

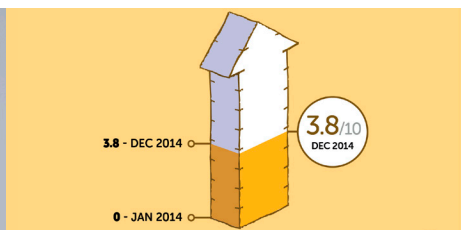
BIC'tween us

2014

# SUSTAINABLE DEVELOPMENT REPORT



**COMMITMENT**  
BRUNO BICH  
AND MARIO GUEVARA



**MEASURE**  
10 PERFORMANCE INDICATORS  
FOR 10 COMMITMENTS  
2016 OBJECTIVE: 10/10



**RESPONSIBILITY**  
ENVIRONMENTAL, SOCIAL  
AND SOCIETAL

**Profile of the BIC Group  
Message from Bruno Bich,  
Chairman of the Board,  
and Mario Guevara, CEO  
Governance**

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# **Sustainable Development Report** 2014



# PROFILE OF THE **BIC**® GROUP

## BIC'S POSITION IN ITS MARKETS



### STATIONERY

**N° 2** in the world  
**N° 1** in Europe/Latin America  
**N° 2** in the USA



### LIGHTERS

**N° 1** in the world for  
brand-name pocket  
lighters



### SHAVERS

**N° 2** in the world for  
non-refillable shavers



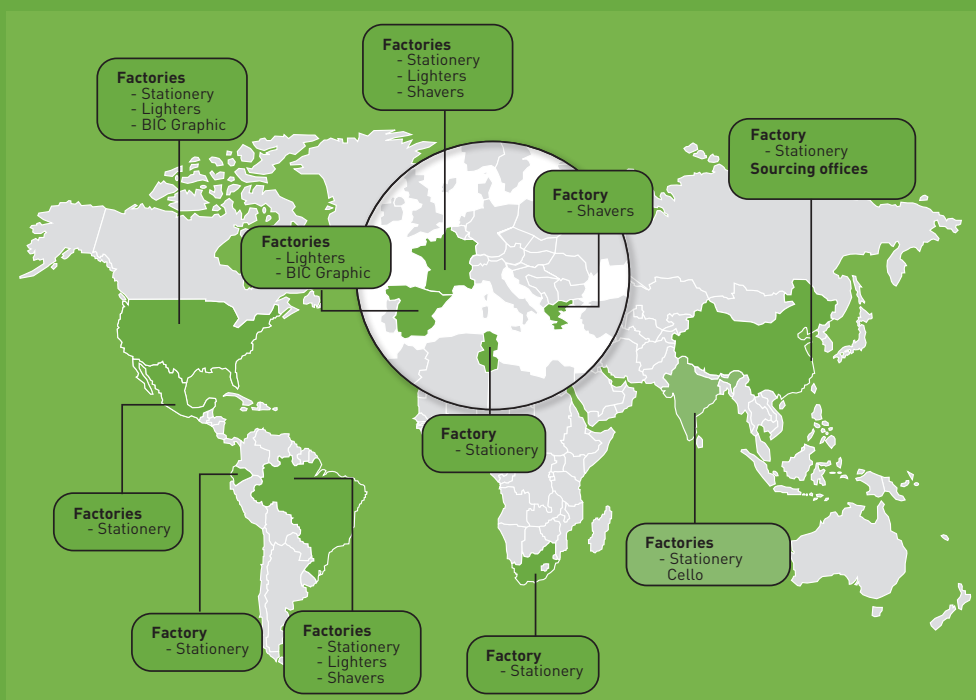
### ADVERTISING & PROMOTIONAL PRODUCTS

**N° 2** in Europe  
**N° 4** in the USA

## BIC KEY FIGURES

- **46 million products**  
sold every day worldwide
- **85% of all BIC® products**  
are manufactured by the Group in its own factories
- **83% of BIC factories**  
are located in countries with no Human Rights risk<sup>(1)</sup>
- **90% of BIC® products**  
sold in Europe are also manufactured on this continent and  
**52% of BIC® products** sold in Americas are also  
manufactured on this continent, in the Consumer business
- **3.2 million points of sale**  
worldwide

## Industrial sites



(1) Source: Freedom House

BIC is a world leader in stationery, lighters, shavers and promotional products. For more than 60 years, BIC provides high-quality, affordable products to consumers everywhere in the world. Through this dedication, BIC has become one of the most recognized brands in the world. Every day, in more than 160 countries around the world, consumers and corporations choose to buy:

- 23 million BIC® stationery products;
- 7 million BIC® lighters;
- 12 million BIC® shavers;
- 4 million BIC® Graphic Advertising and Promotional Products.

BIC is listed on "Euronext Paris" and is part of the SBF 120 and CAC Mid 60 indexes. BIC is also part of the following SRI (Socially Responsible indexes) indexes: CDP France 250 Carbon Disclosure leadership Index (CDLI), FTSE4Good Europe, Euronext Vigeo Europe 120, Ethibel Excellence Investment Register, STOXX Global ESG Leaders and Gaia Index.

**1,979.1 M€**

2014 NET SALES

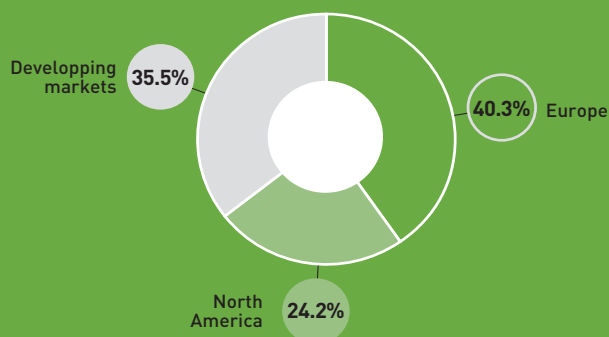
**9,550**

EMPLOYEES

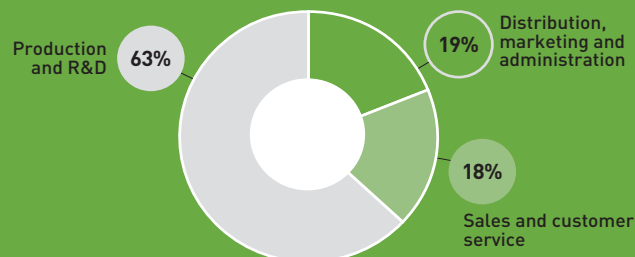
## Recognized brands

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

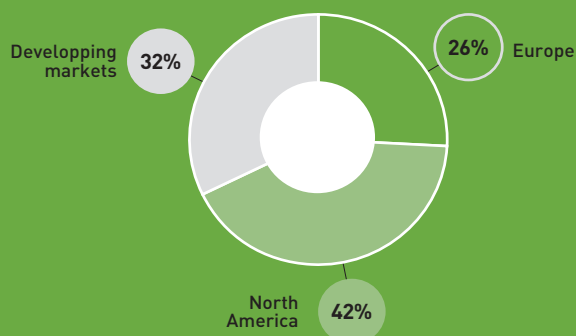
### 2014 - PERMANENT WORKFORCE BY GEOGRAPHICAL AREA (EXCLUDING CELLO PENS)



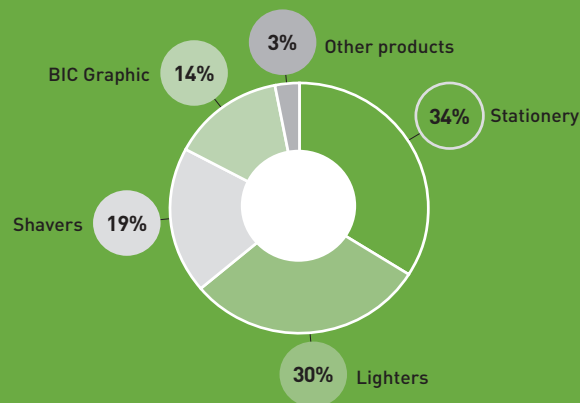
### 2014 - PERMANENT WORKFORCE BY ACTIVITY



### 2014 - NET SALES BREAKDOWN BY GEOGRAPHICAL AREA



### 2014 - NET SALES BREAKDOWN BY CATEGORY



# Message from Bruno Bich, Chairman of the Board, and Mario Guevara, CEO

## QUESTION FOR BRUNO BICH, CHAIRMAN OF THE BOARD

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### What does BIC's commitment to Sustainable Development mean for the Group?

From the beginning, BIC® products were always designed to offer the longest usage while using as little material as possible. A BIC® Cristal® ballpoint pen can write for 2 km, a maxi pocket lighter provides 3,000 lights in it and a BIC® 3-blade shaver gives at least 10 shaves. Yet we wanted to develop that value even further and so we committed to a complete Sustainable Development Program. For example, in ten years we have reduced the weight of the BIC® Cristal® pen by 10% and reduced energy consumption at our plants by 30%. It is undeniably true that working in-depth on our environmental, social and societal responsibility has allowed us to make progress in many fields and our customers now recognize our products as "responsible".

Today we are more than ever convinced that our commitment to social and environmental responsibility is a major asset for our long-term development.

**Bruno Bich**

## QUESTIONS FOR CEO MARIO GUEVARA

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### What is your assessment of the Group's sustainable development performance in 2014?

We reached the end of the second BIC Sustainable Development Barometer with a good score of 8.7 out of 10, and in January 2014 we launched our third Barometer. We took on new commitments, such as launching products adapted to developing markets, focusing on internal promotion within the Group and boosting the participation rate in our employee surveys.

We also continued our efforts to increase the proportion of certified or recycled materials in our packaging, to ship products by train in Latin America and to test new alternative materials for our products.

In 2014 we extended our sustainable development commitment to our value chain by broadening the application of our Responsible Purchasing Charter, pursuing the evaluation of our main suppliers' performances, and overhauling our social audit system for subcontractors.

Lastly – and this is no doubt the most important point on the list – we continued to consider our employees' well-being at work a key factor in BIC's success. That is why in 2014 we reinforced the "Quality of Life at Work" program, and made an effort to encourage all well-being initiatives

### You have now celebrated the 10<sup>th</sup> anniversary of the Sustainable Development Program. How do you see the next 10 years?

Our sustainable development approach is perfectly in keeping with the Group's vision of "offering simple, inventive and reliable products for everyone, everywhere, every time." Even though they use a minimum of raw materials, BIC® pens last for a longtime, BIC® lighters provide up to 3,000 flames and a BIC® 3-blade shaver gives at least 10 shaves. Our products are thus intrinsically sustainable, reliable and responsible.

Our commitment has become a powerful asset for our development and will remain so in the future. However, we must be able to adapt to the social and environmental changes that will impact our Group, and many other companies, in the medium and long term. I am thinking here about the globalization of trade and the rising world population – which will make universal access to education a key issue, including in the poorest zones – as well as climate change and the depletion of certain raw materials. We must keep pace with these evolutions by continuing to innovate in order to reduce the environmental footprint of our factories and products, and by ensuring our employees' well-being and employability, all the while fulfilling our corporate responsibility across the entire value chain, in relation to our suppliers, our customers and our consumers.

**Mario Guevara**





# Governance

Historically a family-owned company, BIC has established governance bodies to handle the Group's management and administration in keeping with its values.

## THE BOARD OF DIRECTORS

Conforming to recommendations on good corporate governance, at least one-third of our Board members are Independent Directors (in fact, four out of ten). "Independent" means a Director who has no relationship of any kind with the Company, the BIC Group or with its management that could affect his or her independence of judgment. Additionally, since 2006 the powers of Chairman of the Board and CEO have been separated.

Three members of the Board are women. Furthermore, four different nationalities are represented, which empowers BIC to benefit from a true diversity and from an international vision.

## BIC AND GOOD GOVERNANCE STANDARDS

Governance		BIC Performance		
		Board of Directors	Audit Committee	Compensation and Nomination Committee
Directors	One-third Independent Directors (having no relationship with the Company, the BIC Group or its management that could affect his or her independence of judgment) <sup>(a)</sup>	4/10	2/3	2/3
	Number of women on the Board of Directors	3/10	0/3	2/3
	Number of Board meetings during the year <sup>(a)</sup>	8		
	Attendance rate	95%		
	Existence of standing committees	2 committees		
	Number of standing committees during the year <sup>(a)</sup>		4	6
	Attendance rate		100%	100%
	Évaluation of Board performance <sup>(a)</sup>	Evaluation conducted at the beginning of 2014 through an internal questionnaire No modification of the Board's rules		
	Length of Board member's mandates		Three years <sup>(b)</sup> , renewable	
	Multiple mandates <sup>(c)</sup>	All members conform to rules concerning multiple mandates		
Board members emoluments		See the registration document		
Shareholders	Quorum for Shareholders' Meetings	Ordinary and Extraordinary Shareholders' Meeting – May 14, 2014: 74.74% at the first call		

(a) AFEP/MEDEF Code of Good Governance.

(b) Excepting shorter mandates to allow for a smoother renewal process.

(c) Article L. 225-21 of the French Commercial Code and the AFEP/MEDEF Code of Good Governance.



## THE LEADERSHIP TEAM

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The Leadership Team, chaired by Mario Guevara, SOCIÉTÉ BIC's CEO comprised of 11 members whose primary objective is to implement the corporate strategy defined by the Board of Directors. The Leadership Team is also responsible for the definition, the implementation and supervision of means allocated to reach the objectives. Alongside Mario Guevara, François Bich, Executive Vice-President and General Manager Lighters, and Marie-Aimée Bich-Dufour, Executive Vice-President and General Counsel, the Leadership Team includes the following members: three operational representatives responsible for continents, three representatives of product categories and two representatives of transverse functions. Five different nationalities are represented, and the average age is of 51. The Committee has two female members. The Leadership Team also oversees the quality of internal inspections, ensures the proper coverage of risks, and regularly reviews the progress of the Group's Sustainable Development Program.

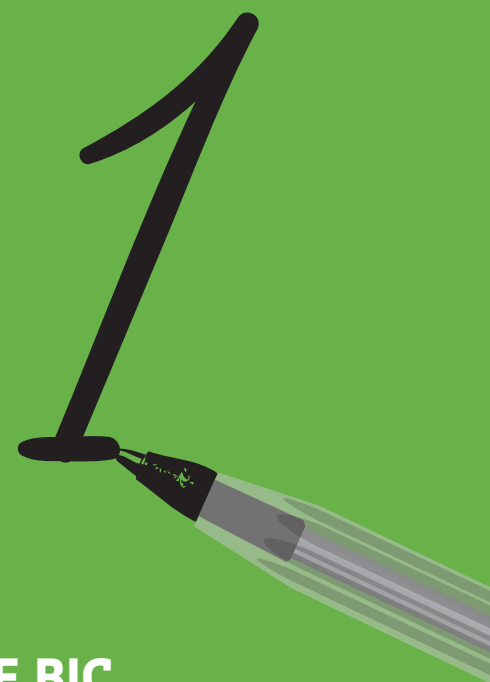
## FINANCIAL TRANSPARENCY

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BIC Group has always strived to maintain transparency. To this end, the company makes available to all stakeholders, in the registration document, and in a comprehensive and exhaustive way, financial information as well as information on the remuneration of its executives, on its administrators' profiles and criteria of independence, on their accumulation of mandates, and on the actions carried out by both the Board and its committees. A risk map is also provided. Specifically concerning sustainable development, the BIC Group maintains a close and ongoing dialog with the financial community (page 22). This is the purpose of the reference document and Sustainable Development Report, which are published each year, as well as the section of the BIC website devoted to sustainable development.







## THE BIC SUSTAINABLE DEVELOPMENT PROGRAM

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# 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.

## 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 in order to continually reduce the environmental footprint of all products and their packaging, and to 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 in order to ensure respect for Human Rights in the workplace and expand Environmental, Social and Governance (ESG) practices among its suppliers.

