans have been established in locations where there is an identified risk of **an accident with consequences outside plant boundaries**.

For example, in France, the two SEVESO plants have emergency procedure protocols (*Plan d'opération interne* and *Plan Particulier d'Intervention*), and a major hazard prevention policy (*Politique de Prévention des Accidents Majeurs*). They have also implemented a safety management system.

Outside France, some Group plants have equivalent emergency plans that address risks with potential off-site consequences. For example, plants in the U.S. maintain an Emergency Response Plan that includes prevention and management of the off-site consequences of any accidents.

→ A SECOND FACTORY OBTAINS LEED CERTIFICATION

Following the granting of LEED (Leadership in Energy and Environmental Design) certification of the BIC Bizerte factory in Tunisia in 2013, the BIC (Nantong) Plastic Products lighter factory that opened in China in 2015 has also earned this certification. The factory was commended for its optimized water management, its numerous measures to reduce energy consumption (with the goal of -14.5% in relation to a baseline), the elimination of coolants that could damage the ozone layer, the promotion of eco-friendly transport methods for the people who work in its building, the sourcing of more than 20% of its materials within an 800-kilometer radius, the choice of certified wood for sustainable forest management, and its strict air quality management.

◆ Progress made in 2016

Once again in 2016, the management systems of BIC Sport (France) were recognized as a best practice and the subsidiary earned the renewal of its gold level Ecoride label. Ecoride is an initiative of the board sports association EuroSIMA Cluster (in partnership with ADEME Aquitaine). This label stresses the high level commitment of BIC Sport.

Beyond the accounting of its own environmental impacts, BIC Group also considers the impacts of its supply chain. Since 2014, the Workplace Conditions Assessment (WCA) platform for auditing subcontractors' working conditions (see page 62) has included a comprehensive questionnaire on environmental performance, accounting for 10% of the total number of questions posed. Of the 68 suppliers who were active and audited in 2016, nine suppliers had deficiencies relating to the environment. A total of 19 deficiencies were identified, 42% of which were minor and 58% moderate.

PIMACO (Brazil) and BIC Graphic La Granada (Spain) have achieved registration to ISO 14001 in 2016, bring BIC's total to 15 factories registered to the environmental standard. BIC Graphic La Granada has also joined 22 other BIC factories with registration to the ISO 9001 quality standard.

◆ Performance

In 2016, the implementation rate for BIC management systems at BIC-owned product factories is 92% complete for the environment and 91% complete for health and safety. These rates for management system implementation vary every year as plants join or leave the scope and others make progress, but rates remain consistently high.

In addition, 83% of BIC employees work in factories that are registered or engaged in ISO 14001 and 41% of employees work in product facilities that are registered or engaged in OHSAS 18001 registration.

BIC's continued and steady progress in systems registrations underscores the Group's commitment to the highest standards of environmental protection and quality.

2.3.1.2. Reducing water consumption and assessing the scarcity of the resource

Reducing water consumption

◆ Progress made in 2016 and performance

Water consumption per ton of production decreased by 11.7% between 2015 and 2016. Total water consumption decreased by 7.2% over the same period while production increased by 5.1%. This results from a multi-year effort by BIC Group factories to improve water-use efficiency.

By normalizing water consumption to production, the measure of water efficiency is less dependent on fluctuations in production volumes. However, it is important to note that:

- for BIC Group's purposes, "water consumption" is understood to mean total water intake. Some of this water is not used for the factories' operations, in which case it is treated and discharged. The fact that the Group takes water intake and not actual consumption into account tends to maximize its impact;
- a portion of water consumption, for building maintenance or watering for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high tonnage of production (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 70 for additional information.

In 2016, 13 sites reduced their ratio of water consumption per ton of production. BIC Rasoirs (France), which represents an important part of the Group's water consumption (23%), reported a 25% decrease in its ratio, mostly due to a decrease of groundwater consumption (-38% between 2015 and 2016) via connecting machinery to water-saving cooling systems.

Some improvements have also been reported by BIMA 83 (France), BIC CORPORATION – Gaffney (U.S.), PIMACO (Brazil), BIC Ecuador (Ecuador), BIC Bizerte (Tunisia), B.J.75 (France), BIC Iberia (Spain), BIC Shavers Mexico (Mexico), BIC CORPORATION – Milford (U.S.), BIC Technologies (France), BIC Graphic Tampa (U.S.) and BIC Graphic Sleepy Eye (U.S.). These plants, which represent 29% of the Group's water consumption, and 48% of the production of finished and semi-finished products, have improved their ratio of water consumption per ton of production by 16% overall.

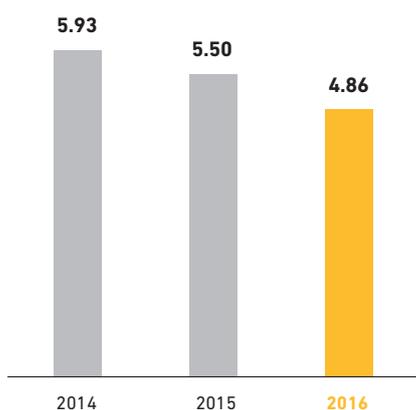




PIMACO and BIC Amazonia (Brazil) have installed rainwater collection systems. Rainwater is reused as domestic water at PIMACO (Brazil) and as cooling water at BIC Amazonia (Brazil).

BIC Group plants completed or implemented six projects targeted specifically at water savings during 2016.

ANNUAL WATER CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION – IN M³/TON



Assessing the scarcity of water resources at our factories

In 2016, BIC Group consumed 482,452 cubic meters of water worldwide. However, in addition to the volumes consumed, it is essential to consider where this consumption takes place. It can occur in so-called “water stress” zones where water is a scarce resource. The uneven distribution of water across the planet and limited access to it, may give rise to severe political and social tensions.

In 2014, to identify priority action zones, BIC Group sought to determine the degree of scarcity of water at its factories. An assessment of the risks related to water and its availability was carried out based on the factories’ geographic locations and use of the “Global Water Tool of the World Business Council for Sustainable Development” (WBCSD).

Only five BIC factories are located in water stress zones: one (in the Picardy region of France) in a medium stress area and four (in South Africa and Spain) in areas of water scarcity. The strain on the water supply in these zones is due to a combination of high population density and limited water resources.

A cross-analysis of the scarcity of water and the factories’ water consumption rates shows that the sites in water scarcity areas already limit their consumption. The Group will continue to improve the water consumption ratios at these sites. This new correlation of water consumption and scarcity enables BIC to prioritize its action plans for reducing water consumption.

2.3.1.3. Reducing energy consumption and greenhouse gas emissions

◆ Progress made in 2016 and performance

Optimizing energy consumption

At the Group level, the Purchasing departments have developed an ambitious procedure for the purchase of “fluids” (electricity, gas, water). A dedicated buyer handles the electrical supply contracts in close cooperation with the factories, talking to the suppliers and negotiating the most advantageous contract for all French plants. The buyer is in contact with the people in charge of monitoring energy consumption at each site, keeps them up to date on the best practices developed in the Group and monitors and shares new developments in cooperation with experts in the field.

Similarly, many factories forge partnerships with their suppliers to explore all options for reducing electrical consumption.

In addition, BIC constantly strives to strike a balance in its factories between optimal productivity and associated energy needs. For example, the Group has implemented a program to replace hydraulic injection machines with more energy-efficient electrical machines.

Energy consumption per ton of production decreased between 2015 and 2016 (-3.6%), resulting from a continuous effort to improve efficiency, led by BIC Group factories. It is notable that during the same period, production increased by 5.1%.

By normalizing energy consumption to production, the measure of energy efficiency is less dependent on fluctuations in production volumes. However, it is important to note that:

- a portion of energy consumption, for building heating or lighting for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high tonnage of production (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 70 as additional information.

Fourteen sites improved their ratio of energy consumption per ton of production in 2016.

Conté-Boulogne (France), BIMA 83 (France), BIC CORPORATION Gaffney (U.S.), BIC Mexico (Mexico), B.J.75 (France), BIC Iberia (Spain), BIC Violex (Greece), BIC Graphic Sleepy Eye (U.S.) and BIC Graphic Red Wing (U.S.), representing 54% of the Group’s energy consumption and 60% of the production of finished and semi-finished products, have improved their energy efficiency by 4%. For example, BIMA 83 (France) achieved a 10% reduction in its energy consumption per ton of production thanks to the installation of a new high-efficiency boiler in 2015.

Improvements were also reported by PIMACO (Brazil), BIC South Africa (South Africa), BIC Bizerte (Tunisia), BIC Shavers Mexico (Mexico), BIC Technologies (France) and BIC Sport (France).





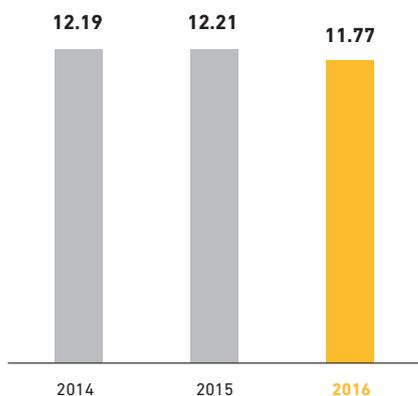
OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

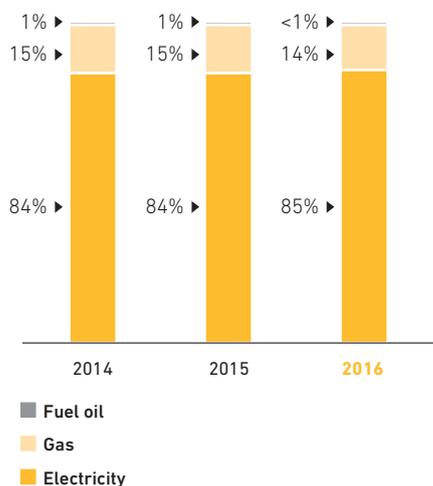
Energy efficiency programs at Group sites also included the replacement of production equipment with more energy efficient units, replacement of lighting with energy-saving units or LED lamps, as well as the optimization of heating and cooling systems.

BIC plants completed or implemented 28 projects targeted specifically at energy savings during 2016.

ANNUAL ENERGY CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION – IN GIGAJOULES/TON



CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



The use of renewable energy

BIC Group continues to seek and seize opportunities to promote renewable energy sources, depending on local contexts and feasibility. Since 2012, BIC has purchased renewable energy certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (U.S.) locations: the headquarters, a factory and a warehouse facility. BIC renewed this commitment in 2015 for the period from 2015 to 2017, to help support the development and production of renewable wind-generated electricity. Constellation NewEnergy, the supplier, estimates that based on BIC's projected annual consumption for the next two years, these RECs represent

the avoidance of approximately 9,800 teqCO₂ indirect emissions per year that would otherwise be produced by the electricity grid.

A portion of this REC purchase concerns 7,100 teqCO₂, corresponding to emissions attributable to the grid electricity consumption of BIC CORPORATION in Milford (U.S.). Since this site is included in the Group's environmental reporting perimeter, this represents 8% of all greenhouse gases emitted by the Group's factories.

In addition, in 2016, the BIC Viorex site purchased guarantee of origin (GoO) certificates that cover its entire energy consumption with renewable energy. These certificates represent 37% of all indirect greenhouse gas emissions from the Group's factories. This proactive approach by one of BIC's largest energy-consuming sites exemplifies the investments made every year to improve energy efficiency, as well as the Group's commitment to reduce the impact of its energy consumption.

Therefore, in 2016, the Group owns renewable energy certificates (REC; GoO) for 23% of the Group's electricity consumption, corresponding to 45% of its indirect greenhouse gases emissions.

Limiting the contribution to climate change

Fighting climate change is an integral part of BIC's Sustainable Development Program.

For 2016, BIC Group quantified the direct and indirect emissions of GHG from its manufacturing plants (scopes 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2016 was estimated at 8,689 teqCO₂, *i.e.* a 4.1% decrease compared to 2015;
- **the indirect emissions** (scope 2) are GHG emissions resulting from the production of the electricity consumed by the factories. The total amount of indirect GHG emissions in 2016 was estimated at 89,742 teqCO₂, *i.e.* an increase of 0.2% compared to 2015.

The total amount of direct and indirect GHG emissions was thus estimated to be 98,431 teqCO₂ in 2016. Given that production increased by 5.1% between 2015 and 2016, the ratio of direct and indirect GHG normalized to the Group's production has decreased by 5.1%. The ratio of energy consumption normalized to production decreased by -3.6% over the same period.

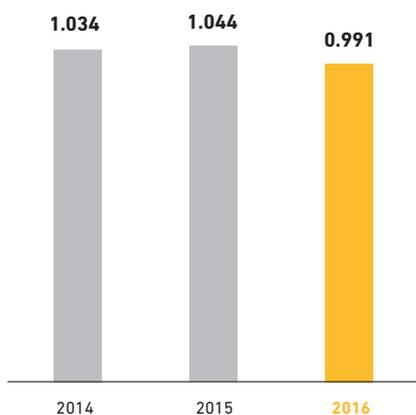
In addition, BIC Group conducted a study of the main causes of greenhouse gas emissions related to BIC's operations and consumption of goods and services, based on a carbon footprint study of the Clichy headquarters (France) and two factories (BIC Amazonia in Brazil and BIC Rasoirs in France) using the ADEME *Bilan Carbone*[®] method. The results demonstrated that in addition to direct emissions (scope 1) and indirect emissions (scope 2), the main sources of scope 3 emissions are: the purchase of products and services, upstream and downstream transport, and product end of life. In these areas, the Group is implementing procedures to limit its footprint through: eco-design (see page 21), the optimization of shipping by limiting the weight of its products, the reduction of air freight, the optimization of shipping routes, including selection of its locations (see page 39), as well as adoption of a circular economy approach (see page 25).

Added to scopes 1 and 2, these five sources account for nearly 80% of the Group's total emissions (excluding Cello Pens). In 2017, BIC Group will study the possibility of introducing more detailed reporting on the main scope 3 emission sources.





**ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS
NORMALIZED TO PRODUCTION - IN TONS OF CO₂
EQUIVALENT/TON - BIC FACTORIES**



For the past nine years, BIC has provided information to the Carbon Disclosure Project (CDP). In 2016, the Group received an A rating, which places it on the CDP "Climate A List" of companies that are making an outstanding contribution to the fight against climate change. This makes BIC one of 14 French companies to have received this distinction, out of more than a thousand participating companies. In 2016, BIC Group has also joined the "Supplier Climate A List" by answering to an additional "Supplier" module, as requested by some customers.

Moreover, BIC Group is one of the 29 worldwide companies that are a part of the "Supplier Engagement Leader Board", recognizing the efforts and actions with respect to climate change and management of its value chain.

**Adapting to the consequences of climate change:
extreme rainfalls, floods, droughts**

Certain BIC sites are located in zones exposed to risks related to climate change, in particular more frequent or extreme rainfall.

BIC has implemented a risk evaluation procedure, as well as management systems, to deal with this type of event, and has taken out insurance policies to cover any financial consequences. All the sites in question have developed a flood emergency plan that is updated annually.

In addition, a specific plan has been developed by an internal group of experts, to protect the information systems that are vital to the Group's operations. This plan makes it possible to identify any environmental or accident risks and implement the appropriate security measures.

2.3.1.4. Reducing waste production

◆ Progress made in 2016 and performance

In 2016, BIC Group reported a slight increase (+0.5%) in the amount of waste generated per ton of production compared to 2015. This results from an increase in the ratio of non-hazardous waste per ton of production (+1.0%), which represents almost 88% of the waste generated by the Group, and from a decrease in the ratio of hazardous waste (-3.6%). The increase in non-hazardous waste is mainly due to expansion work or renovation of buildings or development of new products and manufacturing equipment.

BIC plants completed or implemented 11 programs targeted specifically at waste reduction during 2016.

**ANNUAL PRODUCTION OF WASTE NORMALIZED TO PRODUCTION
- IN TONS/TON - BIC FACTORIES**



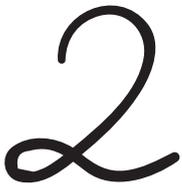
Hazardous waste

In 2016, BIC Group registered a 3.6% decrease in hazardous waste generated per ton of production compared to 2015. This decrease is mainly due to a return to normal after a temporary surge in non-compliant products being destroyed in 2015. In total, nine sites improved their ratio of hazardous waste generated per ton of production in 2016.

PIMACO (Brazil) reported a 20% decrease in its ratio of hazardous waste per ton of production, following the substitution of paint-cleaning liquid with a non-hazardous product. Improvements were also reported by Conté-Boulogne (France), BIC CORPORATION – Gaffney (U.S.), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Sport (France), BIC Technologies (France), BIC Graphic Europe (Spain) and BIC Graphic Sleepy Eye (U.S.). These factories, which represent 26% of the Group's annual production of finished and semi-finished products, reported a 31% decrease overall in their ratio of hazardous waste generated per ton of production.