## 1.2. BIC Group sustainable development key issues

### 1.2.1. UPDATE OF THE EVALUATION OF THE MATERIALITY OF THE ISSUES

In 2014, BIC performed a study to review its stakes and their relative importance, through a materiality matrix. This study aimed in particular at:

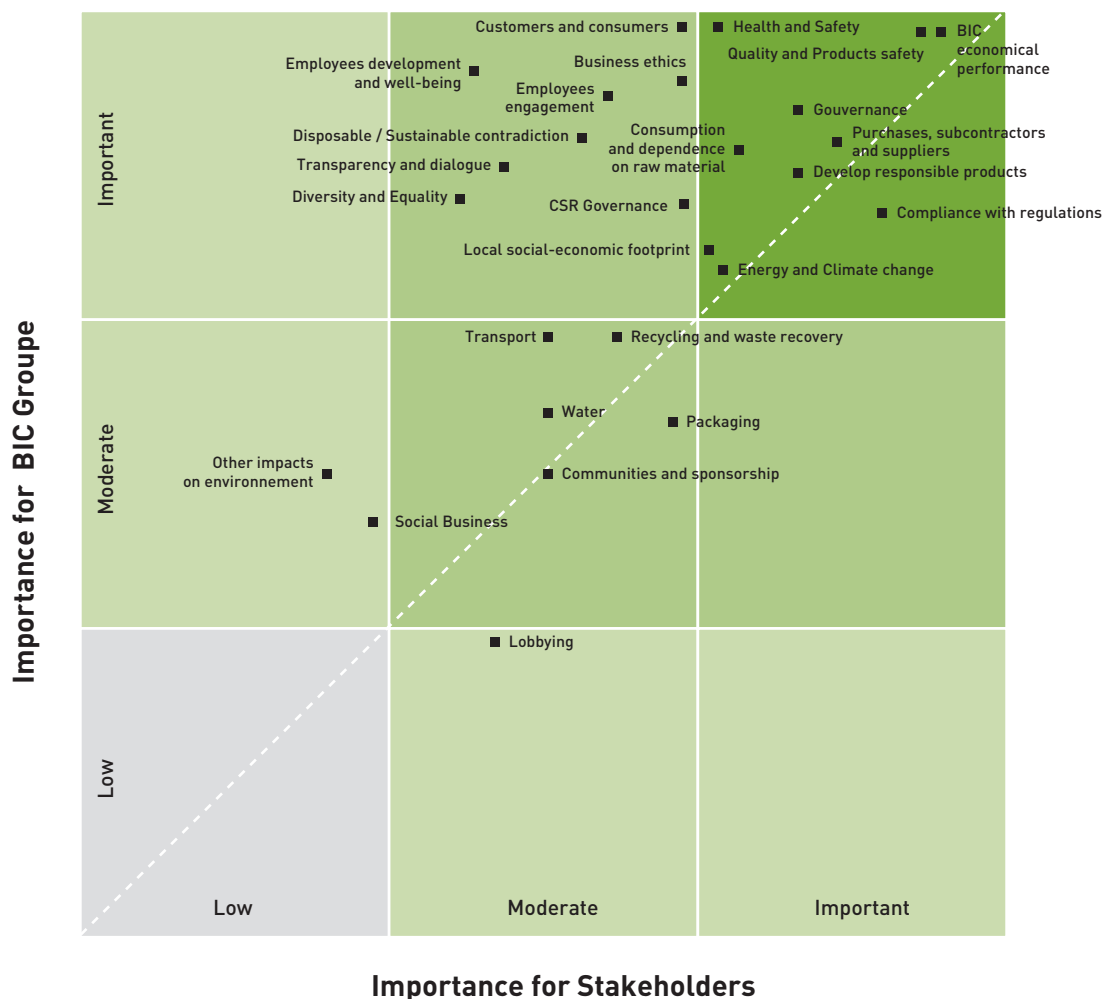
- updating its knowledge of the stakes considered to be the most important by its stakeholders;
- identifying any "subtle signals" of emerging topics that could represent a risk or an opportunity in the short or medium term;
- focusing on the most important stakes that requires special attention by the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

This evaluation, conducted by an external consultant, was based on a documentary analysis (as 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 the BIC Group, etc.).



All seven of the Group's key stakeholders categories 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 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.

This matrix will be presented to the Board of Directors in 2015.

## 1.2.2. ISSUES FOR BIC CONCERNING THE LIFE CYCLE OF ITS PRODUCTS

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

Step	Stakes	Action plans
<b>Purchasing</b> 	The supply of raw materials that are used to make BIC® products <ul style="list-style-type: none"> <li>45% of the Group's purchasing can be attributed to plastics</li> </ul>	<ul style="list-style-type: none"> <li>Reduce consumption of non-renewable raw materials</li> <li>Promote the use of alternative materials (recycled or plant-derived)</li> <li>Ensure suppliers' compliance with environmental, social and governance standards</li> </ul>
<b>Production</b> 	The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> <li>46 million products sold every day worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water and energy consumption</li> <li>Reduce CO<sub>2</sub> emissions and wastes</li> <li>Reduce our impact on biodiversity</li> <li>Maintain good working conditions for our employees</li> <li>Ensure respect for Human Rights</li> <li>Strive to develop employees' skills</li> <li>Promote diversity in the Company</li> </ul>
<b>Distribution</b> 	The shipping of BIC® products by transport service providers <ul style="list-style-type: none"> <li>0,662 t<sub>eq</sub>CO<sub>2</sub> per ton of freight</li> </ul>	<ul style="list-style-type: none"> <li>Optimize shipments and distribution routes</li> <li>Ensure responsible distribution adapted to local conditions</li> </ul>
<b>Usage</b> 	The use of BIC® products (writing instruments, lighters, shavers, etc.) <ul style="list-style-type: none"> <li>More than 2 km for a BIC® Cristal® pen</li> <li>Up to 3,000 lights for a BIC® Maxi lighter</li> <li>Up to 17 shaves for a BIC® Flex 3</li> </ul>	<ul style="list-style-type: none"> <li>Guarantee long lasting products (stationery, lighters, shavers, promotional products)</li> <li>Ensure the quality and safety of products</li> <li>Promote responsible consumption</li> <li>Anticipate customers' and consumers' needs</li> <li>Reduce packaging waste</li> </ul>
<b>End of life</b> 	The disposable of BIC® products <ul style="list-style-type: none"> <li>Weight of a BIC® Cristal® ball pen: 5.9 g</li> <li>Weight of a BIC® Maxi lighter: 21.8 g</li> <li>Weight of a BIC® 3 shaver: 8.8 g</li> </ul>	<ul style="list-style-type: none"> <li>Help reduce the overall quantity of waste produced</li> <li>Investigate possible recovery and recycling solutions</li> </ul>

## → PREPARING FOR FUTURE CHANGE

The 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 on emerging markets. It has also bolstered its positioning on 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 (UN) estimates. This population growth will be accompanied by a boom in the middle class, 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 the BIC® product ranges are especially adapted to middle class consumers: traditional or more sophisticated products, as well as responsible products. These ranges are conceived 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 Millennium Development Goals defined by the UN. In 2012, 87 million children worldwide were still deprived of elementary school education, and one billion persons today lack basic reading and writing skills<sup>(1)</sup>. 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 in order 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 its very beginnings, the Group has championed the principle of using "just what's necessary"<sup>(2)</sup> in the manufacture of its products. Constantly innovating in order 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.

## → THE PRODUCTS OF TOMORROW AS SEEN BY THE WOMEN'S FORUM FOR THE ECONOMY AND SOCIETY

"Sustainability calls for smart, simple products that everyone can use. Companies need to see that environmentally sound products are the future. They also need to see the importance of simple, inexpensive products that meet the needs of poor and unprivileged groups."

**2010 Women's Forum for the Economy and Society - Deauville (France)**

(1) Source : <http://www.un.org/fr/millenniumgoals/education.shtml>

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



## 1.3. Managing the approach: the BIC Sustainable Development Barometer

Since 2008, the Group has based the application of its approach on a 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 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," but certain former commitments have been replaced by new ones covering points in which BIC seeks to make a special effort to improve its performance.

For example, now that the measurement of its products' environmental performance is integrated in the Company's practices, BIC is prioritizing two major commitments: to launch innovative responsible products and to create products for developing markets. The Group is maintaining its commitment to offering products with environmental benefits.

In transport, BIC has decided to focus on reducing air freight, the main leverage point for improving its performance in this field.

For 2014-2016, BIC has decided to improve the sustainability of its packaging materials, a field in which it can take action: one of the commitments concerns the selection of responsible materials for packaging.

BIC's contributions to philanthropic actions in its communities will be maintained at the same level, but will no longer be included in the Barometer. The Group has chosen to devote two new commitments to improving its internal social performance: increasing participation in the Employee Engagement and Values surveys and raising the internal promotion rate.

Lastly, the commitments on the factories' performance and worker accidents rates have been maintained, and the commitment on implementing the Group Code of Conduct has been bolstered.

This approach is implemented on a worldwide scale (except for BIC Graphic in certain cases). The Barometer's objectives are set for three years, and progress in each area is measured annually.

### Results of the second edition of the BIC Barometer, 2011-2013

The 2011-2013 Barometer defined the goals that BIC was committed to reaching by December 2013. After three years, the overall score on the Barometer stood at 8.7/10, gaining 1.2 points in the last year. This result is mainly due to the progress made on the environmental performance of BIC® products, the deployment of the Code of Conduct throughout the Group, the environmental certification of several sites, the reduced use of air freight, as well as reduced environmental impact of factories and of worker's accidents.

### Results of the first year of the 2014-2016 BIC Barometer

In its first year, the Barometer reached a score of 3.8/10, in line with the expected progression, and led by the good results of the majority of the commitments (packaging, transport, environmental performance of factories, commitment and employability of BIC employees). These good results need to be confirmed in 2015 in order to reach the highest score possible in 2016.

#### → 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 the 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
- The 2016 objective is equivalent to a rating 10/10. When an indicator includes several objectives, its representation is the average of their progress.
- The Barometer is consolidated at the beginning of each year.

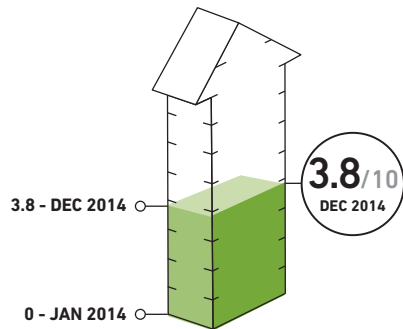
Additional methodological information can be found in section 6.3.3. (page 81).







## 2014-2016 Barometer



The global score is the arithmetic average of the ten scores

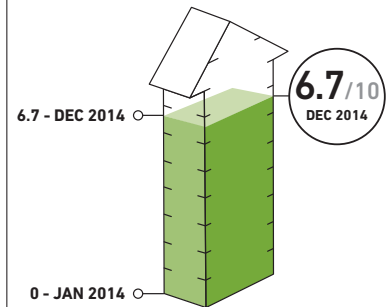
*"The BIC Sustainable Development Barometer provides a pragmatic way to monitor the Group's commitment. It also encourages fluid communication within all teams by giving clear direction for three years and precisely reflecting our progress."*

Mario Guevara, CEO

■ PRODUCTS ■ INDUSTRY ■ SOCIAL/SOCIETAL



Launch innovative responsible products

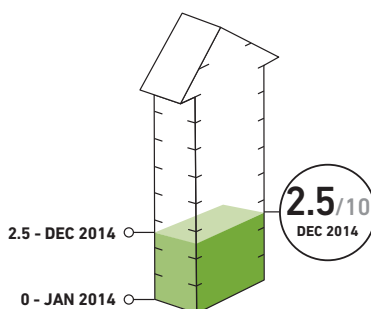


- From 2014 to 2016, BIC will have launched 3 innovative responsible products (Jan.14: 0 > Dec.14: 2)

1



Create products for developing markets

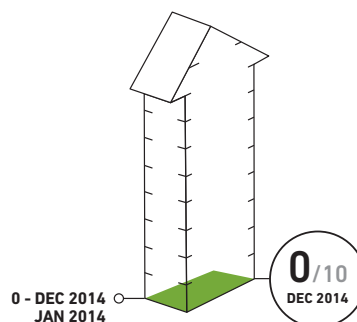


- From 2014 to 2016, BIC will create eight products adapted to developing markets (Jan.14: 0 > Dec. 14: 2)

2



Offer BIC® products with environmental benefits\*

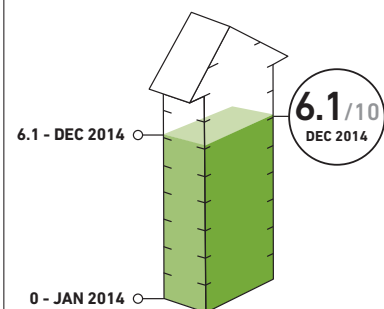


- In 2016, 50% of BIC® products will have at least one environmental benefit (Jan.14: 49.88% > Dec.14: 49.61%)

3



Select responsible materials for packaging



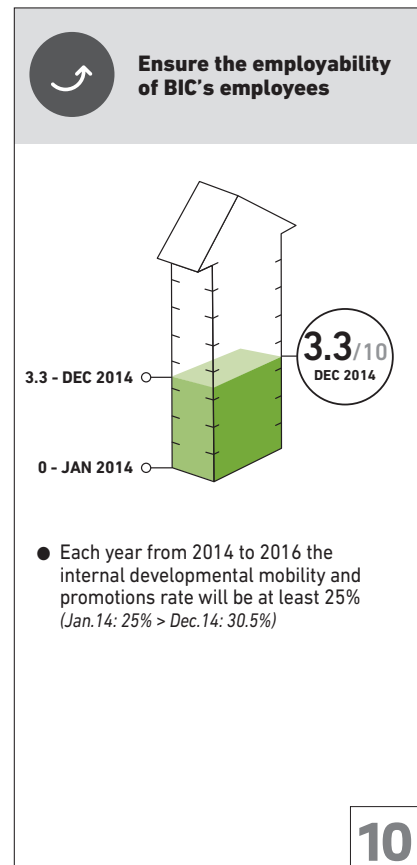
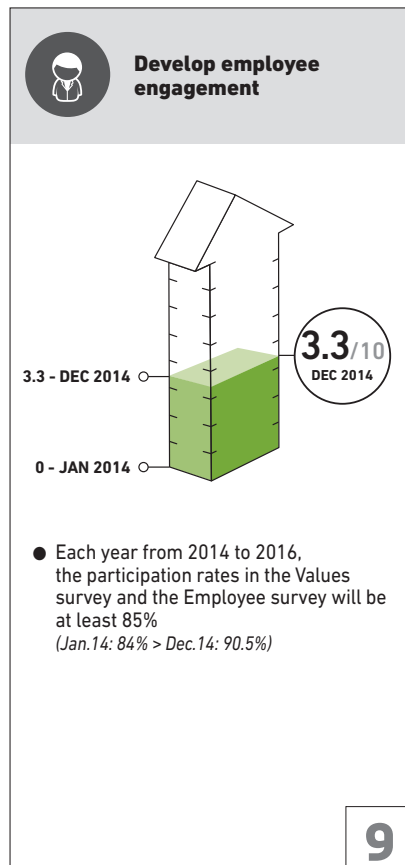
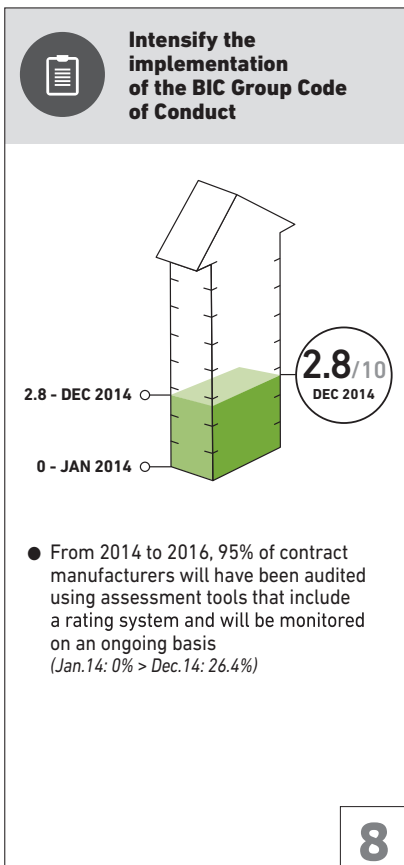
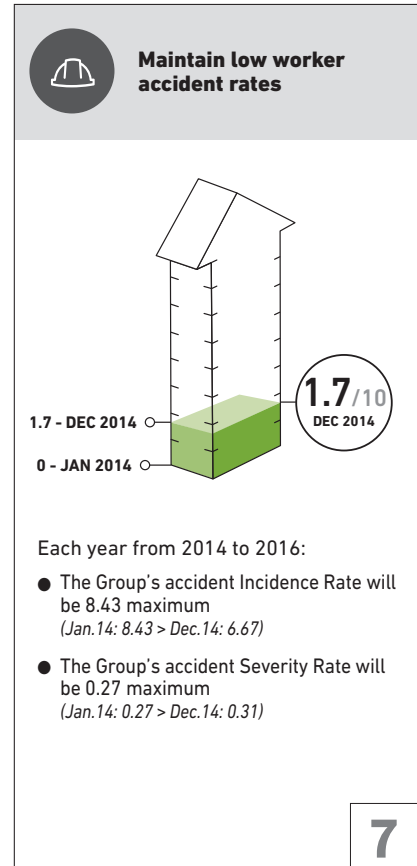
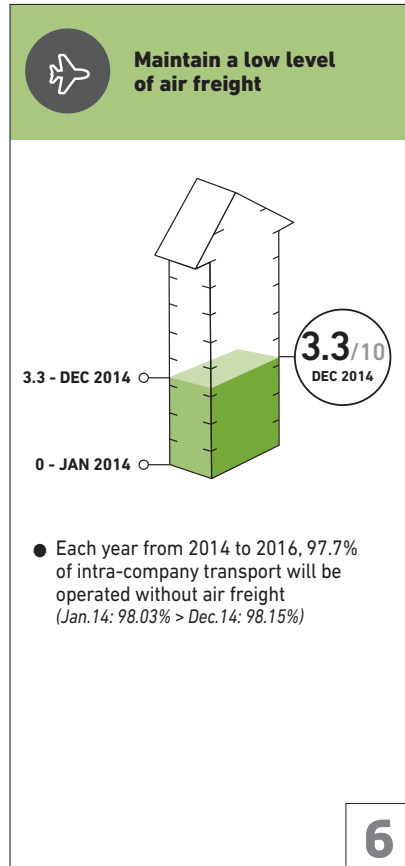
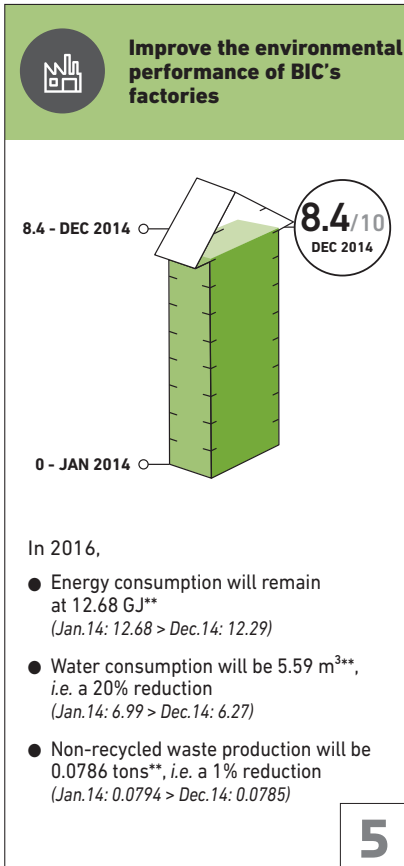
In 2016,

- 90% of BIC's cardboard packaging will be from a certified and/or recycled source, i.e. an 18% improvement (Jan.14: 75.9% > Dec.14: 87.69%)
- 90% of BIC's plastic packaging will be PVC-free, i.e. a 27% improvement (Jan.14: 70.6% > Dec.14: 78.16%)

4

\* BIC Graphic excluded \*\*Per ton of production





\*\* Per ton of production



## 1.4. Integration of sustainable development into our activities

### 1.4.1. SUSTAINABLE DEVELOPMENT AS A KEY FACTOR IN THE DECISION-MAKING PROCESS

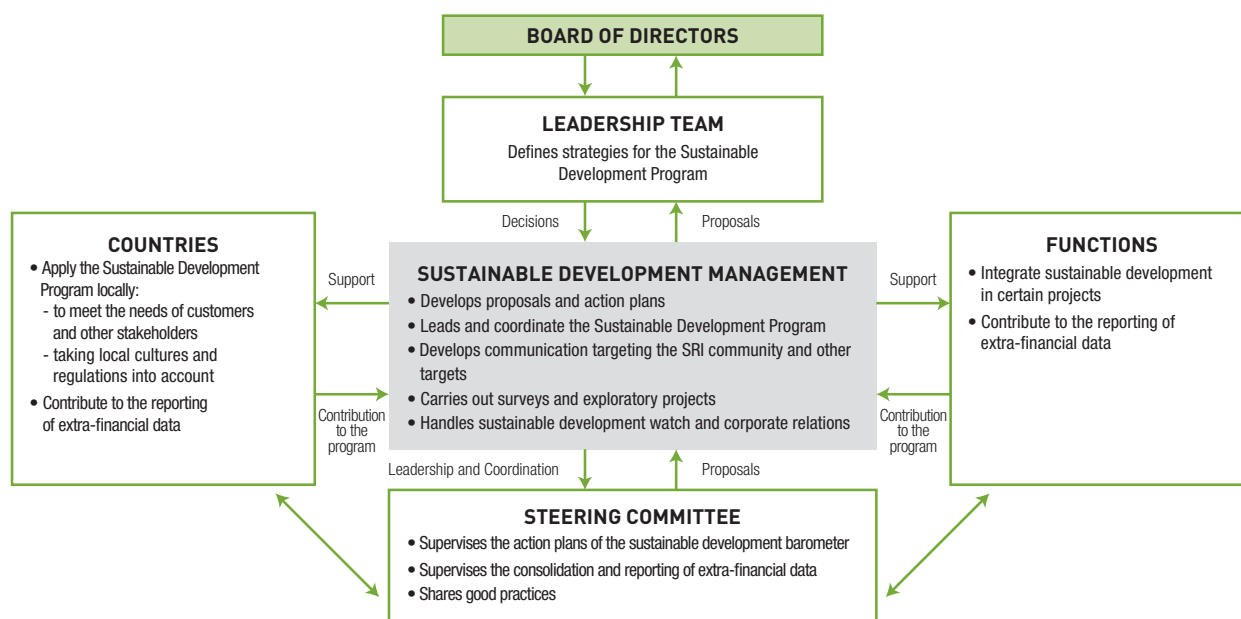
The issues of sustainable development are taken into account in the Company's decision-making process. The Group's CEO leads the Sustainable Development Steering Committee and every meeting of the Leadership Team includes an update on recent progress in sustainable development. The BIC Sustainable Development Program, its goals and its progress are presented at least once a year to the Board of Directors and to the Shareholders at the General Assembly. 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.

### 1.4.2. OUR OPERATIONAL STRUCTURE

Managing sustainable development is based on a continuous improvement approach deployed across the entire BIC Group, and this approach benefits from a dedicated structure. This structure includes a Sustainable Development Team made up 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, this team's role is to propose strategies and corresponding action plans to the BIC Group Executive Committee. It then reports 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 two Executive Vice-Presidents.



The annual Forum of the Sustainable Development Committee, chaired by Mario Guevara, was held on June 17 and 18, with all 25 members of the Sustainable Development Committee attending. This important get-together is an opportunity for a yearly review of the Group's Program, including goals, progress made and perspectives for the future. The topics discussed included issues such as waste recycling and the circular economy, alternative materials and materials of the future, the optimization of transport operations, customers' expectations, etc.

In 2014, it was also an opportunity to look back at the results achieved by BIC in its 10 years of commitment to sustainable development, and to reflect on the future of the approach as part of a forward-looking workshop.

In addition, the Forum opened with a presentation by the Sustainable Development Director of a major consumer goods manufacturer, who discussed her company's commitment and its decision to set long-term goals (for 2020), as well as the methods deployed to reach them.

### 1.4.3. OUR POLICIES

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

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

Since 2007, **the BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all of its employees to follow under all circumstances and everywhere in the world. (See also pages 72).

**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 70).

**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 32).

**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 38).

**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 for the promotion of diversity. (See also page 64).

**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 68).

Defined in 2013, **the Responsible Communication Charter** formalizes the 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.

### 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:

- since April 2012, a newsletter keeps all employees worldwide regularly up to date on the latest in sustainable development;
- the Group's sites organize activities in connection 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 (Canada, the U.S., etc.) to promote sustainable development among BIC employees. They raise awareness of "green habits," encourage their co-workers to set goals for improvement, help them monitor their progress, encourage participation in environmental and social outreach programs, organize conferences with presentations by associations and experts in the field, etc.

BIC's employees are also involved as active stakeholders in various programs, some of which concern sustainable development. For example, in 2012 a participatory innovation program called the "BIC Ideas Challenge" allowed employees to contribute in various ways to the future of BIC writing instruments, and in 2013 BIC hosted a lighter sleeve design competition for its employees.

Since 2013, all BIC employees are invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 55). The members of the Executive Committee then selected the winners from the list of nominees. Lastly, employee involvement in the promotion of sustainable development is encouraged and evaluated through a biannual survey on the BIC Sustainable Development Program (page 55).

In late 2013 and in early 2014, all Group entities were encouraged to mark the 10th anniversary of the Sustainable Development Program, resulting in many awareness-raising operations for the Group's employees. In the United States and Canada, the "10 Days of SD" program focused on a different topic every day. A Group-wide photography competition was also held: more than 2,260 employees contributed photos on the theme "Every Action Helps" and 800 of their images were published.



## 1.5. Interaction with our stakeholders

### 1.5.1. SHARING VALUE WITH OUR STAKEHOLDERS

#### ◆ Challenges

The BIC Group's economic and financial performances have an impact on its stakeholders worldwide, including employees, suppliers, public authorities and communities. The Group makes strategic choices for sharing the value it creates — choices that

enable it to cultivate the Company's goals and responsibly pave the way for the future.

#### ◆ Performances

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2014. It gives an overview of how the turnover generated by the Group, through sales to its customers and consumers, is used and redistributed.

#### DISTRIBUTION TO STAKEHOLDERS IN 2014<sup>(1)</sup>

##### → CUSTOMERS TURNOVER: 1,979.1 MILLION EUROS

Employees	Suppliers	Shareholders	Banks	Governments	Net investments	Communities
531.3 million euros. Corresponding to payroll, bonuses and other payments to employees.	1,023.2 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	122.4 million euros in ordinary dividends and 10.2 million euros for the repurchase of shares.	9.5 million euros in net interests received.	139.4 million euros, including 124.7 million euros paid around the world as corporate income tax and 14.7 million euros in other taxes.	109.6 million euros. Including 112.3 million euros for the acquisition of tangible and intangible fixed assets and 2.7 million euros received from the disposal of assets.	1.7 million euros in donations of funds and products to local communities (internal valuation).

(1) The distribution of revenues to stakeholders does not include the change in net current working capital.

### 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 the 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.

In 2013 BIC also signed the Advertisers' Charter of Commitment to Responsible Communication of the Union Des Annonceurs (UDA, French advertisers union).

#### ◆ Progress made in 2014 and perspectives

A number of actions were undertaken in 2014 to encourage more responsible communication. Examples include:

- joint revisions by BIC Europe and BIC USA of the personal data policy for the Group's websites in order to meet both European and American requirements regarding the protection of personal data;

- the introduction of a Risk Evaluation questionnaire on information system security before the creation of any new website;
- a collaboration between BIC Graphic, AFNOR and 2FPCO<sup>(1)</sup> (French Promotional Products Association) for the definition of a responsible purchasing guide for advertising products.

BIC continues to communicate information on its products' "ecovalues" (environmental and social qualities) (see page 29).

→ **100% of the claims are validated by the Legal Department.**

### 1.5.3. THE BIC PANEL

#### ◆ Challenges and approach

In order 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.

#### The members of the panel offer their point of view on BIC's Sustainable Development Program and the progress made in 2014:

##### → BIC'S COMMITMENT AS SEEN BY LYRECO

Just as in past years, I appreciate the fact that BIC sets very clear goals that are meaningful for all of its stakeholders, and then implements practical, concrete actions to reach those goals.

The efforts to extend the adoption of the Code of Conduct, to maintain low accident rates among workers and to develop the employees' sense of engagement are all examples of concrete commitments that have a real impact. I also believe that BIC's responsible products constitute a real advantage, and being a local producer gives the Group credibility in its communication on questions like "Made in," REACH and working conditions. In addition, its planning for the materials of the future shows that the Group is thinking far ahead.

I think the BIC Sustainable Development Barometer is a good tool. Its limited number of strategic commitments, its simplicity and its graphic visual presentation allow BIC to promote and disseminate its approach. Lastly, responsible purchasing has become a major concern, which is why the integration of the supply chain in the approach is an area where BIC should continue its efforts.

**Nasser Kahil**, Group Quality, Safety and Sustainable Development Director, **Lyreco**

(1) Fédération Française des Professionnels de la Communication par l'Objet.



→ **BIC'S COMMITMENT AS SEEN BY HACO TIGER BRANDS (HTB)**

We appreciate the fact that BIC's actions regarding product development are key for the BIC Group and that BIC has included this critical element as part of its sustainability initiative. At HTB, we appreciate BIC's work on identifying alternative materials for different products and know that this is essential as the Company continuously innovates, however BIC needs to keep in mind that these products must be affordable especially for developing countries. Designing products for developing countries is absolutely crucial. We encourage BIC to partner with local distributors who know our region, our customers and consumers well. BIC can only benefit from our local knowledge. We think that one initiative for the future would be for BIC to provide guidance on how to cost effectively collect and recycle pens in Africa.

On the social side, HTB considers the social business to be important. We appreciate the BIC Employee Wellbeing programs, especially because HTB has similar key initiatives and healthcare programs to improve employee wellness. For example, HTB has incorporated a health clinic inside its factory, like BIC's program to fight HIV/AIDS in South Africa.

BIC has many other best practices that it could share with its distributors, like the BIC employee survey with a participation rate of more than 85% or its commitment to reduce the carbon footprint.

Finally, sharing these best practices with stakeholders is one expectation from distributors in the day-to-day relationship that will enable the entrenchment of BIC's sustainable development agenda in the collaboration between BIC and its partners.

**David Kamau** – Marketing Director, **Haco Tiger Brands**, a licensed BIC manufacturer and distributor

→ **BIC'S COMMITMENT AS SEEN BY ODDO**

Once again, in 2014, I note that the year has been marked by far-reaching programs, and I particularly commend the efforts made to integrate the supply chain with a well-thought-out, credible methodology (length of audits, centralization of monitoring by BIC purchasing, etc.). The work undertaken to evaluate the relevance of the issues confirms the pertinence of the BIC Sustainable Development Barometer and its employees' adherence to the Group's sustainable development projects. Their engagement is also reflected in the HR survey, whose participation rate is consistently high (90% in 2014).

Concerning alternative plastics, I appreciate BIC's commitments and investments in market intelligence, R&D and analyses of technical feasibility, as well as its desire to seek out and develop partnerships in this area even though the price of crude oil (50 U.S. dollars per barrel in January 2015) makes the cost factor less significant. Indeed, whatever the future of conventional plastics might be, there will be increasing regulatory pressure — the only question is when, for which reason it's important to be prepared.

Integrated reporting is another long-term proactive topic that BIC is addressing in order to achieve consistency between its published financial information and its sustainable development strategy. This structural evolution could be bolstered by associating a variable part of the managers and directors' remuneration with the fulfillment of sustainable development goals, thus establishing strong consistency for the future.

**Jean-Philippe Desmartin**, ESG (Environmental, Social, Governance) Manager, **Oddo Securities**

→ **BIC'S COMMITMENT AS SEEN BY FEDEX BRAZIL**

We believe that engaging with responsible products is one of the most important of all BIC commitments. FedEx Brazil decided to buy BIC products this year because of their recycled content and we are glad to see that BIC is engaged with the critical subject of the circular economy.

Also, FedEx has a strong commitment to reduce its carbon footprint, which is obviously core to us. Companies are increasingly asking transport companies to show that they are acting responsibly. This is a topic on which BIC and FedEx could work hand in hand because for a long time FedEx has been promoting innovative fleets like electric vehicles and together we could make a difference.

What I like in the BIC approach is that it is comprehensive: it includes not only a commitment on responsible products but also on the whole supply chain, the monitoring of the actions and the awareness of employees.

What can still be improved and stays critical for BIC is communication: having more people, companies and consumers, know that BIC committed and making them aware of the environmental qualities of BIC® products. This is the next challenge for BIC.

**Denise Thomazotti**, Marketing Manager, **FedEx Brazil**



## → CUSTOMERS' EVALUATIONS OF THE CSR 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. "Products conceived to meet and anticipate consumers' expectations").

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.

In 2014, in Europe alone, BIC responded to more than 300 questions or questionnaires from nearly 160 customers. In some cases, the process of gathering and compiling the requested information took as long as two months.

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 of the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program.

## 1.5.4. RESPONSIBLE LOBBYING AND PARTICIPATION IN SECTOR WORKING GROUPS

### ◆ Challenges

The 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, of the lessons learned from its experience in order to help establish the necessary balances. Lobbying aims to improve the safety of the lighters available on the market, thus improving consumer safety. 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 dialogs

The BIC Group pursues its lobbying activities in a responsible, ethical way in order to ensure that the legal and regulatory decisions, as well as the actions undertaken to enforce the rules, have realistic 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 dialogs 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:

- European, American and French 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 of the Board, Bruno Bich, Executive Vice-President and General Manager Lighters, François Bich, Executive Vice-President and General Counsel Marie-Aimée Bich-Dufour and SOCIÉTÉ BIC CEO, Mario Guevara, are in charge of 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.

The BIC Group ensures strict compliance with local laws and regulations in the pursuit of its lobbying activities. Like all of the Group's activities, lobbying is governed by 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 2014

After consultation with the Audit Committee, the Code of Ethics was revised in 2014 to specify the responsibilities concerning lobbying, exclude political donations, and mention risk management relating to corruption (see page 72).

In 2014, the small group of people who devote part of their time to the BIC Group's lobbying activities in Europe were trained in responsible lobbying practices.

In 2013 the Group actively supported the EFLM's efforts to present its position on the single-package "product safety and market monitoring" bill<sup>(1)</sup>. However, since the deliberations on the single-package bill reached a point in 2014 where no further discussion was needed, BIC greatly reduced its activity within the EFLM, while continuing to keep informed on the discussions at the European level.

## 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 to show how its Sustainable Development Program has allowed the Group to seize opportunities and control the associated risks.

### ◆ Progress made in 2014

Throughout 2014, various events continued the dialog on the topic of sustainable development, including:

- The Annual Shareholders' Meeting on May 14, 2014, at which the topic was presented to the Shareholders;
- The Oddo Mid-Cap Forum in January 2014 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.