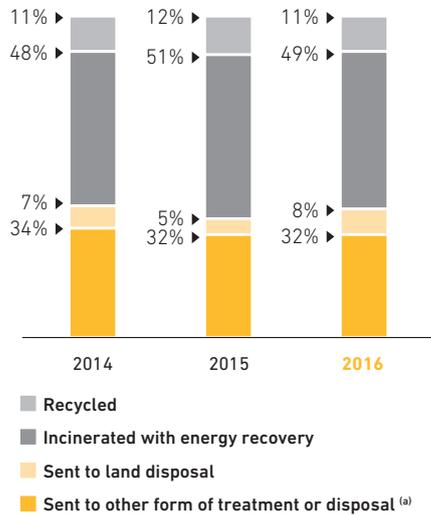
In addition, some factories utilize a wastewater treatment plant to treat some hazardous waste such as that from the surface treatment workshops, transforming it into metal hydroxide sludge, which can be managed to nearly eliminate risk to the environment.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Environmental responsibility concerning our operations

HAZARDOUS WASTE TREATMENT - % OF TOTAL EXPRESSED IN TONS - BIC FACTORIES



(a) "Other treatments/disposal" represents all other forms of waste treatment, including incineration without energy recovery.

Non-hazardous waste

In 2016, BIC Group's ratio of non-hazardous waste generated per ton of production increased slightly compared with 2015 (+1.0%).

Twelve factories improved their ratio of non-hazardous waste generated per ton of production between 2015 and 2016.

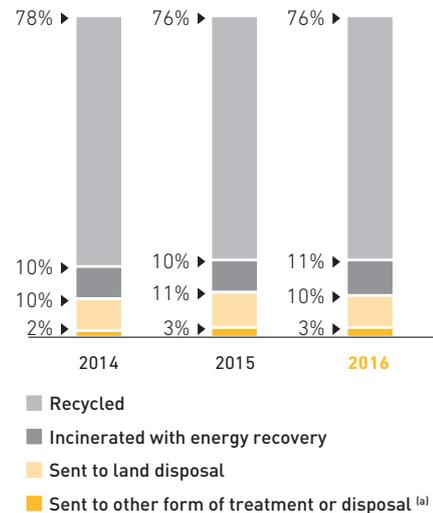
Improvements were reported by Conté-Boulogne (France), BIMA 83 (France), BIC CORPORATION – Gaffney (U.S.), PIMACO (Brazil), BIC Mexico (Mexico), BIC Bizerte (Tunisia), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Shavers Mexico (Mexico), BIC Technologies (France), BIC Graphic Red Wing (U.S.) and BIC Graphic Sleepy Eye (U.S.). These factories, which represent 37% of the

Group's annual production of finished and semi-finished products, reported a 14% decrease overall in their ratio of non-hazardous waste generated per ton of production.

For instance, BIC Iberia (Spain) has improved its extrusion process, which contributed to the reduction of the amount of plastic purge and the decrease the amount of plastic film waste.

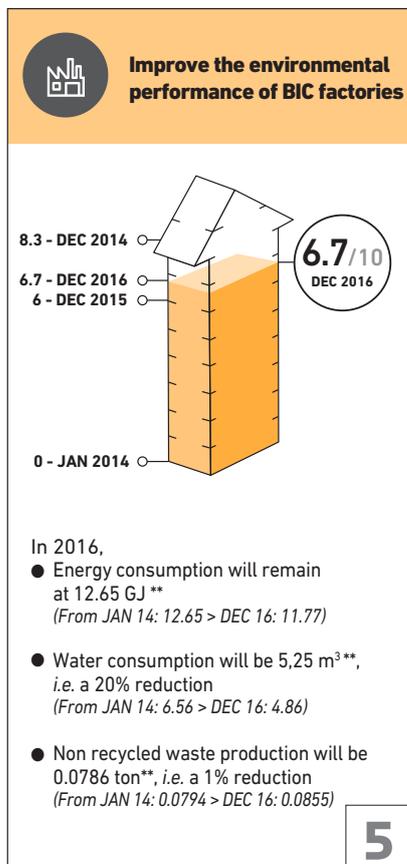
In addition, in 2016, BIC Shaver Mexico (Mexico) has reduced quantities of raw materials shipped by plane (and packed in wooden crates), which enabled a 23% decrease in its ratio of non-hazardous waste generated per ton of production between 2015 and 2016.

NON-HAZARDOUS WASTE TREATMENT - % OF TOTAL EXPRESSED IN TONS - BIC FACTORIES



(a) "Other treatments/disposal" represents all other forms of waste treatment, including incineration without energy recovery.





** Per ton of production.

RESULTS FOR 2016: The commitment score has increased but the objective is not achieved. Reductions in energy and water consumption exceeded the objectives set, as the energy consumption per ton of production has decreased by around 7%, and for water by more than 25%. The non-recycled waste production has increased. The engagement ends with a score of 6.7/10⁽¹⁾

2.3.1.5. Reducing other forms of environmental impact

Impact on biodiversity

BIC Group's effect on biodiversity takes place primarily through its land use (industrial, logistical and administrative sites) around the world.

To evaluate this impact, BIC relies on a "site approach". An initial cartographic analysis of the physical surroundings of each BIC factory has been carried out to identify sensitive zones and prioritize the factory's risks of impacting their particular local biodiversity. The majority of BIC's factories are in non-sensitive (in most cases industrial) zones, and neither their land use, nor their operations, pose any evident risk to their surroundings.

2016 was the sixth year that BIC conducted a survey of the actions undertaken to protect biodiversity. In places where there are specific

obligations, the management systems address the problem and enable follow-up.

In addition, BIC installed three beehives at the Clichy headquarters site (France) in cooperation with Ekodev during 2016. Through this same partnership, BIC also sponsors a hive of Melipona bees in the Yucatan Peninsula of Mexico and contributes to the effort to reintroduce this bee in its natural environment.

Air, water and soil release that seriously affect the environment

The nature of our manufacturing operations, primarily the molding and assembly of plastic products and printing of products, has a relatively low local environmental impact compared with other manufacturing sectors. Nevertheless, the BIC Sustainable Development program, based on the EH&S Policy (see page 33), requires each site to measure, evaluate and reduce every significant form of environmental impact.

Conditions for use of soil

In Europe and the U.S., where most of the Group's sites are located, whenever an industrial site is closed, BIC ensures that plant decommissioning is performed in accordance with local laws and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of pollution at European plants used over many years demonstrate that the Group's business does not have a significant impact on soil and subsoil.

For French plants subject to specific regulatory requirements, the policy for preventing the risk of soil pollution is an integral part of the operating plan.

Noise and odor impact

Odor is considered an insignificant aspect in the Group's product molding, assembly and printing activities.

As far as noise impact is concerned, measures are taken within the property limits in the context of local regulations. If noise pollution is brought to the Group's attention in the future, studies will be conducted and any appropriate corrective actions implemented.

2.3.2. LIMITING THE ENVIRONMENTAL IMPACT OF SHIPPING

◆ Challenges

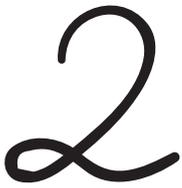
The objective of BIC's shipping management system is to ensure the availability of its products to around four million points of sale all over the world, thus maximizing customer satisfaction, while at the same time reducing the environmental impact of its transport activities and to optimize costs.

BIC engages in two types of transport for its products:

- "Inter-site shipping" which refers to factory-factory and factory-warehouse shipments (inter- and intra-continental);
- "Distribution shipping" which refers to shipments from the factories or warehouses to the end customer.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

Due to the environmental and financial impact of air freight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 1.9% of the total tonnage shipped, air freight is the transport method that generates the most GHG: in 2016 it represented 67.7% of the Group's total emissions from transport.

◆ Approach and progress made in 2016

BIC Group has factories all over the world, which tends to limit the need for shipping its products. For example, in the Consumer business in Europe, 85% of the products sold on a given continent are manufactured on that continent.

In addition, BIC has chosen to outsource its transport operations while maintaining a high level of internal expertise in the management of service providers, flow engineering and transport management tools. A specific effort focused on each transport flow is the best way to provide high-quality, competitive shipping while reducing environmental impact.

Led by BIC's "Transport Community," which unites the shipping managers on each continent, the Group's approach is comprised of three main tactics:

- raising awareness and controlling emissions;
- optimizing shipments and routes;
- selecting responsible carriers.

In 2014, to concentrate the Group's efforts on the reduction of air freight, BIC devoted Commitment #6 of its new Barometer to this challenge (see page 41).

Raising awareness and controlling emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by several teams within BIC Group, from production to transportation, sales and warehouse management.

In 2016, Ecuador joined the Transport Community, thus expanding the sharing of know-how within the Group. Since 2014, the Transport Community has been working closely with the categories (Stationery, Lighters, Shavers) and a steering working group tasked with identifying solutions to achieve significant and long-term reductions in air freight. In 2016, the Transport Community continued to consult with experts and work in cooperation with customers. Transport companies that are committed to sustainable development are regularly consulted on topics that, in 2016, included: improving understanding of the aviation sector, its role in climate change, and an overview of the air transportation industry's comprehensive plan for reducing its future contribution to GHG emissions. A major carrier also presented its sustainable development approach and related tools.

Since 2016, the transport teams of certain countries have been given specific goals for sustainable development, along with cost reduction and improved customer satisfaction, thus boosting innovation and encouraging new initiatives.

The specific monitoring of air transport was introduced in 2014, with quarterly reports to the management teams in each zone. With this new tool in place, the Transport Community is focused on this issue at the highest managerial levels. A detailed analysis of these reports has allowed the Transport Community to identify worldwide flows and to define three key actions for their optimization. A call for

tenders has been launched as a result of this analysis, prioritizing cost and flow optimization while clearly incorporating sustainable development criteria.

In Europe, a new tool is being implemented as part of a pilot project concerning distribution shipping in France, Benelux and the U.K. Called the "TK'Blue index." It is used to measure GHG emissions due to transport as well as all related negative externalities (noise, soil and air pollution, safety, congestion), while also taking social factors into account. This index enables the precise, reliable monitoring of GHG emissions resulting from the shipping of BIC® products, based on the transport providers' current vehicle fleets and applying the same calculation method for all providers. It can be included as a criterion in the selection of carriers.

Optimizing shipments and routes

In shipping, the main leverage points for decreasing emissions are the reduction of the distances traveled, the choice of transportation mode and load optimization. BIC's logistical teams work on all three points in cooperation with other departments within the Group, such as Production and Sales, and its service providers. Following the completion of a project to map all intra-Group flows, a study is being conducted to pool shipments on a Group-wide scale.

A great many actions were undertaken in 2016 to optimize shipping and routing:

- In the United States, the redesign of packaging for the BIC® Simply Soleil® shaver line resulted in a 20 to 40% reduction in the use of plastics and cardboard as well as the optimization of transport;
- A more direct route from France to Central America – bypassing Mexico – (Guatemala, Dominican Republic, Honduras) was opened in 2016 to further reduce shipping costs and related GHG emissions, thus saving 153.9 teqCO₂ emissions;
- Since 2014, shipments of shavers from Greece to Mexico have been optimized by shipping only blades, which are then assembled on handles at the Saltillo site (Mexico). In 2016, this optimization made it possible to avoid the expedition of 13 containers, for a greenhouse gas reduction of 77 teqCO₂;
- As of 2016, nearly 44% of sea-borne imports to Mexico are shipped to the warehouse via rail from the port of Veracruz;
- In Brazil, the opening of a distribution center in the northeastern part of the country has made it possible to replace road transport by coastal shipping. The goal is to ship 20% of the products sold to consumers in this region by water, thus reducing the delivery time by 38% and avoiding the emission of 370 tons of CO₂ per year;
- In France, a test of water transport from the BIC shavers factory to the port of Le Havre was deemed inconclusive. Despite sizable reductions in GHG emissions, the delivery times were too long. The Group continues to monitor the evolution of this service, and would reassess its use if more frequent shipments were possible.

Selecting responsible carriers

Logistical operations are carried out by transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions, including the condition of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc.





In conjunction with the Group's responsible purchasing policy, BIC selects carriers that can reduce the ecological footprint of its shipping operations. For example, in the U.S. and Canada, the Group only works with carriers that have received SmartWay® certification, a program designed by the U.S. Environmental Protection Agency.

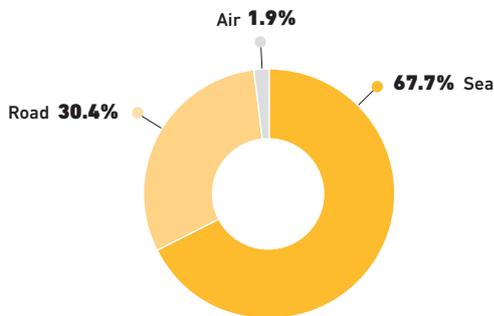
To encourage its transport service providers to adopt responsible practices, BIC has incorporated the reduction of GHG emissions in its criteria for selecting carriers.

Lastly, to foster its carriers' commitment to corporate responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all the Group's transport teams worldwide, to be put into practice with their service providers. To facilitate their carriers' efforts, in 2015 the Brazilian teams developed a methodology for auditing a transporter's commitment in relation to the requirements of the BIC Code of Conduct, with the goal of rewarding the most committed vendors.

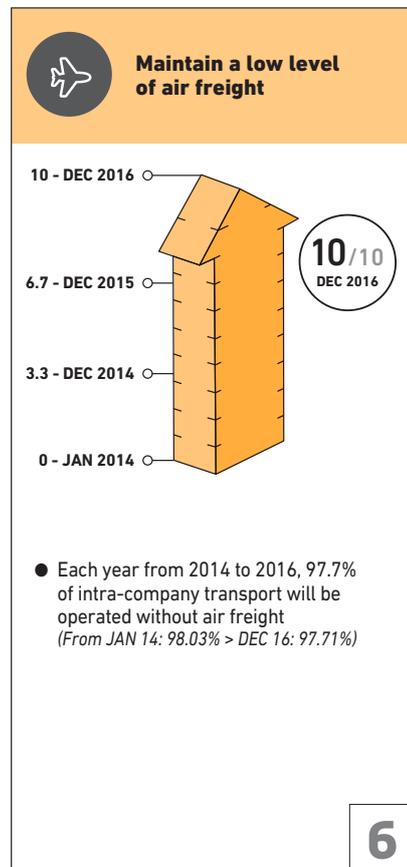
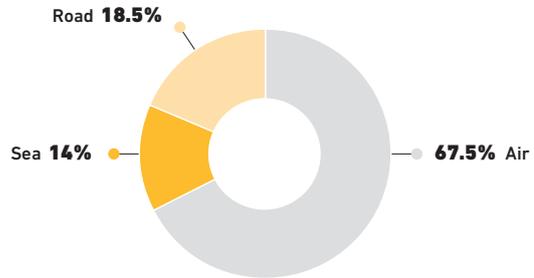
◆ Performance

→ In 100% of the new Group's calls for transport tenders, sustainable development is a criterion for selection

BREAKDOWN OF TONNAGE SHIPPED - AS % OF TOTAL



BREAKDOWN OF GHG EMISSIONS - AS % OF TOTAL



*in tons/kilometers.

RESULTS FOR 2016: In 2016, the intra-Company transport operated without air freight has slightly decreased but is still over 97.7%. Each year from 2014 to 2016, the objective has been reached, the score is then 10/10 for this commitment ⁽¹⁾.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

◆ Perspectives

In 2017, BIC will continue the programs that are already underway and launch new ones:

- In Mexico, inter-site flows will be streamlined to optimize logistical operations, reducing the number of shipments by half, for a savings of 56 tons of CO₂ emissions;
- A feasibility study is underway on the use of rail transport as an alternative to air freight for direct shipping to Europe from about ten contract writing instrument factories in Asia, a change that could reduce related CO₂ emissions by as much as 95.8%. However, other factors must be considered, such as lead time and product availability;
- The Group will continue optimizing the packaging to reduce the GHG emissions related to shipping.





2.3.3. OUR SALES AND SUPPORT ACTIVITIES

◆ Challenges

To be comprehensive, BIC Group's sustainable development approach encompasses all of its operations, including office activities.

◆ Approach and progress made in 2016

The carbon footprint of our sales and support activities

In 2006, BIC began measuring the GHG emissions of its headquarters in Clichy (France). A *Bilan Carbone*[®] (carbon analysis) was compiled using the data from 2005, taking office activities into account. The emissions profile is that of an office operation, whose environmental impact arises primarily from:

- staff transportation, for which emissions can be broken down as follows: air travel, which accounts for 73% of the transportation emissions and road travel in BIC vehicles (mainly by the sales force), which accounts for more than 10% of the transportation emissions;
- emissions by service providers;
- electricity: heating and equipment.

Company vehicles

The management of company vehicles is handled locally on each continent where policies integrate environmental and safety concerns. Staffs use indicators to monitor for instance the accidents or the fleet's GHG emissions.

In France, in 2016, the average level of GHG emissions is 130 g eqCO₂/km for the global car fleet.

Reporting of main headquarters

Since 2014, BIC has implemented KPI reporting for its three main headquarters facilities: Clichy (France), Shelton (U.S.), and Cajamar (Brazil).

Environment

In 2016, the annual energy consumption for the three BIC headquarters operations was 0.72 GJ/m². This represents a 9.5% performance improvement between 2015 and 2016, mostly due to improved energy efficiency of IT data centers in Clichy.

The greenhouse gas emissions attributed to energy consumption of the headquarters represented around 1,961 teqCO₂, including 1,741 teqCO₂ of indirect emissions and 220 teqCO₂ of direct emissions. The Shelton location purchased renewable energy certificates covering 100% of its electricity consumption.

In 2016, water consumption increased (+6%) to 18,540 m³, or approximately 18.5 m³/workstation occupied.

Paper consumption, the main raw material consumption for any office facility, increased slightly in 2016 to 26.7 tons, or 26 kg/workstation occupied.