→ **40 discussions with investors and investment funds on sustainable development in 2014.**

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.

(1) Proposal for a European Parliament and Council regulation on market surveillance of products, amending Council directives 89/686/EEC and 93/15/EEC, European Parliament and Council directives 94/9/EC, 94/25/EC, 95/16/EC, 97/23/EC, 1999/5/EC, 2000/9/EC, 2000/14/EC, 2001/95/EC, 2004/108/EC, 2006/42/EC, 2006/95/EC, 2007/23/EC, 2008/57/EC, 2009/48/EC, 2009/105/EC, 2009/142/EC and 2011/65/EU, and European Parliament and Council regulations (EU) No. 305/2011, (EC) No. 764/2008 and (EC) No. 765/2008.



## RESPONSIBILITY CONCERNING OUR PRODUCTS

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## RESPONSIBILITY CONCERNING OUR PRODUCTS

Our products' environmental performance

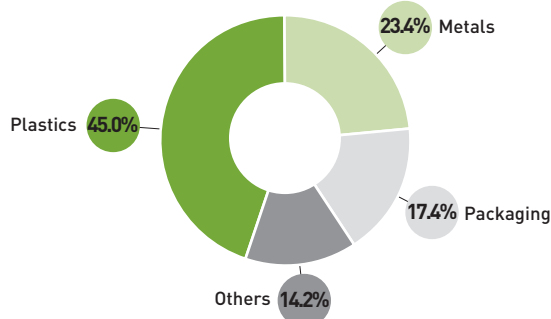
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this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

## 2.1. Our products' environmental performance

### ◆ Challenges

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

#### BREAKDOWN OF RAW MATERIAL PURCHASES IN 2014



### 2.1.1. THE THREE ECO-DESIGN SOLUTIONS DEVELOPED BY BIC

#### ◆ Approach

To minimize the consumption of non-renewable raw materials, BIC has developed an ecodesign 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 page 26). Even though its design already optimized the use of materials in 1950, the BIC® Cristal® ball pen has continued to benefit from ongoing research in order to minimize the quantity of material used:

- it has a minimum writing length of 2 km and is 12% lighter than the original;
- it uses only 2.9 grams of material per kilometer of writing, compared with 6.4 grams for a competing product with the same characteristics.

In the Shaver category, BIC achieves very good performances 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 a minimum 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 2014, the BIC® Simply Soleil® shaver continued to achieve strong growth in the US and Europe while reaching more and more markets in Latin America.



## → 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 of the BIC® Ecolutions® line.

## Integrating alternative materials

### Research & Development

Regarding new materials, the BIC Research and Development teams 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 2014, 72 alternative materials had been tested, including 28 recycled plastics, 23 hybrid materials and 21 materials derived from renewable resources.

## → 72 alternative materials tested.

In 2012, through a Group-wide participative innovation program called the "BIC Ideas Challenge," BIC employees were able to contribute to a wide range of projects on the future of writing instruments. In three weeks, more than 670 ideas were submitted by a total of nearly 170 participants. In the end, six ideas were selected, including three associated with sustainable development. These projects are currently in the Research & Development phase.

In 2014 BIC stepped up its research program for maximizing the use of recycled / alternative materials in the Group's products. To achieve this, the research teams are identifying all of the 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.

### BIC at the heart of an innovation community

Over the recent years, BIC has developed numerous partnerships with external institutes and laboratories in order to establish an innovation community with which it can conduct long-term prospective and development programs. For example, in 2012 the BIC Group R&D Department joined the *Matériaux Chimie, Chimie Verte* competitiveness cluster (formerly called "MAUD"). Based near Lille in Villeneuve d'Ascq, it backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, ecodesigned and biosourced materials, high efficiency processes and clean technologies. In April 2012, BIC joined the cluster, leading to the establishment of a technological intelligence platform. In addition, BIC forges strategic partnerships to develop the materials of the future.

### The BIC® Ecolutions® range, emblematic of the approach of using alternative materials

Exemplifying the goal of "integrating alternative materials," the BIC® Ecolutions® line consists of products manufactured using recycled materials in compliance with the standard ISO 14021. Examples include the BIC® Matic Ecolutions® mechanical pencil, with 65% recycled materials, and the BIC® Ecolutions® Evolution™ graphite pencil with 57% recycled materials, mostly from the recycling of yogurt pots (pre-consumer) and refrigerator interiors (post-consumer).

Proof of the Group's commitment to developing products with environmental benefits, the Ecolutions® range is being continued and even expanded despite its uneven sales performances. BIC is convinced that this product line meets the needs of certain customers and anticipates future consumer expectations.

In Stationery, the BIC® Ecolutions® range was further enriched in 2014 with the launch in Europe of the large-capacity MARKING™ 2000/2300 marker and a BIC/Wite-Out® Ecolutions® correction tape. Its shell incorporates 56% recycled plastic and 18% plastics derived from biomass, in particular PEFC wood, agro-sourced polymers, natural wax and "fillers" of natural origin.

### A line of Stand Up Paddle boards made from natural products developed by BIC Sport

In late 2014, as part of its ongoing effort to reduce the ecological footprint of its operations and products, BIC Sport launched the "Earth SUP" line of six paddle boards. The boards are made from paulownia wood, flax fiber and cork, with no varnish or paint and a minimum amount of fiberglass.



### Developing refillable products

BIC is endeavoring to launch refillable products, given their customer acceptability and ecological benefits.

In the Shaver category, the BIC® Easy/BIC® Hybrid shaver was initially sold as a handle with four to six refills (not sold separately). The underside of the handle is ribbed in order to reduce the use of plastic by 20% 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 clients, 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. For example, in 2014 a pack containing one handle and eight refills sold very well in the US, and a pack containing twelve refills is now available in Europe.

In the Stationery category, most of the new pens launched in 2014 are refillable. The BIC® Atlantis® Comfort and BIC® 4 Couleurs™ lines, for example, were expanded in 2014. In Brazil, the BIC® Marking™ refillable markers were launched in 2013. This product range combines a number of advantages: the markers are refillable for a longer performance life, made in Brazil, marketed and consumed locally, and offered at an affordable price adapted to local spending power.

On the U.S. market, refills are available on the dedicated website [www.wheresmybic.us](http://www.wheresmybic.us). In addition, they are available on the website [www.bicworld.com](http://www.bicworld.com), which links to an e-commerce site offering the BIC® refill range.

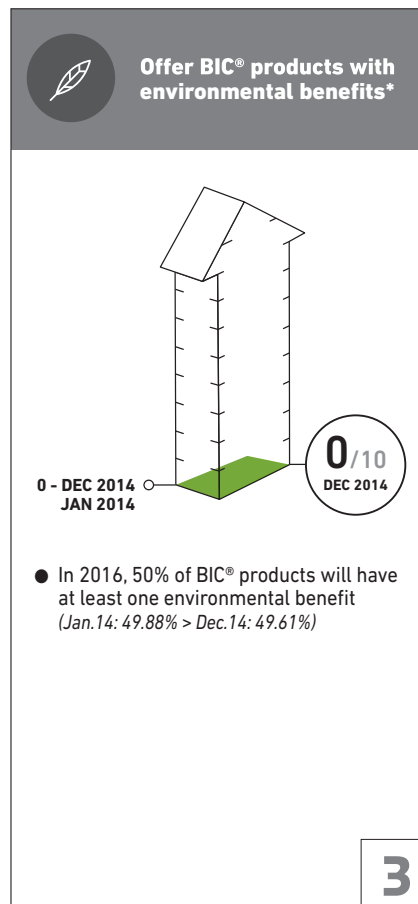
### → OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

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 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

Sustained by the success of the BIC® Easy/BIC® Hybrid line in the U.S. and Europe, BIC plans to launch a women's product on the South American market in 2015: the BIC® Soleil shaver, which is hollow-handled to make it lightweight and sold with six refills for longer shaving performance.

### ◆ Performance of the eco-design approach



\* BIC Graphic excluded

*RESULTS FOR 2014: The Lighters and Shavers categories have successfully maintained a product range with good environmental qualities in a context where consumers do not always choose the products that offer the most flames (for lighters) or the most lightweight products (for shavers). On the other hand, in the Stationery category, stronger growth will be needed over the next two years.*






## 2.1.2. TOOLS TO FACILITATE THE ECODESIGN PROCESS

### Measuring the products' environmental performance

Eco-measurement has shown that the product weight/performance life ratio is a pertinent indicator. 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.

In order 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. As early as 1994, BIC was a pioneer in this field, commissioning life cycle studies of its products from outside consulting experts, who 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<sup>(1)</sup> enabled the Company 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

Life cycle assessment approach – Recipe end point (h/h) method europe	 Raw materials	 Production	 Distribution	 Usage	 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%

According to certain estimations, the usage of a shaver represents about 78% of the total environmental impact. BIC focuses on life cycle phases where it can take action. However, the approach incorporating the usage phase shows, for shavers, 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.

After six years of measuring the environmental performances of BIC® products, this phase is completely integrated in the processes for designing or modifying a product. In Stationery, 100% of new products are subject to eco-measurement.

- **100% of new Stationery products are subject to eco-measurement.**
- **By the end of 2014, 92.5% of 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 that 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 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 can 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.

At BIC, the users of SimaPro in combination with the e-DEA<sup>(2)</sup> interface are:

- R&D design teams in conjunction with Manufacturing Departments;
- the Sustainable Development Department, for building its internal, scientific expertise, needed for the realization of normalized LCAs (ISO 14040);
- product managers and Corporate Communications can use the results of the studies in communication targeting customers and consumers.

(1) « Il y aura l'âge des choses légères » by Thierry Kazazian, Victoires Editions, 2003.

(2) Everybody can Design with Environmental Awareness.







## RESPONSIBILITY CONCERNING OUR PRODUCTS

Our products' environmental performance

### → 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. The 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 in order to verify that it is making steady progress in all pertinent areas.

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

In 2014, 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, two euro cents 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. This program enables the 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 nine million writing instruments that have already been collected.

Largely due to its transparency and traceability (detailed information is available on the Internet), the program has been a tremendous success, offering schools and offices an opportunity to put sustainable development into practice in daily life.

### 2.1.3. CONTRIBUTING TO THE EMERGENCE OF THE CIRCULAR ECONOMY

The BIC Group has identified the challenges involved and is committed to promoting the circular economy. Pilot projects are underway or soon to be launched that will enable BIC over the next few years to acquire the knowledge it needs to fine-tune its goals and means of action.

In 2013, the BIC-TerraCycle program developed a recycling channel for writing instruments that was selected as one of the 20 best practices to be included in the *"Réussir avec un Marketing Responsable"* ("Succeed with Responsible Marketing") platform initiated by ADEME, Ethicity and the UDA. The platform was conceived to inspire marketing professionals by offering them practical information submitted by brands that have proven that more responsible marketing pays off.

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, 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](http://www.bicworld.com)

In 2014, as a result of its partnership with VITTEL, BIC produced 300,000 *"styl'eaux"* (a pun on the French words for "pen" and "water") using 80% recycled materials from used plastic bottles.

→ **11% of the plastics (by volume) used in the Stationery category are recycled.**



## 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.

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. In keeping with its Responsible Communication Charter, the Group seeks to provide clear, accurate consumer information on the benefits of BIC® products. (See 1.5.2 Responsible Communication).

### ◆ Performances

### 2.2.1. ENCOURAGING CONSUMERS TO ADOPT MORE RESPONSIBLE CONSUMPTION HABITS

#### ◆ Challenges

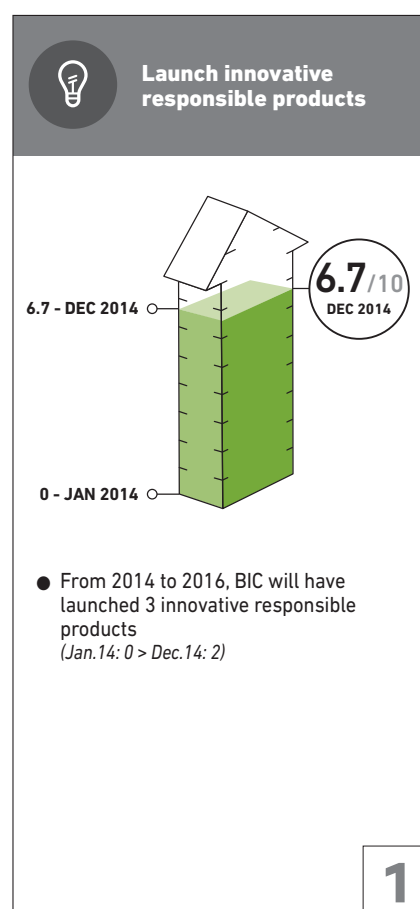
In the past few years, the demand for responsible products has become a market trend in developed countries. Although this criterion has become a strong expectation among the Group's customers (major retailers, administrations, distributors – see page 21), BIC has observed that the demand for "products 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

In order 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.

Some of these products are *NF Environnement* certified, while others supply information on their environmental and social qualities (eco-values) in order 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 amount of recycled materials in a given product, its writing length, its NF Environnement ecolabel certification or where it was manufactured. In France, the "Made in France" campaign, launched in 2012, was executed in sales outlets in 2013, using a variety of communication media.



*RESULTS FOR 2014: Of the three product launches planned for 2016, two were already launched on the market in 2014: a hybrid shaver sold with 12 heads and a refillable pen for children's hands, developed with experts.*





## RESPONSIBILITY CONCERNING OUR PRODUCTS

Products conceived to meet and anticipate consumers' expectations

### → "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, which currently stands at, for example, 1.8 for writing products. The goal for 2017 is to reduce this figure to only one complaint per million products sold.

### → 183 writing items meet BIC's criteria for eco-values.

### → Of the 23 NF Environnement (NF 400) writing items on the market, 22 are BIC Group products.

## ◆ Perspectives

In France, BIC is a member of the ADEME AFNOR platform and participates in the joint effort now underway on environmental labelling of products. To this end, in 2012 the Group launched a test score posting in the form of a dedicated website<sup>(1)</sup> 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.

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. MAKING OUR PRODUCTS AFFORDABLE TO ALL

### ◆ Challenges

For the BIC Group, making products that everyone can afford means adapting them to the markets in developing countries, not only making their prices affordable but also facilitating their distribution through local sales systems and adapted packaging. The pens and shavers marketed by BIC promote access to education and personal care. By making them affordable to all, adapting them to the specific needs of growing populations and adjusting their pricing to the local purchasing power, BIC is contributing to social progress around the world. In 2014, 32% of the Group's turnover came from these growth markets.

## ◆ Approach

### Affordable and adapted products

In Africa, Asia and South America, the low purchasing power of consumers is often the determining factor in any sales approach.

One of the responses proposed by BIC as it strives to introduce products that are affordable to the greatest number of consumers has been to completely rethink the packaging model. In some emerging countries, BIC markets its products – pens, lighters and shavers – in single-unit or double-unit packages only. Below are some examples of the adaptation of its offerings to lower-income consumers:

- the launch in 2011 of a BIC® 1 Lady women's shaver in two-unit pouches in Nigeria and single-unit pouches in Kenya and Madagascar has expanded the BIC® 1 range of single-unit shavers on the African market. This single-unit range is also offered in Côte d'Ivoire, Cameroon and Mali, supplemented by the launch in 2014 of hanging displays for selling single shavers, in Asia, primarily in Pakistan and Bangladesh;
- in South America, the BIC Comfort 3® shaver was redesigned in 2011 to suit the buying power of developing countries while meeting the basic need for high-quality shaving.

BIC seeks to build close relations between its production units and their distribution markets in order 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.

### Offer the best functionality at the best price

Adapting the price to the market features of emerging countries is another key factor. When there is no decimal monetary system – like the euro cent – in place in a given country, adjusting a product's price upward or downward to the smallest existing currency unit can lead to major differences in product positioning. BIC is well aware of this parameter and takes it into account in order to define the best price for each product, making it affordable to the largest number of consumers.

Pricing policies are thus set in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds.

Value for money is particularly important for low-income populations. The act of purchasing a product is all the more important as their income is low. BIC's commitment to launching high-quality, functional products at affordable prices then takes on its full meaning.

### Innovative distribution models

To reach out to the largest part of the populations of emerging countries, BIC builds upon the market knowledge and expertise of its retailers and jointly develops with them innovative distribution models. Indeed, BIC recognizes that facilitating access to the most impoverished requires developing a distribution channel able to reach these consumers where they are to be found: generally in remote rural areas and in the outskirts of large cities.

To get even closer to isolated consumers, the Group and its retailer in Nigeria have set up a network of kiosks located within the local communities. Each kiosk is managed by a local entrepreneur from the community and sells BIC® products exclusively. Today, these micro-shops offer consumers who are far from the conventional

(1) [www.bicworld.com/fr/affichage-environnemental](http://www.bicworld.com/fr/affichage-environnemental)



distribution outlets permanent access to the Group's products while contributing to the development of the local economy.

In Tunisia, BIC has set up "services outlets" near local schools in partnership with one of its main retailers. These kiosks offer a variety of services and allow students to easily access BIC® products near their schools, wherever they are located.

### 2.2.3. EXPERIMENTING WITH INNOVATIVE ALTERNATIVE DISTRIBUTION MODES THROUGH A SOCIAL BUSINESS INITIATIVE

#### ◆ Challenges and approach

The BIC Group seeks to go beyond the conventional sales model, reconciling today's social objectives with the business objectives of tomorrow. It was able to take advantage of its presence on the conventional retail circuits in Bangladesh to try out an innovative "Social Business" distribution model that makes simple, affordable, good-quality products available by and to the inhabitants of remote areas. The project also offered an opportunity to identify the needs and expectations of Bangladeshi consumers and, in a broader sense, to prepare for the Group's future in emerging countries.

In May 2011, BIC launched its first Social Business initiative in Bangladesh by joining the NGO CARE's Rural Sales Program. This program is 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. Under this program backed by BIC and other multinationals, women get involved in door-to-door, commission-based sale of basic consumer products. Before going out for actual sales, these women get sales & product training from BIC's distributor and the CARE teams. This program is available in remote and impoverished areas of the country that are not directly covered by the distributor.

The Group sees JITA as an appropriate long-term solution for these women, as it gives them a means to overcome poverty and social isolation through a new role in the community. Furthermore, it gives them a feeling of pride and increases self-esteem.

#### ◆ Progress made in 2014

In 2014, 800 women joined the JITA program each quarter and the objective is to have a total of 5,000 women participating to the program by the end of the year compared to 2,000 at the end of 2013.

Efforts are being made to build brand equity that will help in growing the *Aparajitas'* business. Since 2013, the JITA team has worked on different ground level promotions/activations. In 2014, this effort was stepped up with 100 consumer awareness events and 45 barbershop product demonstrations, reaching around 13,500 potential consumers. The events are interactive and consumers are told about the importance of shaving, shown BIC TV advertisements and the products are presented. Special BIC branded vehicles are also used to increase visibility.

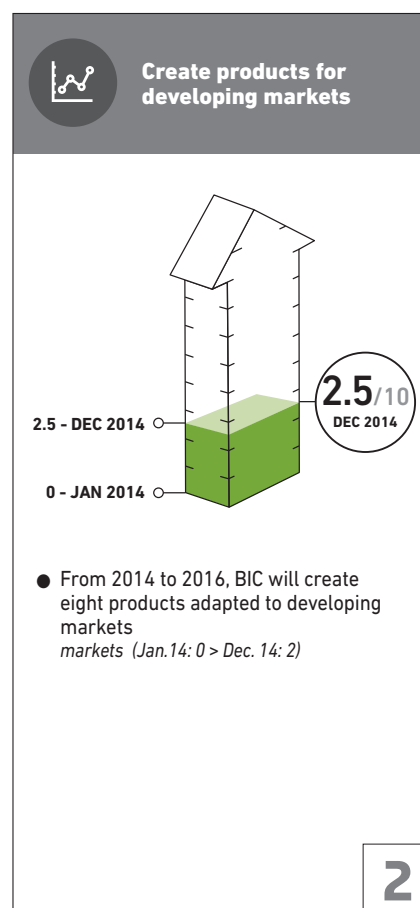
BIC has now implemented a monthly results monitoring system and event specific consumer reporting that will provide trade and consumer feedback and will help make required changes in the program.

A feasibility study for a similar distribution model in Ghana was conducted in 2013 in collaboration with the Group's partner CARE and its local distributor. When the results proved inconclusive, BIC launched a project in 2014 with the goal of joining and extending an existing CARE program in Ethiopia, acting through its local partner.

#### ◆ Perspectives

Currently only basic shavers (BIC® Metal, BIC® Body and BIC® 1) are being sold through the JITA program. The Group is assessing production of core stationery products in Bangladesh and if the project goes through, major sales and coverage expansion is expected.

#### ◆ Performances



**RESULTS OF 2014:** Of the eight products to be launched by 2016, two are already on the market: a pen with an ultrafine tip suited for countries with warm climates, and a lightweight, and thus more affordable, shaver for Latin America.



## 2.3. Safe products

### ◆ Challenges

Guaranteeing the quality and safety of its products is a crucial priority for the Group. Every day, BIC supplies 46 million products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements. In keeping with our corporate policy, our 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.

In response to health concerns, the use of products and chemical substances is subject to increasingly severe restrictions and regulations. BIC anticipates these evolutions as well as their impact on its operations in order to ensure that its products are always safe.

### ◆ Approach

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 both BIC and its 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, and implementing appropriate measures in the case of an incident.

BIC has adopted seven specific commitments to ensure the quality and safety of its lighters.

### → 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.) in order 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.

### A team in charge of compliance

In order to ensure the safety of its customers and consumers, BIC Group has implemented stringent organization and processes in its factories. In addition, the Group has dedicated full-time product safety teams that follow and implement industry standards, regulations and internal rules. For example, there are five employees assigned to safety for stationery products and two for BIC Graphic. Each year these teams' activities evolve depending on regulatory developments and the growing need to provide stakeholders with precise information on safety.

### 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.





### 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 physical, chemical and inflammability risks. For example, all of the inks used in our pens are analyzed by an independent toxicologist who evaluates their potential hazards, and tests are 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.

The BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by an independent accredited laboratory, 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 discussions with the Netherlands. In March 2012 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 a Group level, an expert administrator was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Company 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 in particular 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 Company has begun preparing for the registration of the remaining substances by 2018.

### ◆ Progress made in 2014

In 2014, the Group's employees were mobilized to implement the necessary actions and organizations for adapting to the large number of new regulations that affect its products, and for meeting customers' increasing demands. In the course of the year, more than 400 products were tested to verify the absence of heavy metals.

### ◆ Perspectives

In the years to come, the Group will continue to adapt its working methods and means in order to maintain its own standards and level of compliance concerning product safety.







## 2.4. Eco-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 2014

Historically, BIC promotes selling products without consumer packaging or in value packs. Thus in Europe 73% of writing products are packaged in boxes, trays or pouches of at least ten products (75% in North America), 79% of lighters are sold in trays of at least 50 (72% in North America) and 71% of shavers are marketed in pouches of five, ten or more (53% in North America).

### The BIC Group Packaging Community

The "Packaging Community" unites correspondents around the world in a network for sharing tools and best practices in responsible packaging, duplicating them as appropriate. It is also in charge of overseeing commitment number four of the BIC Sustainable Development Barometer — "Select responsible materials for packaging" — as well as other best practices related to packaging (optimization and waste reduction).

### Three priorities for reducing the impact of our packaging

#### Selecting responsible packaging materials

With the aim to continue and widen 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 with 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*).

Some of the main achievements that were reached in 2014:

- all American packaging suppliers are now FSC or SFI certified, with the exception of the label suppliers. BIC's teams are stepping up their efforts to reach 100% certified suppliers;
- acting on a request from BIC, the two biggest packaging suppliers in Brazil, representing nearly 50% of the volumes purchased by BIC in that country, obtained FSC certification in the first half of the year;
- also in Brazil, two shavers (BIC® Soleil® Flowers and BIC Comfort 3®) were launched with 100% FSC boxes.

### PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago in Europe and is well advanced in the U.S. and in 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 Brazil, two shavers (BIC® Soleil® Flowers and BIC Comfort 3®) were launched with 100% PVC-free blisters, and the transition was completed for the BIC Comfort 3® Advance® shaver, whose blister is now PVC-free;
- in the U.S., the transition from PVC to 100% PET began in 2012. The installation of an additional PET-compatible machine for blisters at the factory in Charlotte, North Carolina (U.S.) made it possible to reach the 2014 end-year goal of 60% PVC-free packaging (up from 40% in 2013); Large format clamshells and blisters are in the process of testing and transitioning to PET;
- the factory in Milford, Connecticut (U.S.) continued its tests on the large-scale use of recycled PET (R-PET), and blister machine modification will occur in early 2015 allowing for the final qualification process to be completed.

### Reducing the quantity of packaging per product sold

The 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 United States in 2014, 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).

Also in the U.S., an effort to standardize the corrugated shaver counter display inserts from 48 to 12 will reduce handling, storage and obsolescence. This standardization, adapted to all packaging gives the flexibility to respond better to demand.





### Reducing packaging waste

The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte (NC) site in the U.S. has already reached the program's goal of 100% waste recycling. This objective is backed by an effort to reduce waste production upstream.

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

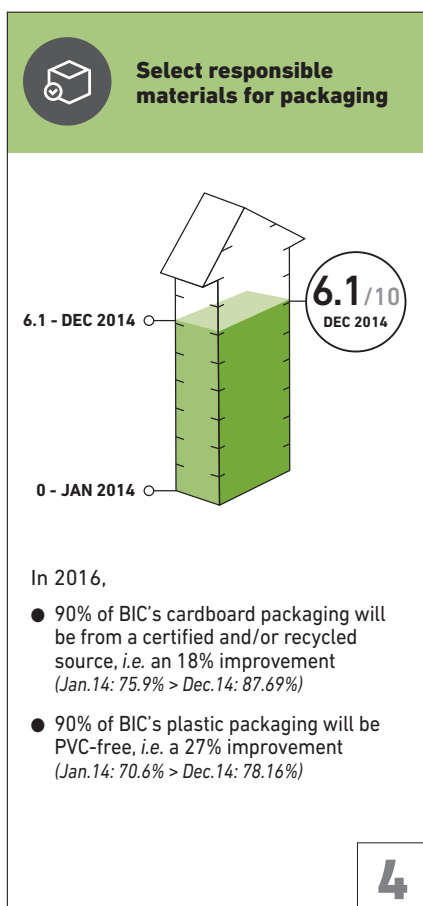
In the U.S., the Charlotte site has sustained its performance of zero landfilled packaging waste (compared with 26% in 2006). This result has been achieved through packaging design and working with suppliers to minimize waste and provide outlets for recycling paperboard and plastic packaging components; and lastly using non-recyclable wastes for energy recuperation (3.8%).

### Perspectives

A number of actions to optimize packing for the shipment of products are being studied in Europe, the U.S. and Brazil.

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.

### Performances



\* BIC Graphic excluded

**RESULTS FOR 2014:** The results of the packaging commitment for 2014 are in keeping with the 2016 goals, primarily due to good results in Europe for both goals and an excellent performance in the U.S. for certified and/or recycled cellulose.





## RESPONSIBILITY CONCERNING OUR PRODUCTS

Eco-optimized packaging





## ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

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## ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

### Our factories

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. The 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 is able to exert good environmental control over its entire manufacturing chain due to two factors. First, BIC favors in-house production over contract manufacturing (85% of the Group's net sales are generated with products manufactured in its own factories; 88% in the Consumer Goods business and 63% in the Advertising and Promotional Products business of BIC Graphic). Secondly, in the Consumer business, most of the products sold on a given continent are also manufactured on that continent (90% in Europe and 52% in the Americas).

## 3.1. Our factories

### ◆ Challenges

To manufacture its products, BIC uses raw materials (plastics, ink, 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 in terms of raw materials is determined mainly by the design of the products (see section 2.1. "Our products' environmental performance," page 24), the factories that manufacture BIC® products assume the important responsibility of optimizing their water and energy consumption, and of 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 improving its industrial activity, from production to distribution, in order to protect the environment as much as possible. BIC Group is committed to:

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

The EH&S Policy is posted at all production sites.

This policy applies to all of the Group's factories, including, since 2010, the BIC Graphic (Advertising and Promotional Products) sites acquired in 2009.

In 2014, BIC developed a formal procedure to critically review and revise the BIC EH&S Policy to ensure that it remains pertinent and appropriate to the business. These procedures include in particular regular assessment of its pertinence in light of changes in the Group's activities and products, acquisitions and changing societal and stakeholder expectations.

### 3.1.1. MANAGEMENT SYSTEMS AND OTHER MEASUREMENTS FOR CONTROLLING THE ENVIRONMENTAL CONSEQUENCES OF OUR INDUSTRIAL OPERATIONS

The Group's Policy on Environment, Health & Safety (EH&S) is based on the implementation of pragmatic management systems to ensure that everyone gets involved, as well as to drive improvement of operational performances. In order to help the production sites deploy these management systems, BIC has a team of three EH&S experts representing the factories in Europe, North America and Latin America. This team ensures that these facilities comply with the Group's policy and objectives, and monitors their performance by consolidating, analyzing and communicating the results achieved.

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

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 a complete in-depth analysis of all aspects of the site's activity and its environmental impact (water, air, soil, noise, etc.).

The environmental management system makes it possible to **ensure that operations comply with applicable laws and regulations concerning the environment**. The plants maintain routine and periodic controls intended to ensure compliance with local regulatory requirements. These controls are carried out internally, or with the assistance of an independent external company. An action plan is established to correct any identified compliance issues.



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

In particular, in France, our two SEVESO plants have an emergency procedure protocol ("*Plan d'opération interne*"). Furthermore, our two high-threshold SEVESO plants have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition into French law of the European Council directive 96/82/EC.

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

### Air, water and soil release that seriously affect the environment

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, has a relatively low local environmental impact as compared with other manufacturing sectors. Nevertheless, in keeping with the Group's EH&S policy (see above), the Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts.

A breakdown of the plants' water and energy consumption, greenhouse gas emissions and waste production is given on pages 40 to 45, along with the actions undertaken by the Group and its sites to control and reduce their environmental impacts.

### Conditions for use of soils

In Europe and the U.S., where most of the Group's sites are located, whenever industrial restructuring results in factory closures, BIC ensures that plant decommissioning is performed in accordance with local law 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 European plants used over a long period of time 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 for our product molding, assembly and marking activities.

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

### Expenses for preventing consequences of the business on the environment

Investments in short and long-term improvement programs to prevent or minimize environmental consequences are an integral part of the factories' budgets. In 2014, 3.8 million euros were invested in environmental improvement programs.

### Provisions and guarantees for environmental risks

None.

The guaranties received regarding the environment are listed in Note 25 of the consolidated financial statements for the year "Off-balance sheet commitments: sureties, deposits and guarantees" page 208 of the registration document.

### Compensation paid during the fiscal year under court order

None.

### → LEED CERTIFICATION IN TUNISIA

The BMT 11 factory, the first LEED (Leadership in Energy and Environmental Design) project in Tunisia, was certified in October 2013, thanks in particular to its high-performance roof insulation, a water distribution system that saves considerable quantities of drinking water compared with a conventional structure, the use of recycled materials in construction, its parking lot and its location near public transportation facilities. These structural choices reduce the factory's environmental impact while encouraging employees to adopt responsible eco-habits.

### Progress made in 2014

In 2014 the BIC Graphic Europe factory in Tarragona (Spain) was granted ISO 14001 registration for the first time. Its ISO 9001 registration, first obtained in 2000, was also renewed once again. This double certification underlines the teams' commitment to constant improvement in keeping with the highest standards of environmental protection and quality.

Again in 2014, the management systems of BIC Sport (France) were recognized for best practice. The subsidiary also earned the renewal of its Ecoride label, an initiative of the boardsports association EuroSIMA Cluster (in partnership with ADEME Aquitaine).

In 2014, the startup of the WCA platform for auditing subcontractors' working conditions (see page 71) enabled the inclusion of a comprehensive questionnaire on their environmental performance, accounting for 10% of the total number of questions posed. This tool will enable the BIC Group to require corrective actions for any subcontractors whose environmental performance is not up to standard.

### Performances

In 2014, the implementation rate for BIC management systems at BIC-owned product facilities is 89% complete for the environment and 89% complete for health and safety. These rates have decreased since 2013 due to the addition of four new entities into the perimeter and the exclusion of the New Zealand factory in 2014.





## ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

### Our factories

In addition, 84% of BIC employees work in product facilities that are registered to ISO 14001 or actively implementing a management system. Similarly, 45% of the employees work in product facilities that are registered or engaged in OHSAS 18001 registration.

### 3.1.2. REDUCING WATER CONSUMPTION AND ASSESSING THE SCARCITY OF THE RESOURCE

#### Reducing water consumption

##### ◆ Progress made in 2014 and performances

Water consumption per ton of production decreased by 10.3% between 2013 and 2014. Total water consumption decreased by 6.4% over the same period while production increased by 4.4%. This results from a multi-year continuous effort by the 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:

- 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 in particular);
- the ratio per ton of production proposes a relevant reading for BIC Group activities with high tonnage (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 82 for additional information.

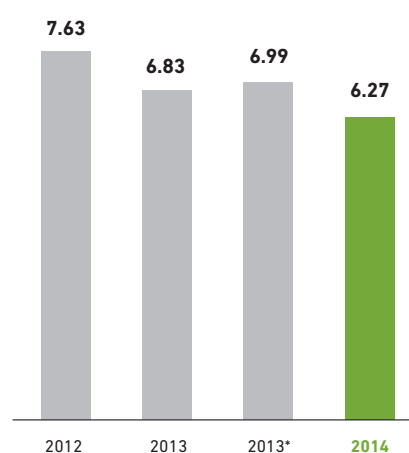
In 2014, 13 sites reduced their ratio of water consumption per ton of production. BIC Rasoirs (France), which represents an important part of the Group's water consumption (34%), reported a 24% decrease in its ratio. The efforts of this French shaver facility included the 2013 replacement of old cooling towers with a new hybrid system using a closed water circuit, and with no water use during the winter period. These hybrid towers were expanded in 2014 to other equipment in the factory. BIC Mexico (Mexico) also installed a new hybrid cooling tower in 2014 and fixed a number of water leaks, which contributed to an 8% decrease in its ratio of water consumption per ton of production compared to 2013.