Waste production was 340 tons, which represented an increase of 22% compared to 2015, in particular because of renovations at

Clichy's corporate restaurant. The Shelton headquarters recycles or reuses 100% of waste generated. All three sites have a dedicated program to responsibly manage end of life for computer equipment.

To minimize food waste, the Cajamar headquarters cooperates with the on-site restaurant to communicate the number of absent employees each day to adjust the number of meals prepared to meet actual requirements.

Since 2014 the Clichy headquarters is equipped with four recharging stations for electric vehicles. Visitors to the site can recharge their own electric car and BIC employees may use a corporate electric car for professional and personal purposes.

The Shelton site was designed in compliance with LEED (Leadership in Energy and Environmental Design) standards. This internationally recognized certification confirms that the structure meets the highest standards for environmental design and construction.

◆ Perspectives

To optimize energy consumption and improve working conditions, BIC Group plans to study the possibility of equipping the headquarters building in Clichy (France) with sensors connected to a "smart building" central control system.

Green IT

The IT support departments participate directly in BIC Group's sustainable development approach by choosing energy-efficient computer equipment and proposing solutions and tools that enable the Group's employees to reduce the environmental impact of their everyday professional activities.

In 2016, a new position was created for an IT Risk Manager, whose responsibilities include Green IT.

Throughout Group subsidiaries, various Green IT initiatives were implemented in the last few years. The number of IT servers used worldwide has been significantly reduced using virtualization: this leads to important energy savings while providing similar IT performance and services.

The virtualization of the Group's internal and external servers was initiated in 2012. Through this virtualization, the Group reached the optimal level of about 80% in 2016. This gradual conversion has made it possible to reduce the number of machines and to use increasingly efficient equipment, thus reducing the amount of energy needed for cooling. The virtualization program will be finalized by the end of 2017.

New applications shared by users Group-wide are installed in the "cloud," *i.e.* on virtual servers that are externalized and therefore mutualized. In 2016, the office applications package, which is used by all BIC employees who are equipped with a computer, was installed in the cloud, as is the sales planning tool for the Europe zone (with more than 600 users in the Group). This virtualization is optimized regularly to reduce both cost and energy consumption. Applications are configured for automatic standby and to improve ergonomics. Only useful software functions are activated to minimize the energy consumption resulting from their use. To guarantee data security, only service providers with ISO 27001 certification are chosen for externalized "cloud" storage.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

The "Skype for Business" tool offers internal chat, videoconferencing and a Live meeting function that allows several employees to view a document on their own screens as it is being discussed or modified by the meeting administrator. The system enables employees who work in multiple locations to reduce their travel and to work faster. Since 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer are now equipped with Skype for Business, bringing the total number of users to more than 4,000. In addition, all the Group's meeting rooms are now equipped with videoconferencing systems, appropriate to each room's capacity and use. For example, since 2009 the Group's Sustainable Development Team has used multi-site live meetings to unite its 25 members at seven sites (Clichy and Redon in France, Athens in Greece, Shelton in the U.S., Toronto in Canada, Johannesburg in South Africa and São Paulo in Brazil).

◆ Perspectives

Migration to the cloud will continue in the coming years, with the goal of maximizing cloud usage by 2020.

BIC plans to conduct a Group-wide survey of best practices for workstation configuration (including energy consumption and machine end of life), with the aim of standardizing practices by the end of 2017.

Lastly, the Group plans to optimize the reliability of its videoconferencing systems with the aim of reaching a 100% service rate.





2.4. Our social responsibility to our employees

The women and men who make up BIC Group have been the key to its success from the very beginning. With factories all around the world, distribution teams in 53 countries and about 4 million sales outlets spanning the globe, BIC thrives on a shared corporate culture, enriched by local specificities. The challenge for its Human Resources is to continue to nurture this common culture, founded on BIC's values and philosophy, across geographic, professional and organisational borders. Shared protocols, based on the Group's history and built to serve its industrial and commercial goals both present and future, are deployed to develop the skills and strengthen the commitment of everyone in the Company, while protecting and improving their health, safety and well-being. Working with its social partners, BIC strives to create a favorable environment for the long-term development of its employees, and of the Group as a whole.

2.4.1. THE WORKFORCE

For the year ending December 31, 2016, BIC Group reported 17,362 permanent employees and 3,268 temporary staff.

The BIC workforce, Cello Pens excluded, totaled 9,856 permanent and 1,578 temporary employees located in 53 countries around the world.

The seven legal entities of Cello Pens, which joined BIC Group in 2013, reported 7,506 permanent employees and 1,689 temporary staff present on December 31, 2016.

The following sections describe the profile and evolution of BIC's workforce in 2016, Cello Pens excluded.

2.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

WORKFORCE BY REGION - IN FULL-TIME EQUIVALENTS AS OF DECEMBER 31 (EXCLUDING CELLO PENS)

Workforce by region	Dec. 2014	Dec. 2015	Dec. 2016	Variation 2016/2015
Europe	3,850	3,928	4,144	+5.0%
North America	2,311	2,317	2,345	+1.0%
Developing Markets	3,389	3,395	3,367	-1.0%
TOTAL PERMANENT STAFF	9,550	9,640	9,856	+2.0%
Temporary staff	1,475	1,504	1,579	+5.0%
TOTAL	11,025	11,144	11,435	+2.6%

In 2016, permanent employees increased by +2.6%

This essentially reflects the headcount increase in the plants, mainly in Greece (+82 employees), in United States (+44 employees in the Charlotte plant) and in Tunisia (+29 employees in the Stationery plant). The headcount also increased significantly in the Eastern Europe and Morocco subsidiaries.

Permanent employees (with a permanent employment contract) accounted for 86% of the Group's total workforce. Temporary

workers accounted for 14% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. As of December 31, 2016, the number of temporary workers was higher than December 31, 2015: +75 (1,579 vs.1,504)

Temporary workers are employed in manufacturing (83% of temporary staff), sales support (9%) and distribution and administration (8%), essentially due to the highly seasonal nature of BIC's activities.

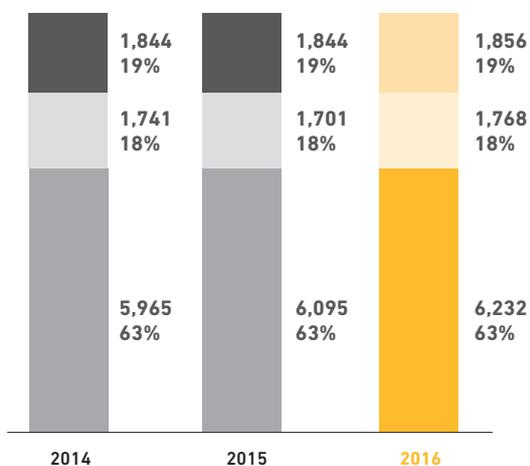




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

PERMANENT EMPLOYEES BY ACTIVITY (EXCLUDING CELLO PENS)



- Distribution, Marketing and G&A
- Sales and Customer Service
- Manufacturing and R&D

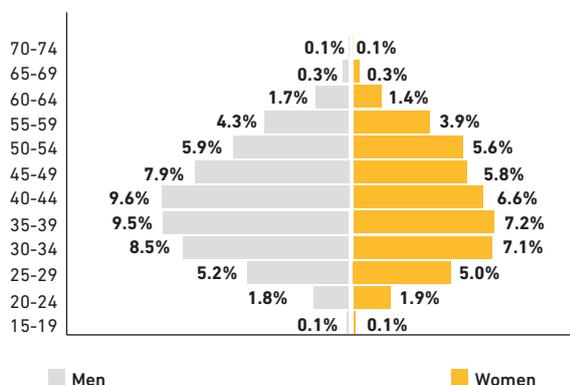
The workforce, across each activity, has remained proportionally constant for the last years, reflecting the stability of BIC's system of organization.

The indicators and figures given below are based on permanent BIC Group employees (excluding Cello Pens).

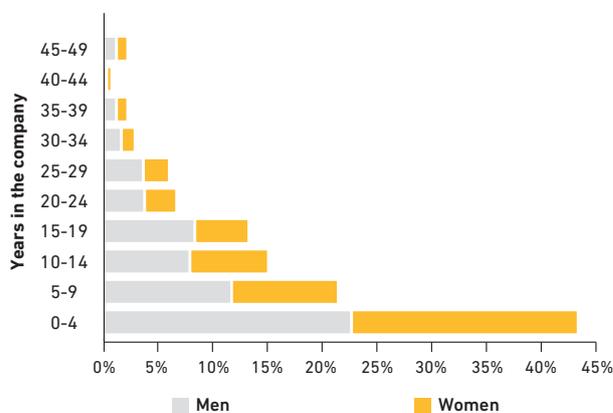
2.4.1.2. Age and seniority

In November 2014, an in-depth analysis showed that the average age of BIC employees was 41 years and average seniority was 10 years. The analysis of the 2014 age pyramid shows that all ages are represented in the Group. The 2014 seniority pyramid shows the loyalty of BIC employees (29% of BIC employees have more than 15 years of seniority and 500 employees have more than 30 years of seniority).

AGE STRUCTURE - 2014 (EXCLUDING CELLO PENS) - PERMANENT WORKFORCE



SENIORITY STRUCTURE - 2014 (EXCLUDING CELLO PENS) - PERMANENT WORKFORCE



Employees covered by both indicators above: 9,484 permanent employees in 2014.

2.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY (EXCLUDING CELLO PENS)

	December 2014	December 2015	December 2016	Variation 2016/2015
Managers	2,513 (26%)	2,680 (28%)	2,830 (29%)	+5.6%
Non-managers	7,037 (74%)	6,960 (72%)	7,026 (71%)	+0.9%

Managers accounted for 29% of permanent Group employees in 2016. For BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for the achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, or a customer or supplier portfolio.

2.4.1.4. Recruitment and terminations (excluding Cello Pens)

For recruitment purposes, the Group has, over recent years, developed a mobility policy and an active internal promotion policy backed by career management tools (Individual Development Plan, Succession Plan, talent accelerators, etc.).

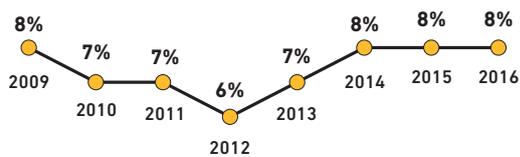
The Group recruited 397 external candidates for management positions, and 976 for worker and staff positions, a 2% increase compared with 2015. In 2016 the external recruitment rate was 15% for managers and 14% for other employees.





The Group enhances awareness of the Company in the international employment market through the use of tools such as LinkedIn. The Group also partners with internationally reputed specialized recruitment companies. Over recent years, the Group has reinforced its managers' expertise in recruitment techniques and has developed a more efficient selection and tracking process.

VOLUNTARY TURNOVER - PERMANENT WORKFORCE



Voluntary turnover in the Group, excluding Cello Pens, reached 8%, representing 726 resignations and retirements. The highest voluntary turnover took place in North America, at 11% in 2016 (a constant rate versus 2015). For the second year in a row, Asia shows a decrease with a rate of 8% in 2016 versus 10% in 2015 and 30% in 2014. For the third year in a row, Europe has the lowest voluntary turnover (5%) due to staff stability in factories.

The low, stable voluntary turnover rate is another sign of the employees' engagement and adherence to the Group's values.

The Group carried out 448 terminations in 2016, 65% of which took place in Latin America, specifically in Mexico (138) and Brazil (101). BIC has seen rapid growth in both countries, resulting in the adjustment of the workforce. Within this context, many reorganizations are ongoing and have generated job eliminations and the dismissals of profiles not adapted to the changes.

In the event of staff restructuring, Group policy is to respect local legal obligations as a minimum, in cooperation with social partners. Moreover, BIC strives to reassign employees whenever possible.

2.4.1.5. Breakdown of the workforce of Cello Pens

In 2016 Cello Pens reported 7,506 permanent headcount as follows:

- manufacturing: 6,949 (92%);
- sales: 424 (6%);
- distribution, marketing & administration: 133 (2%).

Managers accounted for around 2% of permanent employees of Cello Pens.

Women accounted for 65% of permanent employees.

The number of temporary workers was 1,689.

2.4.2. SHARING OUR VALUES, LISTENING TO OUR EMPLOYEES

◆ Challenges

The Group's philosophy "Honor the past, Invent the future" symbolizes for BIC a respect for its heritage, which is one of the keys to its success, as well as the way in which its employees build the future of the Group together. BIC's heritage encompasses many aspects: an entrepreneurial spirit, products that have become icons within their markets, irreproachable quality, attention to detail, and the commitment of the employees who have built the BIC® brand.

This philosophy constitutes a central element of BIC's culture and arises from the following five shared Values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

BIC values the opinions of all its employees and regularly seeks their views on the Group, their work environment and their perception of the Group's programs.

◆ Approach

Since 2005, BIC has conducted two biannual employee surveys, alternating the topic each year between values and engagement. In 2016, these two surveys were combined into a single survey on engagement and adherence to values. It still measures the difference between the values as they are defined in the communication tools and as they are truly experienced by employees in the workplace, as well as the employees' engagement and related factors like working conditions, individual recognition, independence, career opportunities and management effectiveness.

Accompanying this survey, the "Values in Action Awards" are conferred on team members, nominated by their co-workers, who embody and excel in certain BIC values in the workplace. To date, over 1,300 team members have been recognized within this program, which started in 2006.

Lastly, since 2011, the Group has conducted a biannual survey on the BIC Sustainable Development Program. Carried out by an independent company and targeting 5,500 team members worldwide, it sheds light on their perceptions and expectations concerning sustainable development within the Group.

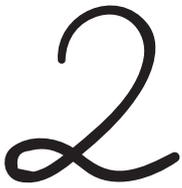
◆ Performance and progress made in 2016

The Engagement and Adherence to Values Survey

In 2016, the Engagement and Adherence to Values Survey was conducted for the first time in its new "merged" format. In all, 9,980 employees (permanent and temporary employees under contract) were surveyed, compared with 9,155 in 2014. The participation rate remains high and relatively steady at 83.1%, although slightly below the goal of 85% set by BIC Group in Commitment #9 of the Barometer. This time, 78% of the replies were completed online, compared with 48% in 2014.

The results of the 2016 survey show an engagement level of nearly 83%, which is relatively stable compared with 2014 (85%).





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Our social responsibility to our employees

For the first time in 2016, a new feature of the survey measured one of the main factors in employee engagement: the Communication Index. The overall score of 68% for this index indicates that the Group's managers communicate effectively with their teams.

BIC's strongest points for increasing engagement and adherence to the Group's values were:

- **a sense of pride in belonging to the Group:** 85% of the employees would recommend BIC as a good place to work;
- 85% of the employees have a **good understanding of the goals,** at the Group level and within their own department;
- 86% of the employees consider that they have the **independence** they need to do their job well.

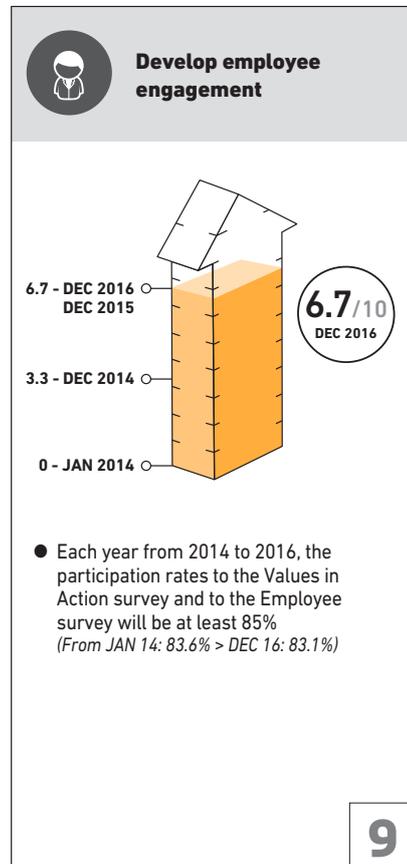
The survey also revealed areas for improvement, primarily concerning the employees' perception of their development opportunities, recognition and compensation for their performance, the opportunity for all employees to find fulfillment in their work, stress management and the Group's capacity to recruit the right people to prepare for its future.

The engagement of its employees is a key asset that BIC seeks to maintain. To that end, the Group's managers are offered specially developed tools and coaching to help them define local action plans in response to the survey results.

The Sustainable Development Survey

In February 2016, BIC conducted its third survey on the Group's Sustainable Development Program, this time involving 6,185 employees. The participation rate rose sharply in 2016, reaching 49% (up from 40% in 2013 and 39% in 2011). The percentage of employees who describe themselves as concerned or highly concerned by sustainable development remains very high at 80%. For 99% of the respondents, the BIC Sustainable Development program is essential (77%) or important (22%), a result that remains stable in comparison with 2013. Also of note, 94% of the respondents believe that sustainable development generates added value for BIC. Lastly, 60% feel that the Group should be more ambitious in this area. BIC Group will take these findings into account when defining the new goals for its Sustainable Development Program to 2025.

◆ Performance



RESULTS FOR 2016: In 2016, Commitment #9 of the Barometer was not achieved. Although the coverage rate was reached (86%), the participation rate was insufficient (83.1%).

This is due to the switch from paper to online questionnaires for BIC factories, and weaker participation of BIC Graphic team members.

Commitment #9 of the Barometer closes with a score of 6.7/10 ⁽¹⁾.