Some improvements have also been reported by BIMA (France), BIC CORPORATION Gaffney (U.S.), BJ 75 (France) and BIC Violex (Greece). These plants, which represent 25% of the Group's water consumption, improved their ratio of water consumption per ton of production by 9% overall. In particular, BIC Violex realized an audit this year in order to be certified for water management and optimization according to the EWS (European Water Stewardship) Standard in the coming years.

Ongoing efforts were also pursued this year by other plants, such as Conté (France), BIC Amazonia (Brazil), PIMACO (Brazil), BMT 11 (Tunisia), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Graphic Europe (Spain), BIC Graphic Tampa (U.S.), BIC Graphic Red Wing (U.S.), BIC Sport (France) and BIC Canada (Canada). Typical efforts include water leaks identification and repair, and optimizing water use for domestic and irrigation purposes.

BIC Group plants completed or implemented 10 projects targeted specifically at water savings during 2014.

#### ANNUAL WATER CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION - IN M<sup>3</sup>/TON



\* For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.

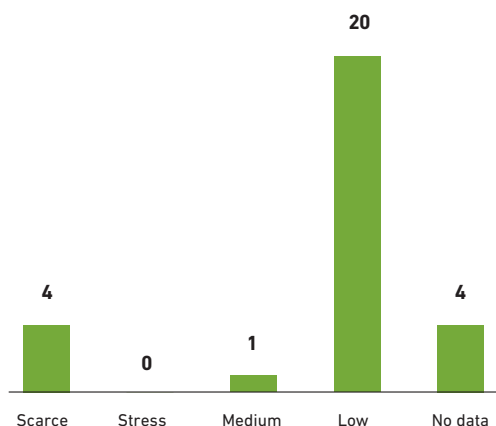
#### Assessing the scarcity of water resources at our factories

In 2014 the BIC Group consumed 568,084 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, in an effort to identify priority action zones, the 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).



#### BREAKDOWN OF BIC FACTORIES BY LOCAL LEVEL OF WATER STRESS



Water stress level according to Mean Annual Relative Water Stress Index

- Scarce: Index > 1: zone where water resource is extremely limited
- Stress: 0.4 < index < 1: water stress zone
- Medium: 0.4 < index < 0.2: average strain on water resources
- Low: Index < 0.2: low strain

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 in particular 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 striving to improve the water consumption ratios at these sites. At the site in a medium stress area, most of the water consumed is used for cooling and optimization programs are underway. Lastly, of the four sites for which no data was available on the "Mean Annual Relative Water Stress Index," three do not pose any particular risk in relation to the other indicators of the "Global Water Tool." Only one of these sites, in the U.S., is also in a medium stress area. Since the site's water consumption is already limited, the Group intends to find ways to make it even more efficient.

This new correlation of water consumption and scarcity will enable BIC to prioritize its action plans for reducing water consumption.

### 3.1.3. REDUCING ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

#### ◆ Progress made in 2014 and performances

##### Optimizing energy consumption

At the Group level, the Purchasing Department has 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. In contact with the people in charge of monitoring energy consumption at each site, the buyer also keeps them up to date on the best practices developed in the Group, monitors and shares new developments in cooperation with experts in the field.

In parallel, the most committed factories forge partnerships with their suppliers in order to explore all the options for reducing electrical consumption.

In addition, BIC is constantly striving to strike a balance in its factories between optimal productivity and the 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 2013 and 2014 (-3.1%), resulting from a continuous effort in energy efficiency led by the BIC Group factories. It is notable that during the same period, production increased by 4.4%.

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 in particular);
- the ratio per ton of production proposes a relevant reading for BIC Group activities with high tonnage (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 82 as additional information.

16 sites improved their ratio of energy consumption per ton of production in 2014. BIC Écriture 2000 (France), BIC Amazonia (Brazil), BJ75 (France), BIC CORPORATION Milford (U.S.) and BIC Viorex (Greece), representing almost 50% of the Group's energy consumption and production of finished and semi-finished products, have improved their energy efficiency by 4.4%. In particular BIC Viorex realized an energy audit to identify areas for reducing energy consumption in order to achieve ISO 50001 certification in the near future. BIC Amazonia replaced some of its air conditioning systems with more energy-efficient ones and BIC Écriture 2000 replaced some neon lights with LED, modified the regulation of boilers and replaced two refrigeration systems. Furthermore, BIC CORPORATION Milford (U.S.) replaced two hydraulic molding machines with electric ones, one of which has a larger capacity and enables energy savings.





## ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

### Our factories

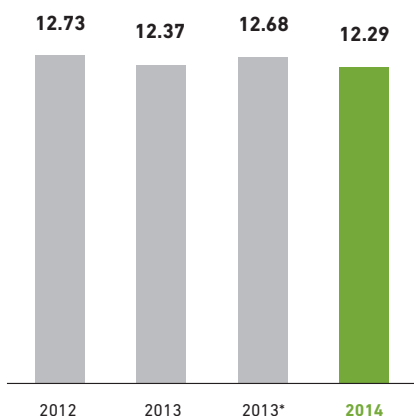
Conté (France) purchased two new gas boilers in 2013, with improved efficiencies of 25% and 20% respectively, and in 2014 optimized its cooling system and performed daily monitoring of its electricity consumption. Conté managed to reduce its ratio of energy consumption per ton of production by around 17% between 2013 and 2014. Similarly, BIC Sport (France) reported a 5% decrease in its ratio, attributed, in particular, to a change in the cooling system for the stationery activities in 2013.

BIC Graphic Tampa (U.S.) replaced its air conditioning systems with energy-efficient units, and installed a new management system to control the units with schedule stops during weekends and holidays, and fixed the compressed air leaks in its buildings.

Finally, continuous efforts have been pursued this year by other factories such as PIMACO (Brazil), BIC Mexico (Mexico), BIC Ecuador (Ecuador), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Rasoirs (France), BIC Graphic Europe (Spain), BIC Graphic La Granada (Spain), BIC Graphic Sleepy Eye (U.S.) and BIC Charlotte Packaging (U.S.), completing various actions to optimize domestic energy consumption.

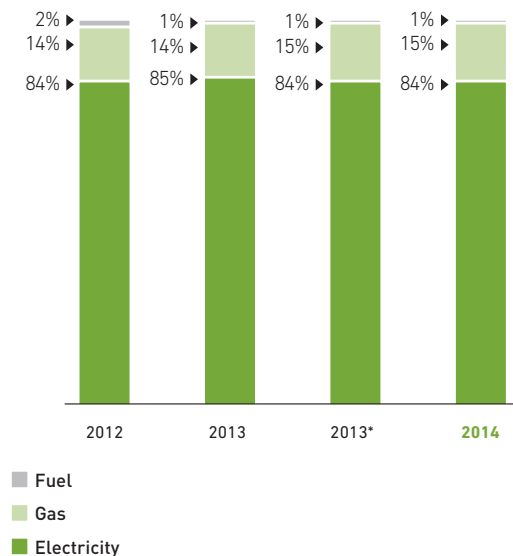
BIC plants completed or implemented 23 projects targeted specifically at energy savings during 2014.

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



\* For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.

### CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



\* For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.

### The use of renewable energy

The BIC Group is constantly seeking and seizing opportunities to use renewable energy sources, depending on local contexts and feasibility. To this end, since 2012, BIC has purchased Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (U.S.) locations: headquarters, a factory and an R&D center. BIC has made this commitment through 2015 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, these RECs represent the avoidance of approximately 9,000 teqCO<sub>2</sub> emissions that would otherwise be produced by the electricity grid (estimate is based on U.S. EPA eGRID2010 Version 1.0).

A portion of this REC purchase concerns 5,968 teqCO<sub>2</sub> 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 7% of all greenhouse gases emitted by the Group's factories.







### Limiting the contribution to climate change

Fighting climate change is an integral part of the Group's Sustainable Development Program. BIC is committed through actions related to its products, factories and logistic activities.

The product ecodesign approach, by targeting light and long lasting products, leads to a thrifty usage of virgin materials, which allows reduction of Greenhouse Gases (GHG) emissions related to raw material extraction.

For its transport operations, BIC has developed an approach to reduce its GHG emissions (page 46).

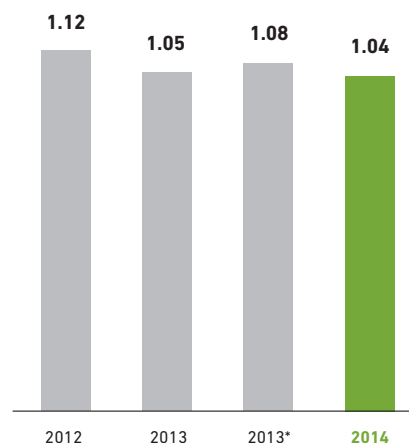
Lastly, a carbon footprint assessment was conducted at the BIC headquarters in Clichy (France) and in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), using the Bilan Carbone® ADEME methodology. The studies in the factories showed that the indirect GHG emissions (issued by suppliers during production of materials and components and energy production purchased by the factories) account for most emissions. Priority areas for improvement identified by the Group are the reduction of electricity consumption and use of recycled plastic.

For 2014, the BIC Group quantified the direct and indirect emissions of greenhouse gases from its manufacturing plants (scope 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 2014 was estimated at 8,940 teqCO<sub>2</sub>, i.e. a 4.4% decrease compared to 2013;
- 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 2014 was estimated at 85,434 teqCO<sub>2</sub>, i.e. a slight increase of 1.3% compared to 2013.

The total amount of direct and indirect GHG emissions was thus estimated to be 94,374 teqCO<sub>2</sub> in 2014. Given that production increased by 4.4% between 2013 and 2014, the ratio of direct and indirect GHG normalized to the Group's production decreased (-3.4%). The ratio of energy consumption normalized to production also decreased (-3.1%) over the same period.

### ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS NORMALIZED TO PRODUCTION - IN TON OF CO<sub>2</sub> EQUIVALENT/TON - BIC FACTORIES



\* For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.

For the past seven years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2014, the Group was once again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI) with a score of 95/100. BIC is among 27 companies singled out in this index that covers 91% of the French market capitalization.

### Adapting to the consequences of climate change: Extreme rainfall, floods, drought

Certain BIC sites are located in zones that are exposed to risks related to climate change, in particular in terms of more frequent 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 of the sites in question have developed a flood emergency plan, 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.





### 3.1.4. REDUCING WASTE PRODUCTION

#### ◆ Progress made in 2014 and performances

In 2014, the BIC Group achieved a 0.4% decrease in the amount of waste generated per ton of production compared to 2013. This primarily results from a decrease in non-hazardous waste (-2.2%), which represents almost 90% of the waste generated by the Group. This decrease of non-hazardous waste per ton of production is offset by an increase in hazardous waste generated per ton of production (14.5%). This increase is partly due to exceptional events in 2014.

Year 2014 follows on from year 2013 regarding the application of the hazardous and non-hazardous waste new classification that was circulated by the BIC Group.

Programs to sort, recycle and reuse various types of waste (for example, pallets) have been carried out in factories such as BIC Amazonia (Brazil), BIC Ecuador (Ecuador), BIC Rasoirs (France), BIC Sport (France), BIC Charlotte Packaging (U.S.) and BIC Charlotte Distribution (U.S.).

Conté (France) has implemented a major program to increase plastic recycling thanks to optimization of the settings on the eraser processes, an increased involvement of its suppliers to reduce non-compliance, the realization of grinding operations, and the establishment of an action plan to reduce scrap rates since 2013.

BIC plants completed or implemented 21 programs targeted specifically at waste reduction during 2014.

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



\* For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.

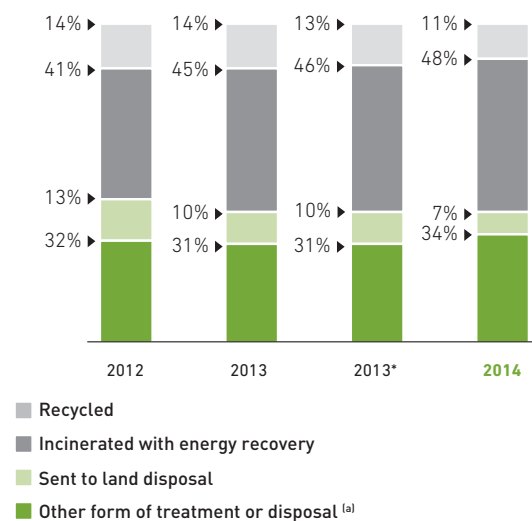
#### Hazardous waste

In 2014, the BIC Group registered a 14.5% increase in hazardous waste generated per ton of production compared to 2013. This increase is mainly due to several exceptional events, which happened in 2014, such as the destruction of obsolete materials and products, the implementation of new equipment and new manufacturing processes, the use of a new treatment system for gas from pencil lead manufacturing, the events at some treatment plants and the realization of cleaning activities.

12 sites improved their ratio of hazardous waste generated per ton of production. Conté (France) decreased its ratio by 14%, mainly due to lower ink waste and a change in classification between hazardous and non-hazardous waste for inked defective items. BIC Ecriture 2000 (France) has reported a 7% decrease due in particular to a slight decrease in production scrap.

Improvements were reported by BIMA (France), BJ75 (France), BIC Graphic Europe (Spain), BIC Graphic Tampa (U.S.) and Electro-centre (France). These factories, which represent 20% of the Group's annual production of finished and semi-finished products, reported an overall 13% decrease in their ratio of hazardous waste generated per ton of production.

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



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

\* For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.

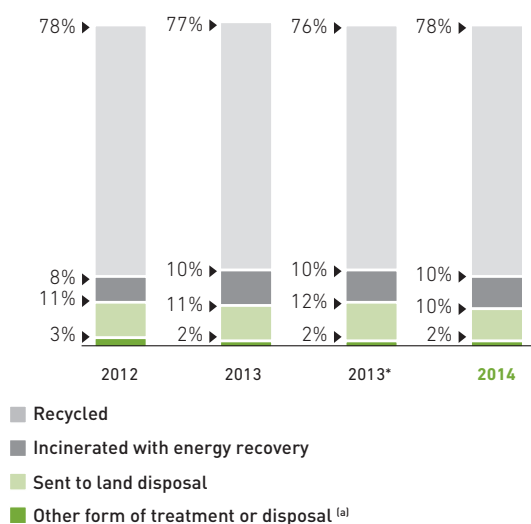
## Non-hazardous waste

In 2014, the BIC Group's ratio of non-hazardous waste generated per ton of production decreased compared with 2013 (-2.2%).

14 factories improved their ratio of non-hazardous waste generated per ton of production. BIC CORPORATION Gaffney (U.S.) decreased its ratio significantly (-8%), in particular as a result of a new ability to grind and re-use some materials, instead of sending them off site. Specifically, 35 metric tons of plastic were re-ground and re-used in 2014.

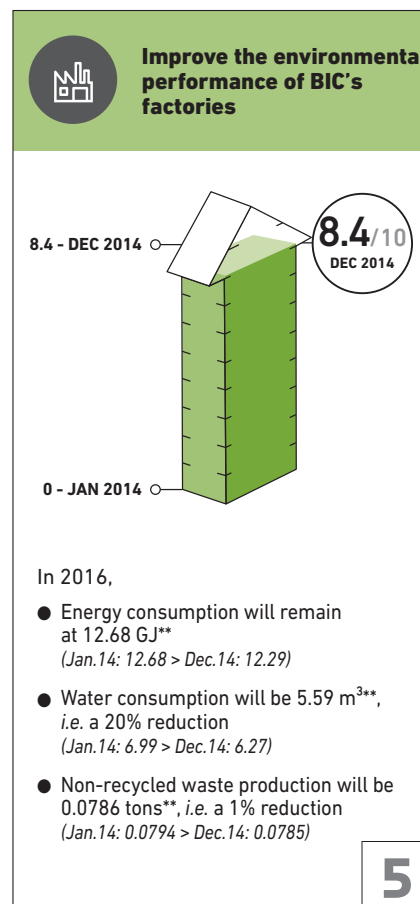
Improvements were also reported by Conté (France), B.J. 75 (France), BIC CORPORATION Milford (U.S.), BIC Violex (Greece), BIC Shavers Mexico (Mexico) and BIC Graphic Sleepy Eye (U.S.). These factories, which realized 47% of the annual production of finished and semi-finished products of the Group, reported a total of 4% decrease of their ratio of non-hazardous waste generated per ton of production.

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



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

\* FOR 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.



\*\* Per ton of production.

RESULTS FOR 2014: The objective has been reached for the first and the last indicators. Regarding the water consumption, the result is in line with the intermediate outcomes forecast.