◆ Perspectives

BIC will continue its program of in-house surveys, with the goal of being attentive to its employees and implementing plans for improvement.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





2.4.3. HEALTH/SAFETY IN THE WORKPLACE

◆ Challenges

Safety in the workplace is a fundamental priority for BIC Group. BIC's operations, both industrial and commercial, expose its workers to various professional risks (mechanical, chemical, psychosocial, biological, ergonomic) that differ from function to function (headquarters, factories, sales force). For the Group, workplace safety means ensuring its employees' physical and mental well-being by preventing accidents and occupational diseases. The Group deploys all useful means: health and safety management, ongoing improvement of working environments and the organization of working hours, and actions to raise employees' awareness of safety issues.

The information presented in this chapter on health and safety in the workplace primarily concerns BIC Group's factories, representing more than three-fourths of its workforce (excluding Cello Pens).

◆ Approach

BIC adopts measures that allow it to guarantee a working environment that protects its employees' physical integrity, in particular by deploying **safety management systems at its production sites. In keeping with its Environment, Health & Safety (EH&S) Policy**, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites. This policy is deployed at the production sites. Each site has an EH&S manager in charge of the deployment and follow-up of programs for reducing the employees' health and safety risks, under the responsibility of the Industrial Directors. For the Stationery category, which has the largest number of factories within the Group, a new position was created in 2016 for a category EH&S Manager who oversees and coordinates the deployment of the EH&S policy. In the Shavers category, three of the four factories have taken the policy even further since 2011, qualifying for triple certification in Safety, Quality and Environment.

The self-assessments of compliance with the Code of Conduct in the factories bolster this system. The organization of work in BIC's factories complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization.

In addition to the monitoring system that has been in place for more than 10 years in the factories, a system for reporting the incidence and severity of workers' accidents was implemented in 2013 at the Group's three main headquarters: Clichy (France), Shelton (U.S.) and São Paulo (Brazil). The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention at these head offices.

◆ Progress made in 2016

Every year, the Group's factories and sites focus on various initiatives to improve their safety conditions. Examples in 2016 include:

- Defining an **EH&S reference** system for the Stationery category. This system specifies three levels of requirements to allow the sites to undertake a process of continuous improvement;
- An extension of the **orientation process for new hires** in the Stationery factories. During their first two weeks with the Group, all new employees follow a three-part program: an e-learning module on the basic safety rules common to all the sites, training by the EH&S manager on the specific rules for the site, and an individual orientation and training by their manager at their workstation;
- **Safety training for Stationery category managers** was extended with a one-day session devoted to safety leadership. All managers at the Bizerte site (Tunisia) have completed this module;
- A project called "**Safety Promotion**", which was initiated by the shavers factory in Saltillo (Mexico) and educates employees, through the sharing of experience, about accident prevention and hazardous situations and behaviors;
- The BIC Viorex shavers factory (Greece) implemented a total of **25 projects to improve safety** in the following areas: machine protection, noise reduction, fire prevention and preventing falls in the case of overhead work. Training sessions, which totaled 1,700 hours, were held on related topics (first aid, safety in the workshop, personal equipment) with more than 700 participants;
- BIC Technologie (France) implemented a program to help prevent and combat addictions;
- The triennial program of social audits, launched in 2015 at BIC factories around the world, continued in 2016. Following an audit conducted according to the Workplace Condition Assessment (WCA) protocol (see page 62) at the Mexico factory (Mexico) in 2015, a 10-point action plan was implemented to improve working conditions.

◆ Performance

In 2016, health and safety management systems were operational at 91% of BIC's sites.

In the factories, accidents resulting in lost work time for BIC employees were mainly caused by falls at floor level and the handling of materials. Most of the occupational diseases, which so far have only been monitored in France, were related to musculoskeletal disorders.

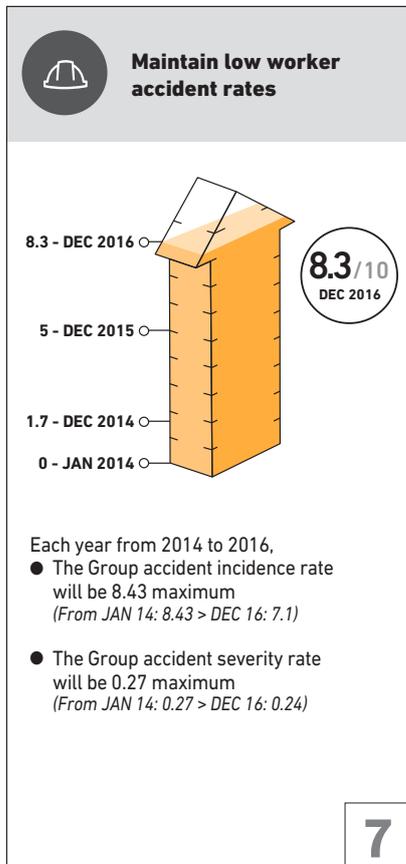
In 2016, the Group experienced two injuries with more than one lost workday (excluding commuting injuries) at its three-main headquarters, representing a frequency rate of 1.45 and a severity rate of 0.01.





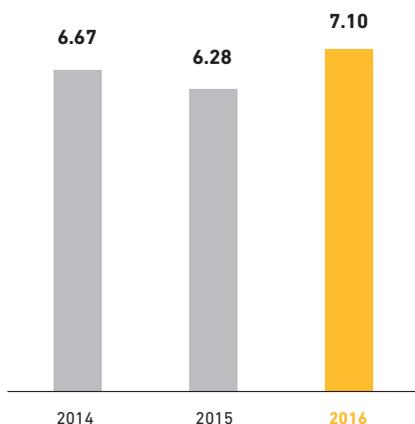
OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

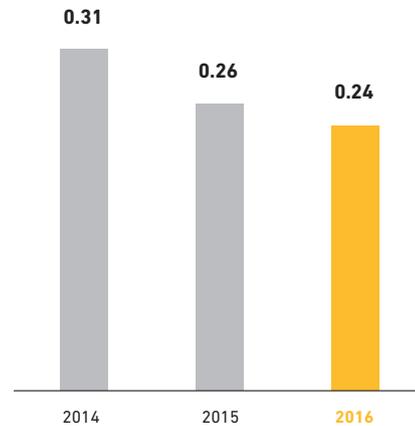


RESULTS FOR 2016: The two objectives of this commitment have been reached this year. The accident incidence rate is improving and the severity rate is stabilizing compared to 2015. As the objective was not fully achieved by 2014, the final score is 8.3/10⁽¹⁾.

INCIDENCE RATE: NUMBER OF ACCIDENTS LEADING TO LOSS OF WORKTIME - BIC PLANTS - PER MILLION HOURS WORKED - PERMANENT WORKFORCE



SEVERITY RATE: NUMBER OF CALENDAR DAYS LOST DUE TO AN ACCIDENT - PER THOUSAND HOURS WORKED - BIC PLANTS - PERMANENT WORKFORCE



◆ Perspectives

Starting in 2017, the Stationery category plans to accelerate its entire EH&S system through the following actions:

- deployment of the EH&S reference system;
- implementation of the e-learning module for all factory employees;
- a program of internal cross-audits;
- training of managers within the French and Mexico sites;
- a monthly "Safety Talk" to boost employees' involvement in prevention.

2.4.4. HEALTH AND WELL-BEING IN THE WORKPLACE

◆ Challenges

For BIC Group, employee health and well-being is also a matter of reducing the incidence of work-related diseases, primarily musculoskeletal disorders and psychosocial risks (PSR) such as stress. BIC keeps a close watch on these issues and constantly strives to reduce all of forms of job-related suffering.

To this end, in conjunction with the above-mentioned approaches to organization and health-safety in the workplace, programs to promote well-being at work are coordinated Group-wide and deployed locally depending on each site's specific needs.

◆ Approach

The Group's **worldwide program called "Quality of Life at Work"**, launched for the purpose of defining a goal and a global strategy for improving quality of life in the workplace, continues to be developed at many sites. As part of this worldwide program, action plans have been defined and implemented locally based on past initiatives deployed in various countries. Through this program, BIC seeks to promote wellness at work in the interest of its employees and their

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





engagement. In this way, the Group will help limit the effects of professional or personal stress on its employees' health.

This program promotes both short- and long-term initiatives and action plans based on a combination of reactive and preventive approaches. It includes a separate section on the "Role of Managers". "Quality of Life at Work" also examines employees' job responsibilities and the quality of their working environment.

The efforts focus on four main areas:

- **health and well-being:** safety, physical exercise, nutrition;
- **the manager's role:** stress management and prevention as well as the new skills required for team leaders;
- **workspace and workstations:** ergonomics, configuration of workspaces and common areas;
- **employee services:** to make everyday life easier and help employees deal with personal and professional difficulties.

In each of the four above-mentioned fields, new initiatives have been undertaken and the programs developed over the past several years in various countries are being continued. The most significant programs are described below.

◆ Progress made in 2016: health and well-being

2016 was marked by a great many projects adapted to each local context:

The "You First by BIC" program in the U.S.

In the United States, BIC CORPORATION continues to build a framework that takes all aspects of employee health and well-being into consideration. Launched in 2015 and proven successful, the "You First by BIC" initiative emphasizes three types of well-being: physical, psychological and financial. In 2016, the program was pursued with the formation of "Well-being Committees" and the availability of health and life coaches at all U.S. sites. By the end of the year, more than 2,400 individual coaching sessions had taken place. "You First by BIC" aims to encourage employees to take active responsibility for their own health and well-being, offering them all the necessary tools and resources.

To promote physical well-being, BIC CORPORATION continues to offer its employees several on-site preventive screening programs (for osteoporosis, glaucoma, oral cancer, high blood pressure, mammography, etc.). In addition, biometric screenings are offered at all BIC sites in the United States (body mass index, cholesterol levels, etc.).

Prevention/awareness campaigns in Latin America

For the past several years, the Brazilian sites (BIC Amazonia, PIMACO and the headquarters in Cajamar) have offered weekly exercise sessions to help reduce stress and prevent occupational diseases. In 2016, these sites also continued their campaigns for cancer prevention (breast and prostate cancer), stress reduction, flu vaccination and heart disease screening.

The BIC Amazonia site continued initiatives like its pregnancy monitoring program for expectant mothers, as well as the "Healthy

BIC Project," conceived to foster a "culture of health" in the Group. All employees are encouraged to have regular checks of their blood pressure, body mass index and blood sugar levels.

In Mexico, a monthly communication program addresses topics like food poisoning, flu prevention, avoiding stress, nutrition and exercise programs to promote general health, etc. In 2016, the Saltillo (Mexico) site reported a 57% increase in the participation rate, with more than 290 medical consultations.

The fight against HIV/AIDS in South Africa and programs to help employees maintain good health

Since 2000, BIC South Africa has implemented a program to fight against HIV and AIDS in a country where the virus is taking an especially heavy toll. This initiative is managed by an in-house clinic and a group of peer educators composed of Group employees who receive annual training. The program consists of three parts: education of employees, voluntary counseling and testing for anyone, permanent and temporary employees alike, and a health program. BIC South Africa pays the majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. If needed, seropositive employees can be vaccinated against hepatitis B. The Company raised awareness of the disease, as it does every year, on World AIDS Day, which took place on December 1, 2016. To reach a maximum of employees, small discussion groups were organized throughout the day with the theme "It's in your hands," emphasizing the role of everyone in combating the epidemic.

The in-house clinic provides primary medical care for health problems and work-related diseases, in particular for shift-work employees. It also conducts numerous preventive and screening campaigns: eyesight, hearing, blood pressure, blood sugar, cholesterol, complete annual checkups, screening for various forms of cancer and tuberculosis, etc. Special well-being days offer employees an opportunity to participate in seminars on fitness, reflexology, etc.

Reducing physical stress on the job in France

In 2016, in compliance with new regulations, the parameters for diagnosing strenuous working conditions were updated at all sites. One key point is the reduction in the number of jobs associated with strenuous conditions. The "job strain account," which was adopted in France in 2015 with four criteria defined by law, was extended to include eight new criteria.

Developing the social protection systems available to BIC employees

In 2016, 75% of all BIC employees in the United States were covered by health insurance linked to a "healthcare savings account" that enables them to invest tax-exempt funds to cover healthcare expenses. In addition, subscribers can earn monetary incentives by participating in initiatives to improve their health. At the end of October 2016, 73% of BIC's employees and their spouses had taken advantage of this incentive system.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

In France, following a year of healthcare plan coordination, the results achieved are consistent with the goals: perpetuation of the system by reducing long-term costs, more effective monitoring to anticipate abuses, and increased employee awareness of the social and financial issues involved in health insurance.

In Dubai, employees who join a fitness center are offered assistance, and all employees are regularly reminded that their medical insurance covers screening examinations and services related to well-being.

◆ Perspectives concerning health and well-being

In 2017, BIC CORPORATION in the United States will continue its partnership with OneExchange, a private health care exchange that offers a broad range of plan choices in compliance with U.S. healthcare reform. The percentage of employees with health insurance linked to a healthcare savings account is expected to increase, with the backing and encouragement of the Group.

In France, a new consultation with insurers and intermediaries in the sector will be an opportunity to propose the extension of the current system to include screening campaigns at all French sites. The preventive healthcare offered to employees could focus on the primary causes of mortality and diseases in France: cardiovascular diseases, skin cancer, breast cancer, oral hygiene.

◆ Progress made in 2016: the role of the manager

The managers' attitudes and behavior are the cornerstone of any effort to combat psychosocial risks (PSR). As a responsible company, BIC trains its managers in the ability to acquire and apply new managerial skills and in their fundamental role as the providers of a positive dynamic for themselves and for their teams. They also have a clearly stated mission to be on the lookout for the subtle signals that indicate an employee is in distress, and are trained to detect those signals. The "My Job: Manager@BIC" and "My Job: Leader@BIC" training modules, created to help managers deal effectively with the challenges they face as team leaders, increasingly incorporate the aspects of psychosocial risks and stress management.

In 2016, the BIC Amazonia factory (Brazil) launched a program entitled "Leadership Development." This program targeted 50 managers and pursues two main goals: to develop their managerial skills with a focus on the human factor, and to foster managerial behavior through the sharing of experiences in keeping with BIC Group's corporate culture.

In Greece, the development of managerial and people-oriented management skills was a priority for 2016. Managers were offered the "Recruiter@BIC" training module in addition to two workshops on people-oriented management. After reaching a total of 114 participants in 2016, these training modules will be continued in the years to come.

◆ Progress made in 2016: workstations and workspaces

Local initiatives are carried out to improve the ergonomics of the Group's workspaces and workstations. Examples from 2016 include:

- the Saltillo factory (Mexico) assessed the risk of injury in its packaging operations. The molding, printing and assembly stations will be assessed in 2017. In addition, the molding workshop has been equipped with a machine that allows workers to hoist and maneuver the molds with no musculoskeletal strain;

- in Manaus (Brazil), the focus in this area for 2016 was on the identification and elimination of workstations that pose a high ergonomic risk;

- at the Clichy headquarters (France), the refurbishment of the ground floor made it possible to expand the restaurant, creating a more comfortable, enjoyable space during mealtimes and throughout the day.

◆ Progress made in 2016: employee services

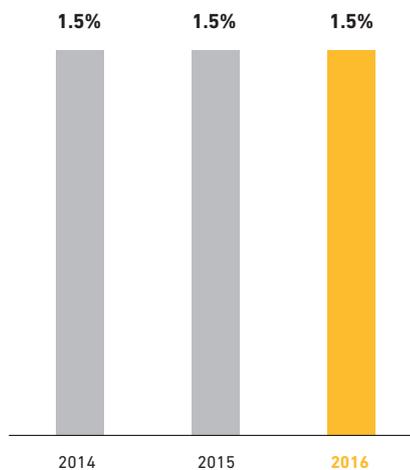
In 2016, an Employee Assistance Program was launched for the Asia-Pacific zone, offering the same services as in the United States and France (see below).

An Employee Assistance Program (EAP) has been in operation in France (the PASS program) and in the United States (at BIC CORPORATION) for several years. Set up for the benefit of employees and their families, this service offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals.

◆ Performance

In France, BIC had recorded 33 recognized cases of occupational diseases by the end of 2016.

ABSENTEEISM (EXCLUDING ON-SITE ACCIDENTS AND MATERNITY) - PERMANENT WORKFORCE



Absenteeism (excluding on-site accidents and maternity) remained low for a Group average at 1.5% in 2016, similar to 2014 and 2015, and compared with 1.4% in 2013.

The total absenteeism rate (including on-site accidents and maternity) is also low and stable, at around 2% during the last four years.

◆ Perspectives

In France, the Group will consider the integration of services like PASS in the supplementary mutual healthcare plan starting in 2017 to provide even more effective support for its employees.





The Group will pursue its efforts to make "Quality of Life at Work" a permanent program by continuing to share and promote its vision in the four main areas of focus, taking both reactive and preventive action through both short- and long-term initiatives. All new initiatives will be studied and adopted if appropriate.

2.4.5. EMPLOYEE DEVELOPMENT

◆ Challenges

The values of Responsibility and Ethics at BIC go hand in hand with the implementation of programs to cultivate its employees' skills and employability.

The employee development is the cornerstone of BIC's Human Resources policy, as it is strategic to:

- reach the economic goals set by the various BIC entities;
- define internal succession plans to ensure the continuity of the Group's activities;
- further raise the level of its employees' skills and expertise;
- maintain an above-market level of engagement;
- develop the internal and external employability of every man and woman who works for BIC.

◆ Approach

Regardless of function, level of responsibility, and type and length of contract, all BIC employees will be given opportunities to increase their external and internal employability. That is the employability commitment of BIC to its employees.

Therefore, BIC aims at being a learning environment for its employees based on the 70/20/10 model, which boosts development by combining three dimensions:

- **learning from new professional experiences** (70%): by promoting project management, BIC offers opportunities for employees to work in multi-functional teams;
- **learning from others** (20%): developing a feedback culture, every employee has opportunities to receive and offer further feedback, either to build on a strong point or to strengthen a developmental point;
- **learning from training** (10%): by increasing access to the BIC University programs, as well as locally developed training programs.

The Talent Development team makes this model actionable across the organization. It is for example used to structure BIC tools like the Taleo system, the People Acceleration Plan, etc.

BIC Group's competencies framework specifies the Core Competencies that all employees around the world must cultivate to ensure BIC's success: "displays strategic agility", "drives for results", "champions MPD" (Method, Precision, Discipline), "engages others", "acts with courage" and "develops self and others". These core competencies are being embedded in all BIC University training programs.

◆ Progress made in 2016

Numerous actions were undertaken in 2016 to encourage the use of the 70/20/10 model. Some examples are given below.

Learning from new professional experiences ("70")

Talent Frameworks roll-out

The roll-out of the Talent Frameworks and their adoption by all employees remain the cornerstone of BIC Group's managerial culture. In 2016, each site continued to take specific actions to establish these tools and frameworks. Examples include:

- in Ecuador and Colombia, to help employees develop the competency "displays strategic agility," better inter-department communication is being encouraged and quarterly meetings are held to inform employees of the Company's performance. A similar initiative has been implemented in Dubai, under the title BICause we need to chat;
- in Argentina and Chile, the Core Competencies were included in the orientation program. In 2016, all new hires adopted the competencies framework as part of their orientation;
- in the Stationery category, the Core Competencies have been integrated in the fundamental training program on the category's industrial culture, BIC Manufacturing System.

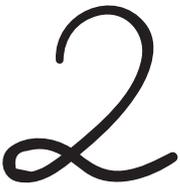
For the first time in 2016, webinars were offered worldwide to improve all employees' understanding of the performance management process. Conducted in French, English and Spanish, these online sessions were recorded and made freely accessible on the BIC University virtual platform.

Job mobility and succession plans

The "People in Play" sessions, launched in 2014 at the Leadership Team level and designed to facilitate the mobility process, were made available Group-wide in 2015 and further extended in 2016. At these meetings, leaders discuss detailed situations of specific people to make sure that they are offered the best options for their own development and for the business. This creates better cross-entity mobility and anticipation of moves.

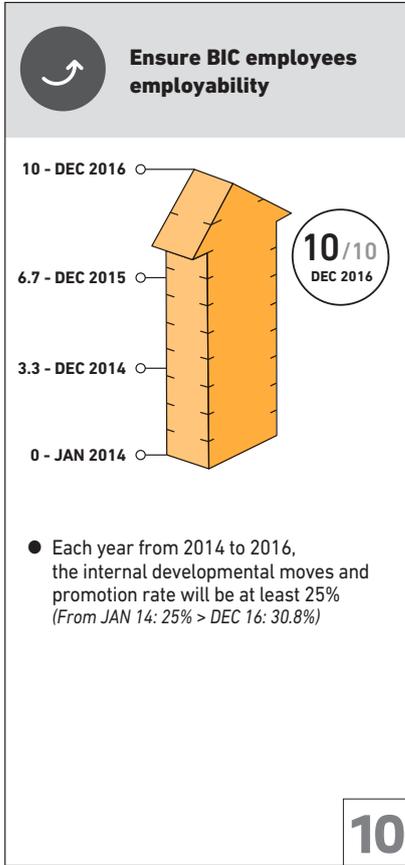
At the Group level, a succession planning process has been implemented to make sure that employees can access succession plans across all entities. In this spirit, the "Talent Review" conducted in 2015 offered an opportunity to clarify the criteria for identifying successors, offering even greater transparency, and to define individualized action plans.





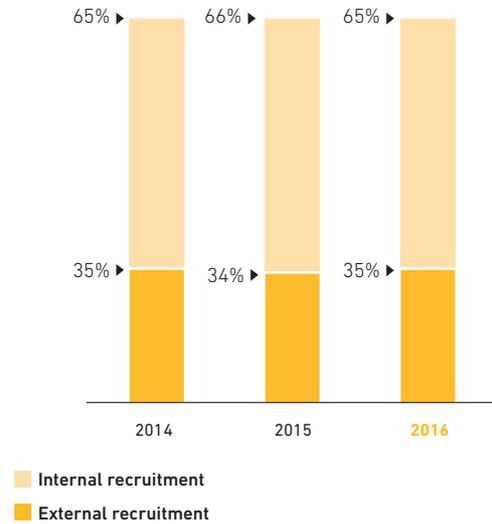
OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Our social responsibility to our employees

◆ Performance



RESULTS FOR 2016: The objective of this commitment is to maintain internal development moves within the Group and a promotion rate of 25% for each of the three years. This goal was achieved in 2016 thanks to a rate of 30.8%. 613 manager and non-manager positions were executed internally out of a total of 1,986 executed positions in the Group⁽¹⁾.

RATE OF INTERNAL PROMOTION AMONG MANAGERS (LEVELS 3, 4, 5 AND 6) - BIC GROUP



In 2016, the internal promotion rate was 65% for the four top manager levels. This rate was 66% in 2015, 65% in 2014 and 64% in 2013. For all managers' categories, the internal promotion rate has remained stable for several years at 45%.

Learning from others ("20")

At BIC, the cultivation of a feedback culture is a cornerstone of personal development, performance development and therefore career development. This feedback culture is reinforced in all management training modules and is a key topic in the programs "manager@BIC," "recruiter@BIC" and "learner@BIC."

As part of the effort to integrate it into the Group's culture, feedback is gradually being included in the manager performance evaluation criteria. Greater use of 360° feedback, in which employees receive feedback not only from their managers but also from a selection of co-workers or internal clients representative of their professional relations, is being made.

The following examples from 2016 illustrate the initiatives being taken to make the best use of feedback:

- at the BIC Graphic factory in Tarragona (Spain), training modules on "How to give and receive feedback" were organized for the sales and marketing teams as well as the production teams;
- in Argentina and Chile, all employees receive quarterly feedback from their manager on their performance and development. The managers also receive feedback from their co-workers.

In 2016, internal and external coaching was developed in several regions: Consumer Products managers in Europe, Brazil and South Africa were offered sessions with external coaches, a program to develop internal coaching skills was launched in Greece, and lastly, all managers in Dubai received coaching or mentoring.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





To help them learn while drawing inspiration from others, BIC also offers its employees perspectives from outside the Group. All BIC managers have access to a platform for sharing best management practices from around the world, allowing them to hone their skills and implement, with their teams, tools covering all aspects of management.

Learning from training (“10”)

The programs developed by BIC University

With plants and sales teams in 53 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. This is the main mission of BIC University. Created in 1998, BIC University is a network of company training centers focused on developing team members’ potential and promoting BIC Group’s culture. Since its creation, BIC University has developed numerous training programs that serve as vehicles for developing the core competencies that must be shared by everyone in the Group.

In 2016, the deployment of the Core Curriculum training programs was stepped up in every region of the world, focusing on two key themes:

- **the BIC leadership model:** more than 800 participants on five continents, with a total of nearly 80 sessions;
- **BIC financial terminology and ratios:** 12 sessions with 137 participants, covering all continents for the first time, with face-to-face or virtual classes.

The management curriculum is now complete and available everywhere, enabling trainees to assimilate the BIC managerial culture and learn how to use the Group’s specific tools for building a team and developing its individual members (Talent Frameworks). The curriculum comprises four key modules, created for BIC in collaboration with its own employees and an outside service provider:

- **recruiter@BIC:** how to recruit the right person for today and tomorrow;
- **manager@BIC:** how to create the conditions that will allow each employee to succeed;
- **leader@BIC:** how to build an effective team based on BIC’s values and vision;
- **learner@BIC:** how to learn purposefully and effectively to improve current performance and future development.

In 2016, a team of BIC project managers and change leaders worked with an outside firm specializing in project and change management to develop “ProChange,” a reference system for optimizing the Group’s competencies in project and change management.

Assessing training and increasing BIC University’s impact

The quality and impact of BIC University’s training programs are always assessed by the ForMetris system, which uses questionnaires to measure an array of qualitative aspects and make comparisons with the results achieved by other companies (with

more than 1.5 million questionnaires processed per year). For the past several years, it has rated BIC University’s programs as “well above average.”

BIC continues to invest in its organisational capacities to make BIC University’s training available to everyone everywhere. In 2016, the Group began implementing the deployment strategy defined in late 2015, and progress was made in each of the key elements that make up BIC University:

● Teams:

- Formalization of the network of external trainers, supervised by the central BIC University team;
- Establishment of a “BIC U Pilots” community comprised of 10 HR employees who are in charge of the local deployment of BIC U’s global solutions, sharing best practices.

● **Processes:** To ensure operational excellence, processes were formalized for “managing the quality of training” and “organizing a training module,” and guidelines were defined for the development of training modules.

● Tools:

- The worldwide deployment of ForMetris, along with training for its users;
- Finalization of the deployment of the BIC University virtual platform in Europe;
- Creation of the first global reporting system for BIC University, to guide the roll-out in all countries and all entities, and to evaluate the quality of the programs.

Technical/functional training

The technical training for BIC’s specific industrial operations is developed locally: each entity invests in a program to build the technical and functional skills it needs.

In 2016, the Consumer Products business in Europe continued its “Best In Class” training program. So far, 72 sessions have been offered and 54% of the Sales and Customer Service teams have been trained.

The financial curriculum, which provides fundamental training in the concepts and tools specific to BIC Group, was revised in 2016 and made available worldwide, with a particular focus on South America. In addition, virtual class training was tested for the first time, with participants on three continents.

A “Manufacturing” program was launched in 2016, with the aim of training young people in the mechanical professions to perpetuate key technical skills within the Group. In 2016, BIC worked closely with seven apprenticeship training centers in France and two schools in Spain, and is already training 10 apprentices.

◆ Performance

In 2016, 10,042 employees received training with an average of 2.1 days per employee.

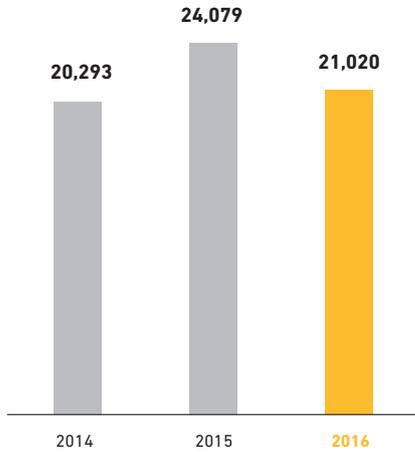




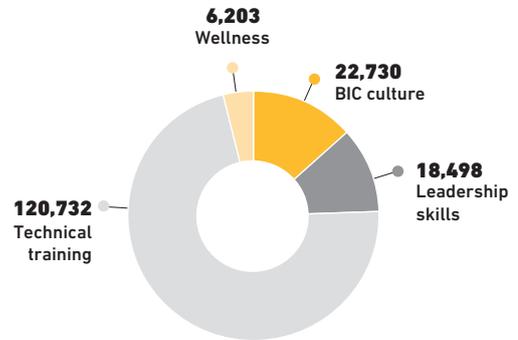
OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

NUMBER OF TRAINING DAYS - BIC GROUP - PERMANENT AND TEMPORARY WORKFORCE



NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2016 - PERMANENT AND TEMPORARY WORKFORCE



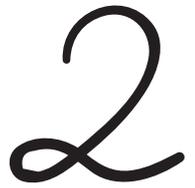
◆ Perspectives

The quality of BIC University's global programs (management & finance) and their impact on employee performance have resulted in a significantly increased demand for training in 2017 (+45%).

The BIC "ProChange" reference system is being integrated into the BIC U training programs and will be deployed worldwide in 2017.

In 2017, BIC University will further strengthen its presence in Latin America.





2.4.6. THE REMUNERATION SYSTEM

◆ Challenges and approach

BIC seeks to develop a fair and motivating remuneration system that can make the Group both competitive and appealing to potential employees.

BIC Group's remuneration policy is determined every year by the Human Resources Department in agreement with the Leadership Team. It is based on three principles:

- pay for individual and/or collective performance;
- internal equity;
- external competitiveness.

The acknowledgement of the performance of the individuals and the teams is an essential element in BIC Group's remuneration policy. Thus, for managers, salary increases reflect individual merit (except in certain countries where legal obligations require general increases).

In 2016, variable remuneration relating to performance represented an average of 11% of fixed remuneration for Group employees (excluding Cello Pens).

For non-managers, BIC guarantees an appropriate remuneration and respects minimum salaries determined by local laws.

Human Resources teams worldwide are responsible for implementing BIC Group's remuneration policy and for ensuring that it is adhered to.

◆ Performance

Within the Group (excluding Cello Pens), the average annual cost (including payroll taxes) of each employee totaled 58,800 euros in 2016, or a 3.5% increase versus 2015, at actual exchange rates.

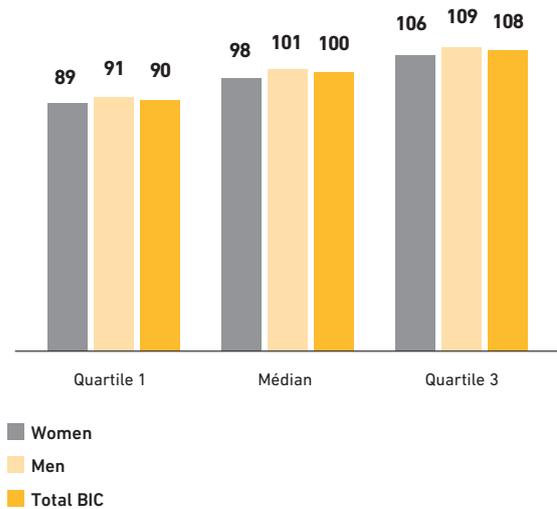
Analysis using constant exchange rates shows a 5% increase compared with 2015. Overall, this increase in the average annual cost of each employee is due to:

- a +3% increase in average fixed remuneration;
- a +17% increase in variable remuneration compared to 2015, partly due to the payment of a special bonus to all employees who are not eligible to Performance Shares grants;
- a +6% increase in payroll taxes and other benefits.

Information on Senior Management remuneration is provided on pages 119 to 140 of the registration document.

An analysis of the external competitiveness of BIC managers' base salaries is conducted on a regular basis in about 50 countries. This competitiveness analysis conducted at end-2015 shows that, on average, BIC managers' base salaries are positioned at their local market median for both men and women.

COMPARISON OF MANAGERS' SALARIES WITH THE MARKET (IN 2015)



A new analysis will be conducted at the end of 2017.

The difference in pay between team members reflects responsibilities, experience, performance, potential and takes into account the characteristics of local markets.





2.4.7. PROMOTING DIVERSITY

◆ Challenges

As an international Company, BIC considers diversity to be an intrinsic part of its corporate culture, as well as a key factor for its sustainable growth, beyond any legal or ethical considerations. This increase is explained by the Group's development in new subsidiaries, notably in the Middle East and Africa, and also by the anchoring of the diversity policy in the Group's recruitment processes.

Diversity also contributes to making the Group more attractive to its consumers and partners and to team members who prefer to work for a responsible company that makes an effort to reflect the society that it serves.

◆ Approach

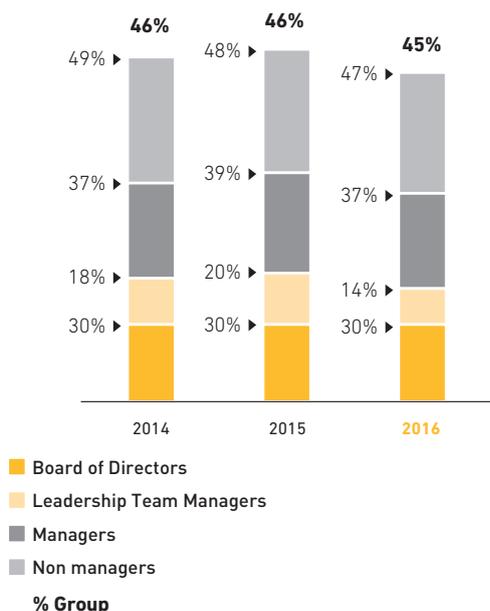
The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all the Group's entities worldwide and has been translated into the main languages spoken in the Group.

As part of its approach, BIC takes all different types of diversity into account: gender diversity, disabled employees, minorities, seniors, etc. Actions are organized locally every year to address these topics, depending on local contexts and initiatives. In 2016, "Diversity Month" was celebrated in some South American countries, with festive and social events that served to reinforce the fundamental principles of the Charter of Diversity.

◆ Progress made in 2016 and performance

Male/female equality

PERCENTAGE OF WOMEN ON THE PERMANENT WORKFORCE - BIC GROUP (EXCLUDING CELLO PENS)

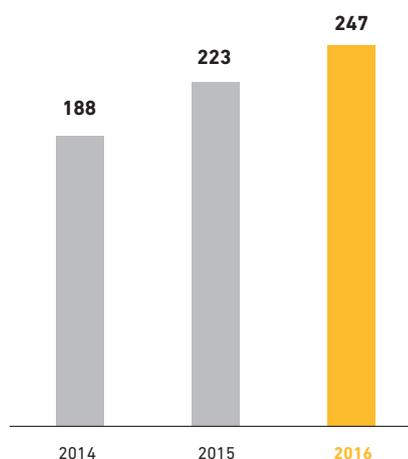


In 2016, women accounted for 45% of permanent employees in the Group. They accounted for 37% of the workforce in Europe, 53% in North America, 48% in the rest of world (Middle East, Africa, Oceania, Latin America and Asia).