### 3.1.5. REDUCING THE IMPACT ON BIODIVERSITY

#### ◆ Challenges

The BIC Group's activities are linked to biodiversity in two main ways. First of all through its land use (industrial, logistical and administrative sites) around the world: its effect on biodiversity is the BIC Group's direct responsibility. Secondly through the purchasing of raw materials (plastics, metal, etc.) whose extraction can have an impact on biodiversity. Similarly, biodiversity can be affected by the transport activities contracted by the Group.

In response to the first point, which is given priority, BIC relies on a "site approach" for integrating the issue of biodiversity in its Program.

#### ◆ Approach

An initial cartographic analysis of each BIC factory's physical surroundings was carried out in order to identify sensitive zones and

prioritize the factories' risks of impacting their particular local biodiversity. The vast majority of BIC's factories are located in non-sensitive (in most cases industrial) zones, and neither their land use nor their operations pose any evident risk to their surroundings.

#### ◆ Progress made in 2014

For the fourth year in 2014, BIC centralized its production sites' regulatory obligations concerning the protection of biodiversity and conducted a survey of the actions undertaken. This monitoring made it possible to confirm that all of the sites are in compliance with regulations. In cases where there are specific obligations, the management systems address the problem and enable follow-up.

#### ◆ Perspectives

A more in-depth analysis, in particular, taking each site's specific activity into account, will be carried out in the coming years for sites that are located near a protected area, in cooperation with the sites in question. The results will allow BIC to evaluate the need for the implementation of specific actions to protect local biodiversity.

## 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 in some three million points of sale all over the world, thus maximizing customer satisfaction, and at the same time to reduce the environmental impact of its transport activities while optimizing costs.

BIC engages in two types of transport for its products:

- "intersite 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.

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 1.5% of the total tonnages shipped, air freight is still the transport method that generates the most GHG: in 2014 it represented 62.5% of the Group's total emissions from transport.

#### ◆ Approach and progress made in 2014

BIC Group has factories all over the world, which tends to limit the need for shipping its products. In fact, on average, in the Consumer business, 65% of products sold in a continent are manufactured on this same continent (90% in Europe and 52% in the Americas).

#### *In the Consumer business:*

- **90% of BIC® products sold in Europe are also manufactured on this continent;**
- **52% of BIC® products sold in the Americas are also manufactured on these continents.**

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 focusing on each transport flow is the only way to provide high-quality, competitive shipping while reducing its environmental impact.

Led by the "Transport Community," which unites the shipping managers on each continent, the Group's approach comprises three main points:

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

In 2014, in order to concentrate the Group's efforts on the reduction of air freight, BIC decided to devote commitment #6 of its new Barometer specifically to this challenge (see page 48).



### Raising awareness and controlling emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by a number of different teams within the BIC Group, from production to transportation, sales and warehouse management. In 2014, the Transport Community worked closely with the Categories (Stationery, Shavers, Lighters) and set up a task force to identify solutions for achieving significant and lasting reductions in the use of air freight.

To this end, the Transport Community continued to engage in consultations with experts and cooperative efforts with the Group's customers. BIC regularly consults transport companies that are committed to sustainable development on topics like the pooling of shipments, reducing GHG emissions and optimized routing. In Canada, for example, where shipping distances are a major challenge, BIC works with its upstream and downstream transport service providers to optimize the flows.

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 focusing attention on this issue at the highest managerial level.

### Optimizing shipments and routes

In shipping, the main leverage points for reducing emissions are the reduction of the distances traveled, the choice of transportation mode and load optimization. BIC's logistical teams are working on all three points in cooperation with other departments of the Group, like Production and Sales, as well as its service providers.

A great many actions were undertaken in 2014 to optimize shipping and routing, some of which achieved especially good results:

- shipments of packaged shavers between the Violex factory (Greece) and the factory in Charlotte (North Carolina, U.S.) have been replaced by shipments of unpackaged shavers to the factory in Saltillo (Mexico), reducing the number of containers by 20 to 25%;
- in addition, 49.4% of the shaver shipments from Saltillo (Mexico) to the US in 2014 used train/road multimodal transport, thus saving 617 tons of GHG emissions (former expeditions were only by road);
- in Canada, the consolidation of downstream transport in cooperation with one of the main distributors has reduced the frequency of shipments by 33%, all shipments to the western part of the country now use multimodal transport, and the effort to optimize packaging is ongoing;
- in the Africa-Middle East zone, efforts to optimize the filling of intercontinental containers have led to a 17% increase in their filling rate compared with 2013.

### Selecting responsible carriers

Ultimately, these logistical operations are carried out by the transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions: the condition of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc. BIC selects carriers that allow the Group to reduce the ecological footprint of its shipping operations. In Canada, for example, in 2013 BIC selected a

carrier capable of consolidating multiple orders, thus increasing the average weight of each shipment.

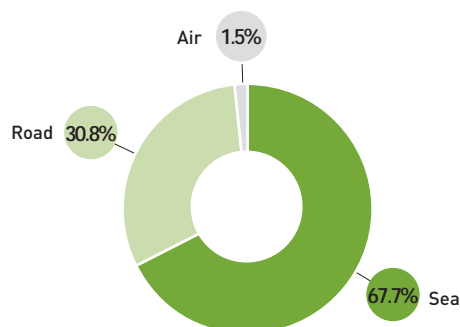
In order to encourage its transport service providers to adopt responsible practices, BIC is developing an increasingly demanding purchasing policy in terms of sustainable development and incorporates the reduction of GHG emissions in its criteria for selecting carriers.

Lastly, in order to encourage its carriers' commitment to corporate responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all of the Group's transport teams worldwide, to be put into practice with their service providers. In Brazil, 100% of the carriers have now signed the Code of Conduct.

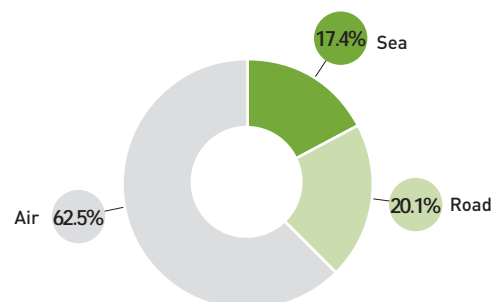
### ◆ Performances

→ In 94% of the Group's calls for transport tenders, the reduction of GHG emissions is a criterion for selection.

#### BREAKDOWN OF TONNAGE SHIPPED - IN % OF THE TOTAL

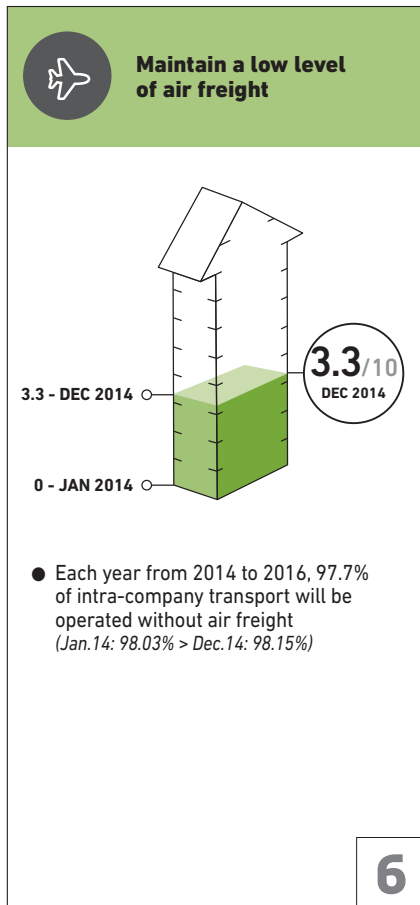


#### BREAKDOWN OF GHG EMISSIONS - IN % OF THE TOTAL



## ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

Limiting the environmental impact of shipping



### ◆ Perspectives

In 2015, the existing programs will be continued and others will be launched:

- the optimization of shaver shipments from Greece to the US will be further improved with the transport of shaver heads to be assembled with handles in Mexico;
- the Brazilian teams also seek to develop a methodology for auditing their transport service providers' commitment in order to reward the most committed approaches;
- starting in 2015, the shipment of stationery products from the factory in Mexico City (Mexico) to the factory in Charlotte (U.S.) will be multimodal (train – road), thus reducing the resulting GHG emissions by half;
- the Group has completed a study on the adoption of a system to compensate for the emissions resulting from its airfreight shipments.

*RESULTS FOR 2014: The goal is to keep air freight at a low level throughout the three-year period. This goal was achieved in 2014.*

## 3.3. Our sales and support activities

### ◆ Challenges

In order to be comprehensive and exemplary, BIC Group's sustainable development approach encompasses all of its operations, including office activities.

### ◆ Approach and progress made in 2014

#### 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*<sup>®</sup> (carbon analysis) was compiled using the data from 2005, taking all head office activities into account. The emissions profile is that of an office operation, whose environmental impact arises primarily from:

- staff transportation, whose 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 wherever policies are in force that integrate environmental and safety concerns, in particular using indicators to monitor factors like accidents or the fleet's GHG emissions.

In 2014 the average level of GHG emissions dropped from 117.2 g to 111.9 g CO<sub>2</sub>/km for sales force vehicles, and from 122.1 g to 120 g CO<sub>2</sub>/km for the business account Directors' vehicles.

By the end of 2014, all sales representatives in France had received training in eco-driving. After a sharp increase in 2013 largely due to difficult weather conditions, the number of accidents involving company vehicles dropped in 2014, returning to the same level as in 2012.

#### Waste management

The headquarters in Clichy (France) has made considerable progress in waste management at the site, in partnership with the food service provider that runs the cafeteria, in particular by improving glass, aluminum and plastic sorting and introducing the recovery and recycling of waste coffee capsules in 2010. A new service provider contracted in 2012 ensures that used coffee capsules are recycled and no longer sent to landfill.

#### Eco-performance of the buildings

Designed in compliance with LEED (Leadership in Energy and Environmental Design) standards, **the headquarters of BIC CORPORATION** in Shelton (U.S.) was certified as a "sustainable building" by the US Green Building Council in May 2009. This nationally-recognized certification acknowledges that the structure meets the highest standards for environmental design and construction. In January 2010, the Shelton facility also received the Connecticut Green Business Award, given in recognition of initiatives

to reduce a building's carbon footprint in its daily operations (electricity consumption, choice of furniture and interior materials, etc.).

**The headquarters in Clichy** (France) has succeeded in steadily reducing its energy consumption through a number of actions to improve its installations and building use. For example, in 2014 the decision was made to turn off the heating and air conditioning systems during the night and to arrange the workspaces in clusters with centralized climate control. In order to reduce water consumption, the building was equipped with tap aerators (which reduce the use of tap water by up to 85%) as well as dual-flow flush mechanisms. Four recharging stations for visitors' electric vehicles were installed and two electric cars are now available to employees for trips within their range (250 km in the city, 150 km in the non-urban areas).

In 2011, **BIC Benelux** (Belgium and the Netherlands) moved into new eco-friendly offices: the workspaces use natural light and a minimum amount of water and energy, the furniture from the previous offices was reused, the servers and printers have been streamlined, computers with the Energy Star label have been purchased, etc., and the employees are regularly encouraged to adopt ecologically responsible behavior (waste sorting, reduced printing, etc.). Green Officers have been named in Belgium and the Netherlands to keep this eco-momentum going at both subsidiaries.

#### Reporting of main headquarters

Since 2013, BIC has implemented KPI reporting for its main headquarters facilities. In 2014, the reporting includes three sites: Shelton (U.S.), Clichy (France) and Cajamar (Brazil). The Cajamar site conducts some production activities for promotional products and advertising and this activity is also covered by this report.

#### Environment

In 2014, the annual energy consumption density for the three BIC Headquarters operations was 0.90 GJ/m<sup>2</sup>. This result is influenced by a number of factors, some unique to each site. The Cajamar site includes some production activities, which may result in higher than normal consumption for an office building. The energy consumption in Shelton is strongly influenced by the presence of a large worldwide data center, as well as cold winters in the northeast U.S. The Clichy headquarters has implemented a program to reduce energy consumption by minimizing air treatment operation at weekends and nights when the site is closed.

The greenhouse gas emissions attributed to energy consumption of the Headquarters represented 2,139 tCO<sub>2</sub>-e, including 1,944 tCO<sub>2</sub>-e of indirect emissions and 19 tCO<sub>2</sub>-e of direct emissions. The Shelton location purchased renewable energy certificates representing 100% of its electricity consumption.

Water consumption was 17,168 m<sup>3</sup>, or approximately 18 m<sup>3</sup>/workstation. In Clichy, the consumption of water decreased by 30% compared to 2013, mostly due to the installation of water efficient sanitary equipment.

Paper consumption, the main raw material consumption for any office facility, was 24 tons, or about 25 kg/workstation.





## ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

### Our sales and support activities

Waste production was 251 tons. All three sites have a dedicated program to responsibly manage end-of-life for computer equipment. For example, in Cajamar, almost 40 computers were collected for recycling in 2014 by an external company. The Shelton headquarters does not send any waste to landfills, instead relying on recycling and waste-to-energy facilities.

#### Health & safety

In 2014, the Group headquarters experienced two injuries with more than one lost work day (excluding commuting injuries), representing a frequency rate of 1.23 and a severity rate of 0.1.

#### Green IT

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

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

Since 2012, the Group continued the effort to virtualize all of its servers. For Europe, the Middle East and Africa, for example, centralizing the messaging services in Clichy (France) made it possible to reduce the number of machines by 75%. In addition, the use of increasingly efficient machines reduced the amount of energy needed for cooling. In 2014, the replacement of the servers at the headquarters in Clichy (France) made it possible to cut the number of machines by nearly half and their electrical consumption by nearly 25%. Since 2012, new applications shared by users Group-wide are installed in the "cloud," i.e. on virtual servers that are externalized and therefore mutualized. This virtualization is optimized regularly to reduce both cost and energy consumption.

Similarly, BIC is working on the mutualization of its own servers. The sales planning system for the Europe zone has been hosted since 2012 on a single server in the U.S., and studies have been conducted for mutualizations between the U.S. and Latin America, resulting in the use of one data center instead of two. In 2014 this server was replaced by a more powerful and energy-efficient service. The printing services have been outsourced to reduce the number of printers, and virtual archiving and sharing of documents, using centralized drives, has replaced photocopies in some offices.

The "Lync" tools, formerly called "OCS," offer 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. In 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer are now equipped with Lync, bringing the total number of users to more than 2,200. 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, Verberie and Redon in France, Shelton in the U.S., Athens in Greece and Sao Paulo and Manaus in Brazil).

#### ◆ Perspectives

In the Europe and Middle East-Africa zones, the Group plans to install videoconferencing equipment at all sites.







## OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES

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## OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES

### The workforce

Since its founding, the BIC Group has been firmly committed to the men and women who make up the Company. Its employees are the cornerstone of the Group, the embodiment of its philosophy and values. BIC strives to offer a people-oriented organization that allows it to reach its industrial and commercial goals while promoting the health, safety and well-being of its employees. The Group is aware that its success depends on the development of its employees' skills, careers, and employability. Furthermore, it encourages the existence of a high-quality dialog with its workforce, at all times, everywhere around the world.

## 4.1. The workforce

The following sections describe the profile and evolution of BIC's workforce in 2014.

For the year ending December 31, 2014, the BIC workforce totaled 9,550 permanent and 1,475 temporary employees located in 56 countries around the world.

The seven legal entities of Cello Pens that joined the BIC Group in 2013 reported 7,888 permanent employees and 1,319 temporaries present on December 31, 2014.

Globally, BIC Group reported 17,438 permanent employees and 2,794 temporaries.

### 4.1.1. BREAKDOWN OF THE WORKFORCE BY REGION AND ACTIVITY

Changes in staff numbers by region are shown below:

#### WORKFORCE BY REGION - ON FULL-TIME EQUIVALENT (EXCLUDING CELLO PENS)

Workforce by region	Dec. 2012	Dec. 2013	Dec. 2014	Variation 2014/2013
Europe	3,724	3,758	3,850	+2%
North America	2,321	2,254	2,311	+3%
Developing markets	3,220	3,361	3,389	+1%
<b>TOTAL PERMANENT STAFF</b>	<b>9,256</b>	<b>9,373</b>	<b>9,550</b>	<b>+2%</b>
Temporary	1,227	1,389	1,475	+6%
<b>TOTAL</b>	<b>10,483</b>	<b>10,762</b>	<b>11,025</b>	<b>+2%</b>

In 2014, permanent employees increased by 177.

This essentially reflects the headcount increase in the plants in Greece (+46 in the Shavers plant), in Mexico (+59 in the Stationery plant) and in Brazil (+36 in the Shavers plant). The headcount of the Advertising and Promotional Products sector increased slightly in 2014 (+36 in Tampa (U.S.) & Red Wing (U.S.) plants), although it had steadily declined over the previous three years as a result of the business reorganization.