Disabled employees

BIC Group is committed to promoting employment for the disabled. Its entities conduct short-term and long-term initiatives in this direction at the local level.

NUMBER OF DISABLED WORKERS ON THE PERMANENT WORKFORCE - BIC GROUP (EXCLUDING CELLO PENS)



In 2016, disabled workers at the Group's largest sites totaled 247 (excluding indirect jobs associated with outsourcing). They numbered 52 in Europe, 138 in North America and 57 in the rest of world (Middle East, Africa, Oceania, Latin America and Asia). The commitment of BIC in favor of diversity is reflected particularly by local training and employment assistance for disabled workers.

Intergenerational equity

The aging of the population and its consequences will be a major issue in the years to come, especially in regions like Europe and the U.S. To ensure the transmission of skills and continuity of the Company's know-how, an analysis of the age structure and seniority of has been made in the factories of the Group.

In this context, BIC seeks to promote:

- cooperation among generations;
- professional motivation for seniors, and their employability throughout their careers;
- the transmission of knowledge and skills.





The professional integration of minorities

In France, BIC became a member of the association *Nos Quartiers ont des Talents* ("Our Neighborhoods Have Talent") and its mentorship program in April 2012. Founded in 2005, this non-profit organization helps young professional and technical school graduates from disadvantaged neighborhoods to find work. Its mentorship program mobilizes managers of member companies to coach young graduates during their job search. At the Clichy headquarters site, 26 managers participate in the program. 147 young graduates have been mentored since the beginning of the partnership and six are now in the program. Through the program, 70 young graduates were hired between 2012 and the end of 2016.

◆ Perspectives

The Group will continue to pursue the development of local initiatives. New initiatives will be undertaken in awareness, communication, training and the deployment of mechanisms for compliance with legal requirements.

2.4.8. SOCIAL DIALOG

◆ Challenges

BIC Group strives to use all the means available to engage in dialog with its employees. In this spirit, it sets up the initiatives on listening to employees mentioned on pages 47 and 48. To maintain its employees' engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog, either directly with the management or with the employees themselves, their representatives, or labor union representatives at unionized sites.

◆ Approach

In every country where the Group has operations, it complies with all applicable collective agreements. In addition, each subsidiary strives, insofar as its resources allow, to improve working conditions by offering wages above the legal minimums, through superior employee benefits, or through investments to improve the working environment.

These types of social progress are always a subject of prior dialog, and the employees and their representatives are kept informed to ensure optimal communication.

◆ Progress made in 2016

The topics discussed in the negotiations are related either to local obligations or to the previously mentioned management points. For example, many mechanisms to promote safety and health in the workplace have been initiated through social dialog.

The following table gives a few examples of such agreements.

Perimeter	Topic
France – Stationery category	The signing of an agreement on measures to support the Samer 2020 project, which aims to develop and ensure the future of the Conté company through a sizeable investment in the Samer factory after the shutdown of the Boulogne site.
France – BIC Services profit sharing agreement	The signing of an agreement defining a profit sharing plan, which will be more closely linked to employee performance, more easily comprehensible and more motivating.

◆ Performance

The audit conducted in 2014 showed that at the end of the year, 63% of BIC employees were covered by a form of employee representation through Works Councils or Committees, Health and Safety Committees, trade unions and collective agreements or equivalent. This representation takes place through regular meetings for explaining the monthly or annual financial results, describing the Company's strategy, answering questions, etc.

It should be noted that, for employees at the sites in Greece and the U.S. (Sleepy Eye, Red Wing, Clearwater and Shelton) who do not have formal representation, i.e. 30% of BIC employees, a direct dialog with the management is actively pursued.

In addition to regular meetings between management and employees to identify possible improvements, there are specific and original ways for employees to raise any concerns that they might have, such as suggestion boxes placed all over the campus, or, once a month, inviting ten employees, selected at random, to have lunch with the site's Director and HR manager.

Overall, 93% of the Group's employees can be considered to have access to a dialog channel with their management, either through a conventional form of staff representation (63%) or through direct dialog.

◆ Perspectives

This culture of remaining attentive to its personnel and taking collective requests into consideration is vital for the Group and will be maintained in the years to come through contacts with both labor union and employee representatives. Highly diversified initiatives will be carried out at the local level to offer the best responses to local situations and needs.

In 2017, negotiations on working hours will be held in various entities in France, and the global five-year agreement at the Milford site (U.S.) will be renegotiated.

The 2014 study on employee representation and coverage will be updated in 2017.





2.5. Our societal responsibility

In September 2015, the United Nations adopted a new Sustainable Development Program comprising 17 worldwide goals for combating poverty, inequality and injustice. These goals emphasize the crucial role of universal access to education and hygiene. The Group strives to meet these challenges through its local economic presence, with about four million points of sale offering BIC® products worldwide, and through its global presence: BIC manufactures and distributes its products in 160 countries, supplying the most developed marketplaces as well as some of the most impoverished ones (see page 27).

The societal challenges undertaken by BIC also include respect for ethics and Human Rights in the workplace and the fight against corruption. To meet these challenges, BIC Group's operations and subcontracting activities integrate the application of its Code of Conduct, Code of Ethics and, since 2016, its Anti-Corruption Policy.

Lastly, BIC seeks to support local communities through the development of philanthropic policies that favor involvement at both the Group and the individual level.

2.5.1. FULFILLING OUR RESPONSIBILITY ACROSS OUR ENTIRE VALUE CHAIN

2.5.1.1. Responsible purchasing and sustainable relations with suppliers

◆ Challenges

The vast majority of BIC® products, representing 90% of the Group's turnover, are produced in BIC factories. BIC's corporate organization prevents it from diluting its responsibility when it calls upon subcontractors: all purchased or subcontracted products and their suppliers are subject to stringent prior qualification processes in terms of quality, safety and social criteria.

In the course of its operations, BIC works with about 2,000 suppliers and subcontractors. For the Group, being a responsible Company means maintaining control over the entire value chain. To this end, the Purchasing departments analyze all risks: stock levels, diversification of suppliers and sourcing zones, risks associated with the country and the rarity of the resource. BIC also strives to extend the high standards that it applies in its own operations, in terms of quality, respect for the environment, ethics and Human Rights, to all the parties involved in the production and distribution of its

products. Its demands encompass factors like compliance with deadlines, cost control, quality and innovation, but also include adherence to the Group's values and commitments in terms of sustainable development.

The issues and challenges concerning Human Rights are discussed in section 2.5.1.2 "Ensuring respect for Human Rights in the workplace" (page 62).

◆ Approach and progress made in 2016

The Responsible Purchasing Charter

The Group seeks to cultivate long-term commercial relationships with its suppliers, establishing responsible relations with them and upholding its commitment to Responsible Purchasing. BIC's Responsible Purchasing Charter, finalized in 2014, codifies the Group's relations with its suppliers in keeping with its five shared Values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity. This charter applies to relations with suppliers and contract manufacturers involved in the production or shipping of BIC® products.

Through the Responsible Purchasing Charter, the Group reminds its suppliers and subcontractors that all of the commitments that BIC has made concerning its own operations apply to their activities as well. This charter is submitted to all suppliers and subcontractors to whom it is applicable.





Cartography of suppliers, subcontractors and service providers

To apply its Responsible Purchasing Charter, BIC has developed three risk management programs: compliance with the Code of Conduct (see page 62), audit programs (see page 62) and ESG evaluations by EcoVadis (see below).

EXAMPLE OF RISK MANAGEMENT PROGRAMS FOR SUPPLIERS AND SUBCONTRACTORS INVOLVED IN THE PRODUCTION AND/OR SHIPPING OF BIC® PRODUCTS

	ESG Evaluation by EcoVadis	Code of Conduct	Audit program
Raw materials suppliers (plastics, metals, packaging and inks)	X		
Contract manufacturers, licensed manufacturers, manufacturers of BIC®-brand promotional products		X	X
Transport carriers		X	

Evaluation of suppliers' ESG performance and collaboration for continuous improvement

Since 2011, BIC has assessed its raw materials suppliers according to environmental, social and governance (ESG) criteria with the help of the EcoVadis firm. The EcoVadis scoring system is comprised of 21 indicators in four areas: Environment, Social, Ethics and Suppliers/Supply Chain. The evaluation consists of assessing the suppliers' policies, actions undertaken and results achieved in sustainable development. The supplier is rated in each area and given an overall score with a maximum of 100. This initiative enables BIC not only to identify suppliers that pose a risk, but also to work with them in a process of continuous improvement and develop best practices that can then be shared.

Following the 2014-2015 EcoVadis assessment campaign focusing on strategic raw materials purchasing categories: Plastics, Metals, Packaging (France and Greece) and Inks, a new campaign was launched in October 2016 targeting newly approved suppliers and service providers, those that had not responded to the previous campaigns, and those whose scores expired in December 2016.

A total of 301 strategic suppliers are registered on the platform and 155 of them responded to the questionnaire. The average score is 46.8 out of 100, higher than the average EcoVadis score of 42. Among the re-evaluated suppliers, 75% of them increased their score.

The "Transport Community" uses the tools made available by the Group to help its transport service providers make progress in sustainable development. In 2013 the BIC Code of Conduct was amended to make it applicable to transport carriers. The updated Code was shared everywhere the Group has operations. Brazil dedicated a booklet to the presentation of the BIC Code of Conduct for transport contractors.

The "Packaging Community" works with its suppliers in a similar way. In particular, paper and cardboard packaging suppliers are encouraged to obtain SFI, FSC or PEFC certification or to supply packaging containing recycled materials (see page 30).

Training in responsible purchasing and the formation of a Responsible Purchasing Community

In 2016, buyers from the three categories and Europe received training in responsible purchasing. Nineteen employees attended a one-day session on the issues of responsible purchasing and the approach adopted by BIC Group. The training also included a toolbox for integrating responsible practices in the purchasing process.

Ensuring perennial supplies

The Purchasing departments are responsible for implementing the supply risk management approach, and monitoring the resulting action plans. The buyers and suppliers ensure the steady supply of raw materials for their factories as well as secondary and recycled raw materials (reliability of sourcing, availability, price stability). All people involved in supplier relations work closely together to keep the system running smoothly and share best practices.

◆ Performance

- **46.8: Average score of the strategic suppliers assessed by EcoVadis according to sustainable development criteria**
- **Less than 2% of the suppliers received a score of less than 24 out of 100**
- **50% of BIC's suppliers have been working with the Group for more than 10 years**

◆ Perspectives

In the years to come, the Group will continue to conduct supplier assessment campaigns and pursue the action plans that it has defined and implemented in collaboration with the factories.





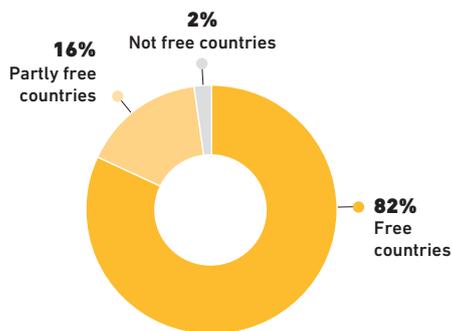
2.5.1.2. Ensuring respect for Human Rights in the workplace

◆ Challenges

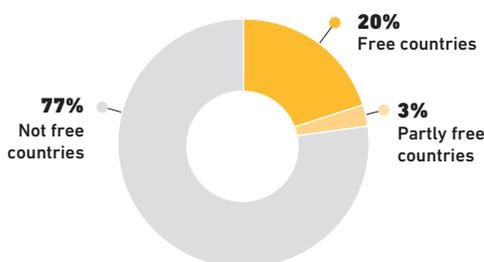
BIC's reliance on contract manufacturing is relatively low. Overall, 90% of the Group's net sales are generated by products made in its own factories: 93% for the Consumer business and 74% in BIC Graphic's Advertising and Promotional Products business. 86% of these factories are located in countries with no Human Rights risk according to Freedom House ⁽¹⁾.

BIC works with subcontractors primarily for stationery products in the Consumer business and for Advertising and Promotional Products. Subcontracting gives the Group greater flexibility.

PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2016 - BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2016 - BIC GROUP



◆ Approach

An approach guided by the BIC Group Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented a **Code of Conduct**. This document comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The Group is committed to upholding socially responsible behavior in all its operations. The principles in this document are applied at all production facilities, whether owned by the Group or operated by contract manufacturers, and BIC conducts audits to ensure its implementation.

The Code of Conduct is based on the following 10 principles:

- a safe and healthy work environment;
- fair wages and reasonable working hours;
- no child labor;
- no forced labor;
- no discrimination;
- freedom of association;
- legal compliance;
- no animal testing;
- environmental responsibility;
- publication of the Code.

This Code of Conduct applies to BIC factories, which are mainly located in South Africa, Brazil, Spain, the U.S., France, Greece and Mexico. It also applies to contract manufacturers, which are primarily located in China, the U.S. and Italy.

The social audit program

Compliance with the Code of Conduct is verified by an audit program covering all the factories where BIC® products are manufactured. BIC has had a specific audit program in place for 15 years to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. The program applies to both **global contract manufacturers** and **manufacturers under local contracts** producing BIC® products for local markets and all of BIC's activities: **BIC Consumer Products** and **BIC Graphic** (Advertising and Promotional Products). Regular audits are conducted every three years to verify that standards are maintained at a satisfactory level.

- **For Consumer Products contract manufacturers**, these audits are carried out by third party auditors. In 2014, BIC Group introduced a new tool called the Workplace Condition Assessment (WCA) platform. Considered the next generation in social auditing, the WCA will give brands and manufacturers improved performance measurement tools and more meaningful results, while helping improve workplace conditions. This assessment tool is based on national laws, integrating ILO standards and existing best practices, and is consistent with the BIC Group Code of Conduct. The WCA comprises more than 180 evaluation criteria covering a range of topics: child labor, forced labor, discrimination, harassment, freedom of association, working hours, salaries, employment contracts, health and safety and environmental responsibility.

(1) Source: "Freedom in the World 2015", a study by the non-governmental organization Freedom House.





Contract manufacturers are audited and rated on each criterion and then given an overall score. This platform allows the Group to closely monitor a contract manufacturer's performance in relation to each indicator. Deficiencies in each evaluation criterion are rated as major, moderate or minor, thus allowing the implementation of targeted corrective action plans where needed. It also includes global benchmarks for each country and each Group business sector.

All contract manufacturers are audited over a three-year cycle, during which improvement programs will be implemented based on deficiencies identified during the assessment. In the future, coaching programs could be launched by BIC to help contract manufacturers correct recurring deficiencies.

BIC sees social responsibility as a partnership that requires shared values. In this spirit, BIC favors a common commitment to improvement rather than breaking off relations with a partner. The box below explains the main steps in the evaluation of contract manufacturers.

- **For BIC Graphic contract manufacturers**, the audit process combines external audits and audits by specially-trained BIC employees.
- Self-assessments have been conducted by all **BIC factories** since 2006. The responses are analyzed by independent auditors. Overtime is scrupulously recorded and strictly controlled in all the units concerned. Each factory Director is required to implement a corrective action plan in cooperation with the Human Resources Department.

→ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS:

- 1 The BIC contract manufacturer signs the BIC Group Code of Conduct.
2. An independent external monitoring agency (or in the case of BIC Graphic, a specially trained employee) conducts an initial assessment of the contract manufacturer.
3. BIC presents a corrective action plan (CAP) to the contract manufacturer.
4. The contract manufacturer implements the CAP within an agreed, reasonable time frame.
5. The auditor conducts follow-up assessment(s) to confirm implementation of the CAP.
6. Ongoing assessments are conducted every three years.

→ SA 8000 CERTIFICATION FOR THE BIC AMAZONIA FACTORY

In 2010, BIC Amazonia obtained SA 8000 social benchmarking certification on a voluntary basis. In 2013 and in 2016, this certification was renewed for a further three-year period. Examples of results achieved include: improvement in relations between management and employees; greater transparency in the HR process, in relation to internal recruitment, training and skills development; and the rollout of best practices to subcontractors working directly at BIC sites.

Social audits in the Advertising and Promotional Products business

First launched in 2000, this approach is fully embedded in the Group's processes. Compliance with BIC standards in respect of Human Rights was a mandatory requirement for the integration of BIC Graphic's activities. Due to the large number of contract manufacturers in the Advertising and Promotional Products business, the audit process involves a combination of external audits by third-party auditors and audits by specially-trained BIC Graphic employees.

Quality Certification Alliance (QCA)

In North America, BIC Graphic has been accredited by the Quality Certification Alliance (QCA) since 2012. QCA accreditation requires audit scores of 91% or better (BIC Graphic's U.S. facilities) and 81% or better (BIC Graphic's Asian sourcing office and BIC Graphic contract manufacturers) in five different areas: quality, product safety and regulatory compliance, environmental stewardship, supply chain security and social compliance. In 2016, BIC Graphic North America's three sites in the U.S., as well as BIC Graphic Asia's sourcing office in Shenzhen, China and three finished product suppliers were successfully audited by the QCA.

SEDEX platform and SMETA audits

BIC Graphic Europe and BIC Graphic North America joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a not-for-profit membership organization dedicated to driving improvements in responsible and ethical business practices along the supply chain. Being a member of SEDEX provides the added benefit of having a confidential platform for sharing social compliance audit reports and related information and participation in working groups. The SEDEX Members Ethical Trade Audits (SMETA) standard combines several reputable programs including the ILO Convention, ETI (Ethical Trading Initiative) Base Code, SA 8000 and ISO 14001. No audit was conducted to a SMETA standard in 2016 on the U.S. factories in Sleepy Eye, Clearwater and Red Wing, but all three U.S. sites were audited by one major client.

◆ Progress made in 2016

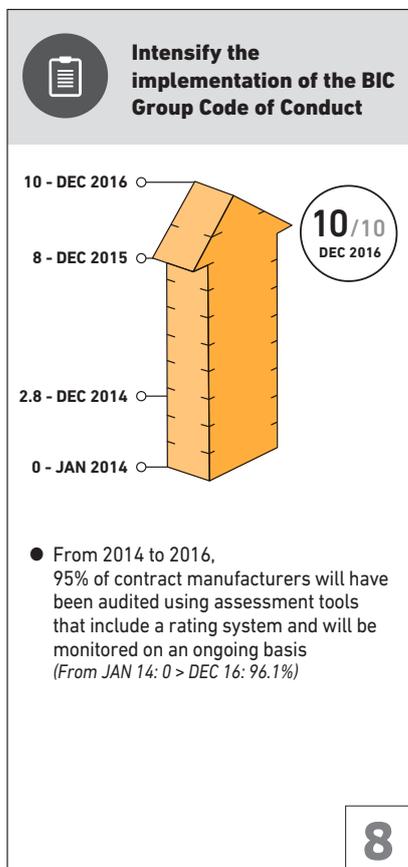
In 2016, 14 Consumer products contract manufacturers were audited, representing 21%, along with 108 contract manufacturers of Advertising and Promotional Products (BIC Graphic), representing 31% in high risk countries. The Consumer Products audits conducted in 2016 revealed 28 major, 210 moderate and 195 minor deficiencies, and 24 corrective action plans were implemented. The four biggest areas of deficiency were found in working hours and management systems:

- 1) hours exceeds allowable limits under applicable law or agreement -3%;
- 2) the facility has comprehensive chemicals management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented -3%;
- 3) the facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented -4%, and;
- 4) the facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented -5%.





◆ Performance



RESULTS FOR 2016: From 2015 to 2016, 96.1% of BIC contract manufacturers have been audited using assessment tools that include a rating system, thanks to a good performance for both Consumer and BIC Graphic activities. The result exceeds the objective, which was 95%. The score is then 10/10⁽¹⁾.

→ **Two-thirds of BIC's Asian subcontractors for the Consumer Products business have maintained close relationships with the Group for at least five years**

→ **In Asia, BIC Graphic has had a business relationship with its main suppliers for more than 15 years**

2.5.1.3. Ethics and the fight against corruption

◆ Challenges

BIC generates 31% of its sales in countries where the risk of corruption is considered high or very high (such as Brazil, Mexico, India, Italy and Argentina) and 69% in countries with a medium or low risk of corruption according to Transparency International, including France, the United States and Spain.

◆ Approach

Compliance with ethical principles and the fight against all forms of corruption, active or passive, are stipulated among the standards of **the BIC Group Code of Ethics**.

Since 2007, this document has defined the fundamental ethical principles that the Group asks all of its employees to follow under all circumstances and everywhere in the world. The objective is to build and sustain an authentic corporate culture of integrity, honesty and fairness. The Code of Ethics comprises:

- 14 standards covering the following aspects: respect for fundamental Human Rights, respect for the environment, compliance with the law, listening and communicating, and the prevention of any form of active or passive corruption;
- 13 principles governing the behavior of BIC employees to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitments, and relationships with its stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

The Code of Ethics, as approved by the CEO and the Board of Directors, and its guide are available in 15 languages. The text of the Code is available to all employees on the Group Intranet.

◆ Progress made in 2016

The Code of Ethics was shared with all employees in 2016, accompanied by a video introduction from Executive Vice-President Marie-Aimee Bich-Dufour.

In addition, BIC has adopted an **Anti-Corruption Policy** that applies to all employees, Directors, administrators and subsidiaries, as well as companies affiliated with the Group. This internal policy document specifies the relevant principles, responsibilities and behavioral guidelines, and answers common questions about corruption. Published in 18 languages, it was shared with all Group employees in December 2016.

In countries where corruption is a potential problem, a risk evaluation campaign was launched in late 2016 and will be completed in spring 2017. Each evaluation is reviewed by an independent auditor and followed by an on-site visit.

In North America, all employees have been offered a 30-minute e-learning module on the Code of Ethics and the Anti-Corruption Policy. At the completion of the e-learning module, employees electronically confirm that they understand the Group's commitments and have completed the online training module.

(1) See section 2.6.3.3 (page 69) for definitions and additional methodological information on the Barometer calculations.





◆ Perspectives

The Group plans to extend its anti-corruption efforts with:

- The deployment of the e-learning module (also covering ethics) in Europe starting in January 2017;
- A face-to-face training module for all managers in risk countries;
- Starting in 2017, a corruption hotline in 200 languages, accessible to all employees 24 hours a day and 365 days a year;
- Consideration of the possibility of allowing third-party access to the hotline.

2.5.2. ACTING AS A LOCAL AND HUMANITARIAN FORCE

2.5.2.1. Generating and maintaining jobs

◆ Approach

BIC Group participates directly and indirectly in the local economy in every region where it has operations.

Every time it starts operations in a new region, BIC's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 81 expatriated employees today (0.82% of permanent employees). BIC thus contributes directly to local economies by generating jobs.

BIC has been historically developing and maintaining industrial jobs in Europe, in particular in France, Spain and Greece, for several decades. The Group promotes "Made in France" and "Made in Europe" products in its catalogues, thus contributing to the creation of value and jobs in these countries, which have been especially hard hit by the economic crisis that began in 2008.

BIC values the local manufacturing of its products so that it contributes to local economic development and includes the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of six licensed factories solely for the Middle East-Africa zone. This local partnership approach has brought BIC® products closer to its consumers, making them more affordable and minimizing the transportation share of the costs. There are multiple benefits for the partners and the communities alike, especially in local job creation, technology sharing and transfers, and enhanced product competitiveness.

→ ECONOMIC IMPACT STUDY ON THE BIC FACTORY IN MANAUS (BRAZIL)

A pilot study conducted in 2004, and discussed in detail in the BIC Group 2005 Sustainable Development Report, provides a better understanding of the impact of the activities of a BIC site on the local economy in a developing country. The findings showed that in the city of Manaus, which is located in a very remote region (the Amazon) where industry is concentrated in just a few sectors, only a quarter of the site's expenditures remained locally in Manaus, with the remaining expenditures going to the rest of Brazil and foreign countries.

In terms of employment, the study showed that each direct job at BIC Amazonia generated up to three local jobs and indirectly supported as many as 10 people just in the city of Manaus.

Since 2004, Brazil has opened its economy to more foreign investment and improved its economic and transportation infrastructures. As a result, the findings of this study would no doubt be somewhat different today, but it nonetheless remains valid for a site operating in a developing country.

2.5.2.2. Promoting access to education

◆ Challenges

The UN Sustainable Development Goal no. 4 is "to ensure inclusive and equitable quality education and to promote lifelong learning opportunities for all." Today, 57 million children in the world still have no access to education, more than half of them in Sub-Saharan Africa.

◆ Approach and progress made in 2016

With its historical vision "to offer simple, inventive and reliable choices for everyone, everywhere," BIC Group offers a direct response to this challenge — a response that it seeks to bolster by extending its presence on bottom-of-the-pyramid markets (see page 28), through the projects backed by the BIC Corporate Foundation, and by actively promoting handwriting and the distribution of stationery products to educational charities products. For more than 60 years, BIC writing instruments have been an integral part of students' lives, constantly evolving to adapt to the different stages of the process of learning to write. Its close collaboration with the educational community (children, students, parents, teachers...) allows BIC to identify new needs in writing instruments and develop optimal solutions through its R&D programs in materials, inks and technologies.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our societal responsibility

The BIC Corporate Foundation

The BIC Corporate Foundation was founded in late 2015. Born of the Group's desire to promote its civic activities and structure its philanthropic approach while bolstering its employees' sense of pride and belonging, the Foundation supports access to education, putting the emphasis, over the long term, on the funding of social entrepreneurship and innovation in education. It focuses on two main fields, namely reducing the school dropout rate and promoting equal access to education for boys and girls, as well as the advancement of environmental education.

The BIC Corporate Foundation Board of Directors consists of nine members, six from BIC Group plus three external experts:

- Runa Khan, founder and President of the NGO Friendship;
- Marine de Bazelaire, Managing Director of the HSBC Foundation for Education;
- Jean-Marc Guesné: General Manager of the Ashoka France network.

After holding its first Board Meeting in May 2016, the BIC Corporate Foundation began the task of defining its mission, along with the vision and values that will guide its operations.

Its first funding programs began in December 2016 and will be announced in 2017 with the initial reports on the projects.

The promotion of handwriting

In the learning process, writing by hand is a basic skill that helps structure the thought process. For this reason, pens and pencils are indispensable tools for advancing education. In recent years, a considerable amount of work has been done by BIC teams to support handwriting and its importance in children's development, especially through:

- the launch of the BIC® Kids range (Europe and U.S.), created in association with psychomotor specialists, ergonomists and teachers;
- the BIC's Fight for Your Write campaign in the U.S., provides information to parents, teachers and students about the benefits that writing has on cognitive development, fine motor skills, self-confidence and creativity;
- the launch of the BIC® Kids website in Europe, offering fun, creative learning activities in two spaces, one for children and the other for teachers;
- in South Africa, an annual roadshow to teach children about the importance of education, writing and educational guidance and the fight against bullying.

2.5.2.3. Philanthropic actions by BIC Group and its subsidiaries

◆ Approach

The philanthropic actions of BIC Group and its subsidiaries can take three forms: monetary gifts, the donation of products, and volunteer work/skills sponsorship. The Group and its subsidiaries favor operations that benefit local populations near its sites.

BIC Citizens in Action

Launched by the Group in 2008, "BIC Citizens in Action" is a worldwide program based on a shared commitment by BIC and its employees aiming to protect the environment and help local communities, thus responding to societal challenges at both the global and local levels.

At the global level, this commitment takes the form of matching fund campaigns, which means the employees are mobilized through fundraising drives in all subsidiaries worldwide, and the Group matches the amount of money collected. All BIC subsidiaries around the world participate in these campaigns. In 2014, 120,000 euros was raised and the Group teamed up with the NGO *Planète Urgence* as it did in 2010 and 2012 to offer financial and scholastic aid to Haitian families through the initiative *Haiti: Sur le Chemin de l'École* ("Haiti: Back to School").

At the local level, "BIC Citizens in Action" encompasses numerous volunteer projects around the world, in which BIC employees donate their time, energy and resources to help local associations and organizations.

Major philanthropic actions and charity products to promote education

Each year, BIC develops and markets charity-linked products, some of which are useful in education. For the consumer, these products offer the possibility of spending the same amount of money while making a humanitarian gesture, because part of the purchase price is donated to a charitable organization. The organization in turn can diversify its funding sources and benefit from additional publicity. And for BIC, it is an opportunity to underline the Group's civic commitment and boost sales.

In 2016, BIC South Africa renewed its large-scale "Choose BIC and Change a Future" charity products campaign. South Africa is a country that faces enormous educational challenges: 4.7 million of its citizens are illiterate and its unemployment rate exceeds 24%. For this campaign, for each product purchased, BIC South Africa donates one pen to the NGO READ Educational Trust, which distributes them to underprivileged children. As in previous years, the operation was a huge success, with 1.2 million pens once again donated, bringing the overall total to 6 million pens in five years.

In Europe, for the seventh consecutive year, the *Kit Scolaire 2016* operation, to which BIC contributes through the French NGO *Dons Solidaires*, met with great success. In all, 140 associations received shipments and distributed the products to 20,000 underprivileged children at the beginning of summer vacation and the start of the school year. As in 2015, BIC gave five employees the opportunity to help assemble the *Kit Scolaire* school kits (the volunteers take a half-day of leave and the Group matches their donation by offering them the other half of the day with pay).

In Morocco, BIC also took part in the *Un cartable pour tous* initiative as part of the "Back to School" operation organized by the charity *Les Colis du Cœur*. These school bags, each containing exercise books, a whiteboard and a complete pencil case, were donated to 407 children in the Timahdit province.





In France, as it has every year since 2008, BIC supported the AFEV association with a financial donation. AFEV (*Association de la Fondation Étudiante pour la Ville*) was founded in 1992 to combat inequality among children and young people who are experiencing social or scholastic difficulties.

In the U.S., Enactus is an international not-for-profit organisation that supports students leadership development and social responsibility by bringing together the power of business and education. Leading universities from around the world identify and implement impactful, socially responsible initiatives at the local and international level that positively impact the lives of thousands of people around the world. In 2016, BIC made financial and product donations through its sponsorship of the U.S. National Exposition in St. Louis, the Canada National Exposition in Toronto and the Enactus World Cup in Toronto.

Examples of philanthropic actions by BIC Group subsidiaries in 2016

Around the world, BIC employees are taking action for the benefit of local charities. A few examples:

- France: the employees of BIC France were mobilized to raise money for ELA, an association that helps victims of leukodystrophy, in an operation entitled *Mets Tes Baskets* ("Put On Your Sneakers"). For every step taken by a BIC employee, one centime was contributed to a fund donated to the association. With an average of 10,000 steps per person around 7,000 euros were collected;
- Canada: BIC team members participated in a variety of events throughout the year to fundraise for The Children's Breakfast Club. These events include, sports game raffles, charity lunches, products sale and more. The BIC Inc. team has raised a total of 3,500 CAD dollars for the Children's Breakfast Club in 2016.
- Ecuador: In April of this year there was an earthquake in the province of Manabí. To assist the people who were affected by this natural disaster, BIC created a project called "BIC with Manabí" to incentivize employees to donate clothing, non-perishable food and other essential items. BIC also donated 3,960 euros in products that included markers and lighters, first aid and personal hygiene products.

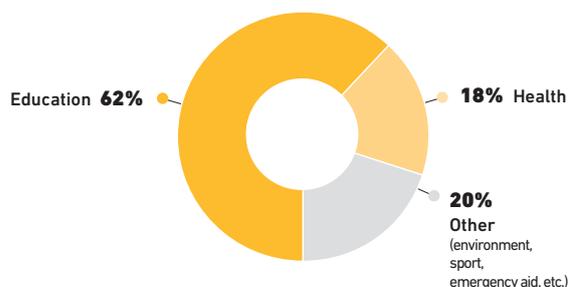
◆ Performance

In 2016, product donations and financial aid worldwide represented 2.4 million euros (internal valuation), primarily in education and health. These two sectors represent 75% of BIC's community activities in number and 80% of their total estimated financial value.

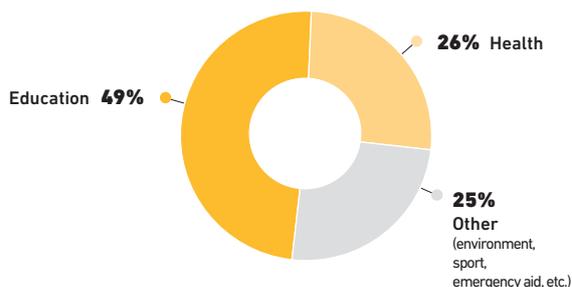
→ **BIC Group objective is achieved: the contribution toward communities is more than 0.50% of pretax profit**

→ **228 philanthropic projects involving volunteer work, product donations and financial aid carried out worldwide in 2016 (all fields combined)**

FINANCIAL BREAKDOWN OF ACTIONS - BIC GROUP - 2016



BREAKDOWN OF ACTIONS BY FIELD - BIC GROUP - 2016





2.6. Milestones

2.6.1. EXTRA-FINANCIAL RATINGS

In 2016, BIC was once again listed on the following socially responsible investment indexes:

- The 2016 CDP A List (see page 37);
- The 2016 CDP Supplier A List;
- Member of the Supplier Engagement Leader Board of the CDP Supplier Engagement Rating;
- The FTSE4Good indexes;
- Ethibel Sustainability Index (ESI), Excellence Europe;
- Euronext Vigeo – Eurozone 120;
- Euronext Vigeo – Europe 120;
- Stoxx Global ESG Leaders Index.

2.6.2. PRIZES

BIC was awarded the prize for *Meilleur Document de Gestion 2015* ("Best management report of 2015") as part of Labrador's *Grands Prix de la Transparence Financière des Sociétés Cotées* ("Financial Transparency for Listed Companies Awards").

The BIC Boulogne factory (France) received an award from ADEME (*Agence De l'Environnement et de la Maîtrise de l'Énergie*) for its RecyBIC program, developed in response to the ORPLAST call for projects. The award honors BIC's commitment to maximizing the integration of recycled plastics in its Ecolution® line.

BIC Group Sustainable Development Director, Christine Desbois, was selected by the newspaper *La Parisienne* for the distinction of *Femme Parisienne d'Influence en Faveur de l'Environnement 2016* ("2016 Influential Parisian Woman Working for the Environment").

BIC Group was ranked by Vigeo-Eiris among the "Top Performers 2016: Responsible Management of the Supply Chain."

BIC was awarded the *Prix Spécial du Jury: Rapport Intégré* ("Special Judges' Award for Integrated Reporting") at the 16th *Trophées RSE* (CSR) awards ceremony co-hosted by the *Conseil Supérieur de l'Ordre des Experts-Comptables* (Executive Board of the Institute of Certified Accountants) and the *Compagnie Nationale des Commissaires aux Comptes* (National Institute of Statutory Auditors).

2.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1 to December 31, 2016.

2.6.3.1. Perimeter

Regarding the indicators that refer to human resources and communities, the reporting perimeter encompasses all permanent

employees of all French and foreign operational units within the Group, with the exception of information on training and the disabled, for which temporary employees are included.

The indicators that refer to environment and workers' accidents only concern the operations that have a significant impact, namely the industrial activities owned by the Group. These indicators therefore concern BIC Group factories that produce finished or semi-finished products, as well as its engineering units and packaging operations of more than 50 employees or whose operations are regulated by government directives such as SEVESO (EU), PSM or RMP (U.S.). Other sites are included on a voluntary basis.

The environmental and health & safety reporting perimeter is fixed for the period 2014-2016 to ensure consistency with the data in the Barometer. Any new site or new acquisition during this period would therefore only be included in the next Barometer period.

BIC Group's share in the capital of the seven Cello Pens entities went from 75% to 100% in December 2015. Cello Pens activities have not been included in the environmental, social and societal reporting for 2013 to 2016. In 2014, BIC started working on the implementation of an environmental and health & safety reporting with the objective of integrating Cello Pens' factories in the Group consolidated reporting by 2017. Similarly, in 2016, BIC Group initiated a process to be able to publish specific data for India, extracted from the Human Resources Key Performance Indicators (HR KPI), as from December 2018.

Headquarters reporting concerns the Group headquarters around the world with more than 200 permanent employees. The indicators on accident incidence and severity rates concern only permanent employees of the Group.

2.6.3.2. Indicators

The published indicators are chosen to best represent BIC's main social and environmental stakes.

The inventory of activities for the benefit of our communities is compiled from information and data sent annually by the management of each subsidiary.

The financial indicators, those referring to Human Resources, workers' accidents and the environment are compiled using several data collection systems that make use of privileged access to dedicated Intranet tools under the responsibility of their respective departments. The consistency of the data is verified before consolidation.

Concerning environmental reporting only, to ensure that the published data is more reliable, information from previous years may be corrected or fine-tuned when necessary.

Concerning the reporting on greenhouse gas emissions, the conversion factors have been normalized based on those proposed annually by the International Energy Agency. The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the correspondence table for environmental and social indicators (page 75).





2.6.3.3. Methodological information concerning the BIC Sustainable Development Barometer

◆ Definitions

Products

#1 Launch innovative responsible products

The concerned products will be innovative while offering a social or environmental benefit. This innovation is defined as never been done at BIC before.

#2 Create products for Developing Markets

Through its vision ("We offer simple, inventive and reliable products for everyone, everywhere, every time"), BIC develops or adapts products to bring what's essential to the greatest number of people. The eight products will be designed to meet the needs of local Developing Markets. Markets considered as developing to BIC (definition in the registration document) include a majority of developing countries according to HDI (Human Development Index of United Nations Development Program).

#3 Offer BIC® products with environmental benefits

BIC has defined environmental benefits for its products by complying with at least one of the following criteria as follows:

- light and long lasting (writing instrument ≤ 3 g per km; correction tape ≤ 1.8 g per m; lighter ≤ 8 g per 1,000 flames; shaver ≤ 1 g per shaving);
- made from alternative materials (recycled, vegetable origin, etc.);
- refillable;
- ecolabeled (*NF Environnement*, etc.).

This commitment is calculated on net sales.

Industry

#4 Select responsible materials for packaging

This commitment includes all packaged BIC® products delivered to the Group's customers all over the world (except pallets): consumer packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, lighter displays, etc. It is calculated on material weight.

#5 Improve environmental performance of BIC factories

Since 2002, BIC has introduced environmental reporting for its factories that monitor their energy and water consumption as well as their production of hazardous and non-hazardous waste. Deployment and maintenance of EMS ensures the regular implementation of programs designed to improve the performance of these indicators.

#6 Maintain a low level of air freight

By minimizing air-freight, maintaining low GHG emissions from products transportation is possible. The scope of this objective is the inter-site shipping, *i.e.* all the factory to factory and factory to warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental). It is expressed in tons/kilometer.

Social/Societal

#7 Maintain low worker accident rates

In 2013, BIC holds an Incidence Rate (IR) of 8.43 and a Severity Rate (SR) of 0.27 for its factories, which are lower than the last French mechanical industry published rates (2012): 21.4 for IR and 1.1 for SR. IR is expressed in number of accidents resulting in more than one calendar lost day per million hours worked and SR is expressed in number of calendar lost days per thousand hours worked.

#8 Intensify the implementation of the BIC Group Code of Conduct

The commitment applies to all contract manufacturers of finished products. The rating system measures the level of performance of each contract manufacturer based on the social indicators of the BIC Group Code of Conduct. BIC Graphic audits are conducted only in sites located in countries with "Human Rights" risks (not free and partly free according to Freedom House, 2013).

#9 Develop employee engagement

BIC conducts Employee and BIC Values surveys which alternate on a biennial basis: in 2014 the Employee survey, in 2015 the Values in Action survey and in 2016 the Employee survey. In 2016, both surveys were merged into one: the Engagement and Adherence to Values survey. The scope has to be at least 80% of BIC permanent headcount and temporary workers.

#10 Ensure BIC employees' employability

This commitment measures the number of manager and non-manager positions executed internally compared to the total number of executed positions in the Group over the same period of time. This includes the following: promotions (increase in level) and developmental moves (position moves that encompass a change in position or geographical area or entity).





2.6.4. INDICATORS TABLE

Environmental indicators	Barometer	Unit	2014	2015	2016
Management systems of factories					
Factories with environmental and health & safety management systems (or with implementation under way)		%	89.0	89.0	91.5
BIC employees working in ISO 14001 certified factories (or in the process of certification)		%	84.0	80.0	83.0
Energy consumption					
Annual energy consumption		Gigajoules	1,111,280	1,154,083	1,168,908
Annual energy consumption normalized to production	Barometer	Gigajoules per ton	12.19	12.21	11.77
Greenhouse Gas (GHG) emissions					
Total amount of annual GHG emissions		tCO ₂ -e	94,234	98,641	98,431
• Direct GHG emissions		tCO ₂ -e	8,800	9,061	8,689
• Indirect GHG emissions		tCO ₂ -e	85,434	89,580	89,742
Total amount of annual GHG emissions normalized to production		tCO ₂ -e/ton	1.034	1.044	0.991
Water consumption					
Annual water consumption		m ³	540,531	519,911	482,451
Annual water consumption normalized to production	Barometer	m ³ per ton	5.93	5.50	4.86
Waste production					
Annual waste production		Tons	23,575	25,130	26,531
• Non-hazardous waste		Tons	20,744	22,017	23,377
• Hazardous waste		Tons	2,831	3,113	3,154
Annual production of waste normalized to production		Tons/tons	0.259	0.266	0.267
Annual production of non-recycled waste normalized to production	Barometer	Tons/tons	0.078	0.084	0.086
Recovered waste (recycled or incinerated with energy recovery)		%	84	83	83
Transportation					
GHG emissions related to intra-company transport*		tCO ₂ -e/ton	0.662	0.633	0.768
Intra-company transport operated without air freight	Barometer	%	98.15	98.09	97.71
Products					
Number of products certified with the French <i>NF Environnement</i> ecolabel			22	22	22
Number of innovative responsible products launched	Barometer		2	4**	5
Number of products adapted to developing markets created	Barometer		2	7**	8
Number of products that have at least one environmental benefit***	Barometer	%	49.6	50.0	50.0
Packaging					
BIC cardboard packaging from a certified and/or recycled source	Barometer	%	87.97	90.44	92.26
BIC plastic packaging PVC free	Barometer	%	79.00	82.43	83.46
Other Indicators					
Expenses for preventing consequences of the business on the environment ^(a)		Million euros	3.8	4.8	6.1
Provisions and guarantees for environmental risks ^(b)		Million euros	0	0	0
Compensation paid during the fiscal year under court order		Million euros	0	0	0

* BIC Graphic (Advertising and Promotional Products) excluded.

** 2014 and 2015.

*** BIC Graphic (Advertising and Promotional Products) and BIC Sport excluded.

(a) Investment budgets related to short and long-term improvement programs to prevent or minimize environmental consequences are an integral part of the factories' budgets.

(b) Guarantees received regarding the environment are listed in Note 25 "Off-balance sheet commitments: sureties, deposits and guarantees" of the consolidated financial statements for the year.





Social indicators	Barometer	Unit	2014	2015	2016
Group workforce (Cello Pens excluded)					
Total workforce (full-time equivalent)			11,025	11,144	11,435
• Permanent employees			9,550	9,640	9,856
• Temporary workers			1,475	1,504	1,578
Voluntary turnover		%	8	8	8
Permanent workforce by region					
Permanent workforce by geographical area					
• Europe		%	40.5	40.7	42.0
• North America		%	24.0	24.0	23.8
• Developing countries		%	35.5	35.3	34.2
Permanent workforce by activity					
Workforce by activity					
• Manufacturing and R&D		%	63	63	63
• Distribution, marketing et G&A		%	19	18	18
• Sales force and customer service		%	18	19	19
Training, career management and engagement					
Employees that have received one training		%	92	92	95
Number of training days		days	20,293	24,079	21,020
Number of training days per employee		days	2.2	2.7	2.1
Number of training hours per theme		hours	162,347	192,633	168,163
• Technical training		hours	100,837	132,782	120,732
• Leadership skills		hours	21,648	25,867	18,498
• BIC culture		hours	35,384	25,408	22,730
• Health & Wellbeing		hours	4,478	8,576	6,203
Internal promotion rate among managers (highest levels: 3 to 6)					
• External recruitment		%	35	34	35
• Internal recruitment		%	65	66	65
Participation rate in surveys	Barometer	%	90.5	85.1	83.1
Internal development moves and promotion rate	Barometer	%	30.5	31.5	30.8
Diversity					
Percentage of women in management and workforce					
• Board of Directors		%	30	30	30
• Leadership Team		%	18	20	14
• Managers (highest levels: 3 to 6)		%	29	29	30
Safety					
Incidence rate of workers' accidents in the factories (accidents with temporary or permanent incapacity)	Barometer	Number per millions of hours worked	6.67	6.28	7.10
Severity rate of workers' accidents in the factories (in days of temporary incapacity)	Barometer	Number per thousands of hours worked	0.31	0.26	0.24
Absenteeism					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.5	1.5	1.5



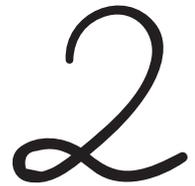


OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY Milestones

Societal indicators	Barometer	Unit	2014	2015	2016
Respect for Human Right in the workplace					
Net sales from BIC® products manufactured in its own factories		%	84.6	86.0	90.0
BIC permanent employees working in countries with no Human Rights risk ^(a)		%	80.4	81.0	82.0
BIC factories located in countries with no Human Rights risk ^(a)		%	83	86	89
Contract manufacturers located in countries with no Human Rights risk ^(a)		%	22	28	20
Contract manufacturers that have been audited using assessment tools that include a rating system and been monitored on an ongoing basis	Barometer	%	26.8	75.7	96.1
Net sales in countries with no Human Rights risk ^(a)		%	87.4	88.3	88.1
Sponsorship					
Contribution to communities (percentage of the Group's pretax profit)		%	0.49	>0.7	>0.5

(a) Source: Freedom House.





2.6.5. INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

ERNST & YOUNG et Associés
SOCIÉTÉ BIC
Year ended 31 December 2016
To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC ⁽¹⁾, under the number no 3-1050, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2016, presented in chapter 2 of the registration document including the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company which are procedures for environmental, health and safety, human resources and Barometer information in their versions dated of January or November 2016 (hereafter referred to as the "Criteria"), and of which a summary is included in chapter 2 of the registration document.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria.

Our verification work mobilized the skills of five people between October 2016 and February 2017 for an estimated duration of twelve weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000 ⁽²⁾.

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (*Code de commerce*) with the limitations specified in the Methodological Note in chapter 2.6.3 "Perimeter and selection of indicators" of the registration document, notably the one concerning the exclusion of Cello Pens activities.

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

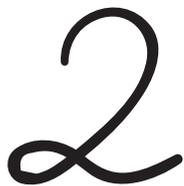
We undertook a dozen of interviews with the people responsible for the preparation of the CSR Information in the departments in charge of the data collection process and, if applicable, with the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.





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We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important ⁽¹⁾:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative entities that we selected ⁽²⁾, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in

verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented 11% of the workforce as at 31 December 2016, 18% of the annual production (in metric tons), 20% of energy consumption and 14% of waste generation, that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and the sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, 1st March 2017

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier
Partner, Cleantech & Sustainability

Bruno Perrin
Partner

(1) Quantitative information :

Products: number of innovative responsible products launched in 2016 (and score for Commitment #1 within the BIC Sustainable Development Barometer), number of products created in 2016 for developing markets (and score for Commitment #2), share of BIC® products with at least one environmental benefit (and score for Commitment #3), production of finished and semi-finished products;

Environment: percentage of cardboard packaging from a certified and/or recycled source and percentage of plastic packaging PVC free (and score for Commitment #4 within the BIC Sustainable Development Barometer), water consumption per ton of production, energy consumption per ton of production, direct and indirect emissions of greenhouse gases, hazardous and non-hazardous waste generation, score for Commitment #5 within the BIC Sustainable Development Barometer, annual production of non-recycled waste per ton of production, share of intra-company transport that is operated without air freight (and score for Commitment #6);

Safety: accident incidence and severity rate (and score for Commitment #7 within the BIC Sustainable Development Barometer);

Societal: share of contract manufacturers that have been audited using assessment tools that include a rating system and that will be monitored on an ongoing basis (and score for Commitment #8 within the BIC Sustainable Development Barometer);

Human resources: participation rates to the Engagement and Adherence to Values survey (and score for Commitment #9 within the BIC Sustainable Development Barometer), internal developmental moves and promotion rate (and score for Commitment #10), workforce as of 31 December 2016, percentage of women in workforce, recruitment and terminations, absenteeism rate.

Qualitative information:

Implementation of the BIC Sustainable Development Barometer, general policies for human resources, environment and safety at the workplace, employee development, Engagement and Adherence to Values survey among employees, transport activities, Group's "bottom of the pyramid" strategy, BIC Corporate Foundation and philanthropic actions.

(2) BIC Gaffney (United States), BIC Rasoirs (France), BIC Amazonia (Brazil) and BIC Sport (France).



2.7. Cross reference table for environmental and social indicators

For each section of the registration document, the following table gives the corresponding GRI⁽¹⁾ indicators and principles of the United Nations Global Compact and the general policies of the OECD Guidelines⁽³⁾.

Contents	Article 225-105-1 of the French Commercial Code	GRI ⁽¹⁾	CDSB Framework for reporting environmental information & natural capital ⁽²⁾	Principles of the Global Compact	OECD ⁽³⁾ general policies	Page
1. Profile and strategy		G4-3, G4-4, G4-17, G4-5, G4-6, G4-7, G4-8, G4-9		REQ-07	6, 10	2 to 5
2.1 The BIC Sustainable Development Program	3.b, c	G4-2, G4-45, G4-47, G4-56, G4-15, G4-24, G4-26, G4-27, G4-PR5, G4-EC1, G4-8, G4-16, S05	P1, P2, P7, REQ-01, REQ-02, REQ-03	1 to 10	1, 5	8 to 20
2.2 Responsibility concerning our products	3.c, d	G4-PR1, G4-EN27	P5, P6, REQ-04, REQ-05	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	21 to 32
2.3 Environmental responsibility concerning our operations	2.a, b, c, d, e	G4-EC2, G4-EN1, G4-EN3, G4-EN4, G4-EN5, G4-EN7, G4-EN6, G4-EN8, G4-EN12, EN14, G4-EN15, G4-EN16, G4-EN19, G4-EN23, G4-EN29, G4-EN30, G4-EN31	P4, P5, P6, REQ-01, REQ-02, REQ-04, REQ-05	7, 8 and 9	12	33 to 44
2.4 Our social responsibility to our employees	1.a, b, c, d, e, f, g	G4-10, G4-11, G4-LA1, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12		1, 3 and 6	2, 4, 10	45 to 59
2.5 Our societal responsibility	3.a, c, d, e	G4-S03, G4-HR10, G4-HR5, G4-HR6, G4-EC8		1, 2, 4, 5, 10	4, 8, 13, 14	60 to 67
2.6. Milestones		G4-13, G4-28, G4-30, G4-20, G4-21, G4-22, G4-23, G4-32, G4-33	P1, P2, P4, P6, REQ-04, REQ-05, REQ-07, REQ-08, REQ-09, REQ-10, REQ-11, REQ-12		1, 2, 3, 7, 9, 13	68 to 74

(1) GRI: Global Reporting Initiative, version G4.

(2) CDSB: Climate Disclosure Standards Boards.

(3) OECD: Organization for Economic Co-operation and Development.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Cross reference table for environmental and social indicators



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