Permanent employees (with a permanent employment contract) accounted for 87% of the Group's total workforce. Temporary

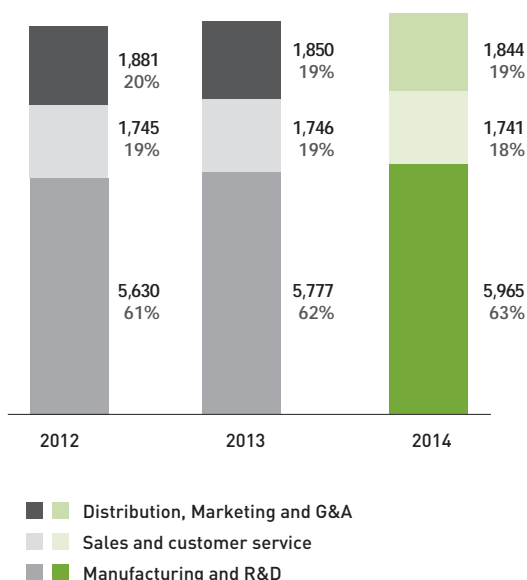
workers accounted for 13% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. At December 31, 2014, the number of temporary workers was higher than at December 31, 2013: +86 (1,475 versus 1,389).

As last year, temporary workers are employed in manufacturing (77% of temporary staff), sales support (10%) and distribution/administration (13%), essentially due to the highly seasonal nature of BIC's activities.





#### PERMANENT EMPLOYEES BY ACTIVITY (EXCLUDING CELLO PENS)

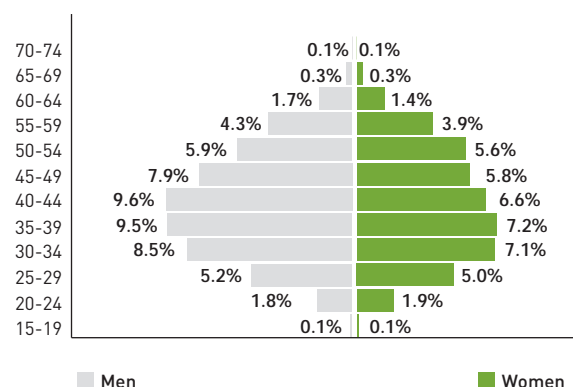


The workforce, across each activity, has remained proportionally constant for the last years, reflecting the stability of BIC's system of organization.

#### 4.1.2. AGE AND SENIORITY

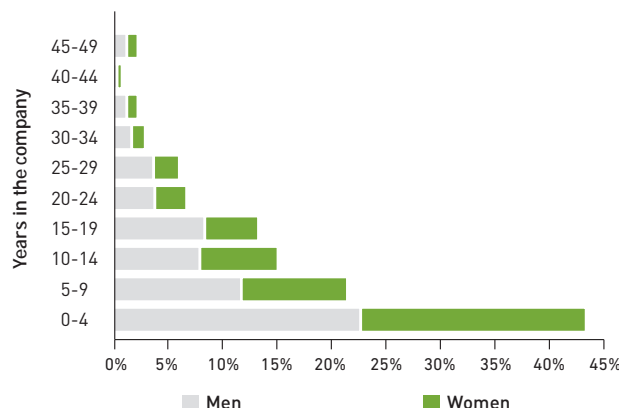
In 2014, an in-depth analysis showed that the average age of BIC employees was 41 years and average seniority was 10 years. The analysis of the age pyramid shows that all ages are represented in the Group. The 2014 seniority pyramid shows the loyalty of BIC employees (29% of BIC employees have more than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

#### AGE STRUCTURE – 2014 (EXCLUDING CELLO PENS)



Employees covered by the indicator: 9,484 permanent employees

#### SENIORITY STRUCTURE – 2014 (EXCLUDING CELLO PENS)



Employees covered by the indicator: 9,484 permanent employees

#### 4.1.3. BREAKDOWN OF THE WORKFORCE BY CATEGORY

##### PERMANENT HEADCOUNT BY CATEGORY (EXCLUDING CELLO PENS)

	December 2012	December 2013	December 2014	Variation 2014/2013
Managers	2,398 (26%)	2,440 (26%)	2,513 (26%)	+3.0%
Non-Managers	6,858 (74%)	6,933 (74%)	7,037 (74%)	+1.5%

Managers accounted for around 26% of permanent Group employees in 2014. For the 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.

#### 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 that is backed by efficiently used career management tools (Individual Development Plan, Succession Plan, talent accelerators, etc.).

In addition, the Group **recruited some 260** external candidates for entry-level or middle management positions, and **some 850** for factory and staff positions, a 19% increase compared with 2013. In 2014, the external recruitment rate was 10% for managers and 12% for others employees.



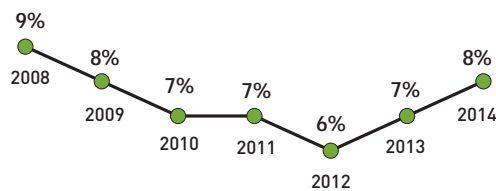


## OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES

Sharing our values, listening to our employees

No external recruitment difficulties have been encountered thanks to the use of innovative, qualitative tools (LinkedIn) that enhance awareness of the Company in the international employment market, and thanks to collaboration 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 procedure.

### VOLUNTARY TURNOVER



**Voluntary turnover** in the Group workforce reached 8% representing 740 resignations and voluntary retirements. In 2014, the highest voluntary turnover rate took place in Asia (30%), higher than 2013 (16%). Oceania shows an increase with a rate of 16% in 2014 versus 13% in 2013. Europe has the lowest voluntary turnover (4%) due to staff stability in factories.

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

The Group has carried out some 480 terminations in 2014, of which 60% took place in Latin America, and 15% in North America.

In the event of **staff restructuring**, Group policy is to respect local legal obligations, in cooperation with social partners. Moreover, BIC strives to reassign employees whenever possible, and to allocate higher levels of severance pay than the legal minimums.

### 4.1.5. BREAKDOWN OF THE WORKFORCE OF CELLO PENS

In 2014 Cello Pens reported permanent headcount as follows:

- manufacturing: 7,097 (90%);
- sales: 677 (9%);
- distribution, Marketing & Administration: 114 (1%).

Managers accounted for around 4% of permanent employees in 2014. Women accounted for 62% of permanent employees of Cello Pens. They accounted for 69% of the workforce in Manufacturing.

## 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

Every two years, since 2005, BIC carries out a values survey. This survey is part of the BIC "Values in Action" program and it measures the difference between the values as they are defined in the communication tools and as they are truly experienced by employees in their workplace.

Another part of the "Values in Action" program is the "Values in Action Awards". Every year, these awards are conferred on those who embody and excel in certain BIC values in the workplace. To date, over 860 employees have been recognized within this program, which started in 2006.

Moreover, every two years, BIC carries out an engagement survey that concerns the employees' motivation (working conditions, individual recognition, independence, career opportunities, management effectiveness).

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 employees worldwide, it sheds light on their perceptions and expectations concerning sustainable development within the Group.

### ◆ Performances and progress made in 2014

#### The engagement survey

This survey, conducted every two years in each country where the Group has operations, measures employee engagement and identifies its key drivers. It offers an opportunity for employees to express their opinions and for the Group to launch initiatives to address areas for improvement.





In 2014, the scope of the survey was widened once again, reaching more than 9,000 employees compared to approximately 7,000 in 2012. With 90% of them responding, the results show a very high participation rate and an overall engagement of 85%. This high level of engagement has earned BIC a place in Towers Watson's rigorous High-Performance Norm. This norm includes the top 5% of Towers Watson's clients who achieve above industry average financial performance and high levels of employee engagement.

According to the 2014 survey, the key points that help create a strong sense of belonging to the BIC Group are:

- 90% of the employees are proud to work for BIC and 85% of the respondents would recommend BIC as a good employer;
- nine employees out of 10 have a good understanding of the goals set by the Group and by their department;
- 91% of the employees see BIC as a responsible company in terms of both environmental action and safety in the workplace;
- 85% of the employees say that they are able to balance their professional duties with their personal lives.

Several points for improvement were also revealed, in particular concerning the perception of career opportunities, the managers' capacity to build their teams and recognize their employees' achievements, and the competitiveness of the salaries. At the meetings held to present these results, the employees were encouraged to define action plans that will enable the Company to improve, in these areas in particular.

### The adherence to values survey

In 2013, BIC conducted the "Values in Action" survey to assess adherence within the BIC Group to its five shared values and to show how employees apply those values day-to-day in their unit or subsidiary. The findings of the survey rated overall adherence to the Group's values at 85%, with a participation rate of 84%.

The most strongly shared values are still Responsibility (91% adherence)<sup>(1)</sup> and Ethics (89%).

### The Sustainable Development Survey

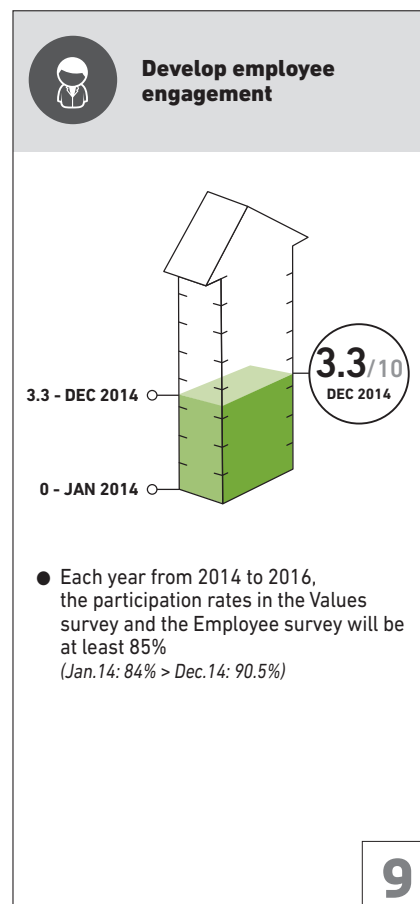
In December 2013, the Group conducted its second survey on the BIC Sustainable Development Program. The participation rate remained constant at 40% (39% in 2011). According to the findings, 86% of employees feel that the issue of sustainable development concerns them, which is nearly the same percentage as in 2011, but the number of those who describe themselves as highly concerned rose significantly (33% compared with 24% in 2011). 94% of the employees were aware of the BIC Sustainable Development Program — a five point increase over 2011. The most recently-hired employees were also the most likely to be aware of the Program (88%). Additionally, 99% of the respondents feel that the Program is important for the Group, a very strong rate that shows a five point increase over 2011. The sharpest rise of all was in the number of employees who deem the Program indispensable.

### Perspectives

BIC will continue to survey its employees on its programs. The next values and Sustainable Development Program surveys are scheduled for 2015 and next engagement survey will take place in 2016.

In the coming years, BIC hopes to continue improving its employees' adherence to its Values and will consequently fine-tune the analysis of the indicators used in the survey. The Group also hopes to expand the coverage of the values survey to 100% of the Group's permanent employees.

### Performances



*RESULTS FOR 2014: The engagement survey conducted in 2014 had a 90% participation rate with a perimeter of 97% of the permanent workforce.*

(1) These adherence rates represent the total of all replies qualifying the Group's values "as always" or "often" applied.





## 4.3. Ensuring health, safety and well-being in the workplace

### ◆ Challenges

Safety in the workplace is a fundamental priority for the BIC Group. BIC's operations, both industrial and commercial, expose its workers to physical (mechanical, chemical) and psychological risks that differ in type and severity from function to function (Headquarters, factories, sales force). The Group seeks not only to ensure its employees' physical safety by preventing workers' accidents, but also to reduce the incidence of occupational diseases, primarily musculoskeletal disorders (MSDs) and psychosocial risks (PSR) like stress and harassment.

BIC keeps a close watch on these issues and constantly strives to reduce all forms of job-related suffering through various means: health and safety management, the adaptation and organization of working hours and actions to raise employees' awareness of the issues of well-being in the workplace.

### ◆ 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, the 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 permanently posted at the sites. The Group applies it by deploying and ensuring the day-to-day implementation of health and safety management systems that cover the risks inherent in its various activities. In addition, a team of three EH&S experts assist the sites in the deployment and follow-up of programs for reducing their employees' health and safety risks. Since 2011, the three shaver factories have taken this approach even further, qualifying for triple certification in Safety, Quality and Environmental Protection.

The self-evaluations of compliance with the Code of Conduct in the factories bolster this system. The organization of work in BIC's factories, for example, complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization. Overtime is strictly controlled and scrupulously recorded in all of the units concerned.

Furthermore, since 2013, a reporting system of the incidence and severity indicators for workers' accidents is made in the Group's three main headquarters: Clichy (France), Shelton (U.S.) and Sao Paulo (Brazil) (see page 49). The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention at headquarters.

In conjunction with the work organization and health/safety mechanisms, programs to promote well-being in the workplace are implemented locally in order to adapt to specific needs.

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 a great 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 engagement. In this way, the Group will help limit the effects of stress, whether of professional or private origin, 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 2014: health and well-being

2014 was marked by a great many projects adapted to each local context:

#### Reducing physical stress on the job in France and preventing workers' accidents in Brazil and Mexico

As described last year, the Group signed commitments in France in 2012 concerning strenuous working conditions and covering a period of three years. In 2014 their implementation continued with training and awareness in movement and posture, investments to reduce noise or improve workstation ergonomics, and arrangements to avoid the necessity of alternating work teams and to reduce the physical stress endured by employees who are nearing retirement.

Similarly, to help prevent accidents, certain machines at the Manaus factory (Brazil) have been adapted according to the local safety standard NR12. The factory also continues to promote safety training (overhead work, operation of materials handling vehicles, refresher training for the safety team and the on-site fire fighters).





Similarly, many sites, like the writing instruments factory in Mexico, hold weekly meetings on accident prevention: ideas are submitted and best practices shared in order to extend them to all workshops. So far, nearly 4,950 actions have been taken based on 5,500 proposals, for an implementation rate of nearly 90%.

### Health and well-being in the United States

In the US, BIC Corporation committed to building a framework that would consider all aspects of health and well-being (physical, financial, social, emotional and psychological aspects). This framework focuses on optimizing their workforce health and care coordination programs to facilitate accountability from both employees and our leadership. These programs place emphasis on motivating and building personal responsibility for the employees and their families to become active participants in their health and well-being journey. Simple steps are promoted to foster sustainable change to support a high-performing workforce.

In addition to the Employee Assistance Program (EAP – see page 58), BIC Corporation continues to offer employees several on-site preventive screening programs including osteoporosis, glaucoma, oral cancer, blood pressure and mobile mammography, etc.

Wealthcare has been integrated into the well-being framework by providing employees with tools to maximize their savings strategies, refresh employees' awareness of BIC benefits including savings and retirement planning benefits, and highlight solutions to help employees plan for their financial future. During a pilot "Wealthcare Week" in Shelton, CT, (U.S.) employees had the possibility to attend financial learnings workshops for each workforce generation. 24 financial experts offered 36 topics during 52 sessions. 80% of the workforce attended an average of five workshops.

### The fight against HIV/AIDS in South Africa

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 company 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. In 2014, the HIV peer educators received further training at a three-day information and update seminar early in the year. They are encouraged to hold individual discussions with employees over tea and break times. This year the world's AIDS Day (December 1st) theme was "Focus, Partner to Achieve an AIDS-free Generation." Like every year, it was marked by a large-scale awareness and information effort targeting employees, once again with the same simple but ambitious goal of "Getting to Zero": zero infection, zero discrimination and zero deaths due to AIDS.

### Developing the social protection systems available to BIC employees in France and throughout Europe

In 2014, healthcare became a much-discussed topic in France due to a government project to harmonize supplementary mutual healthcare schemes. For the Group, this was an opportunity to communicate raising the awareness of employees about the social and financial issues of the healthcare systems and to update core

covers. The Group also decided to harmonize its programs (health and life insurance and disability).

Similarly, in other European countries a study was conducted throughout 2014 in view of adopting a private supplementary health insurance program in order to offer employees faster access to better healthcare than the public systems.

In Spain, BIC Graphic Europe also made a commitment to ensuring that all of its employees receive a medical checkup every year.

### Prevention information campaigns in the U.S. and in Latin America

In Argentina, BIC has initiated preventive health campaigns, offering to reimburse the cost of its employees' medical checkups.

The sites in Brazil (BIC AMAZONIA and PIMACO), which for several years now have been encouraging their employees to get more exercise, have set up campaigns for cancer prevention, vaccination and cardiac examinations.

At BIC Graphic USA, biometric screening and health risk evaluations are carried out in partnership with the Company's insurer. Employees can also participate in events organized by the "BICtivities" team: 5-kilometer walks, group hiking, golf, bowling, etc. In addition, all employees are offered a reimbursement for gym membership fees.

In Mexico a monthly communication program addresses a range of health topics, including the prevention of food poisoning, flu and stress, good nutrition, healthy exercises that everyone can do, etc.

### ◆ Perspectives in respect of health and well-being

Due to increasingly restrictive regulations concerning on-the-job stress that will take force in 2015 and 2016, further actions will be taken in this area, for example to reduce the need for alternating work teams.

Starting in 2015, a new series of social audits will be launched covering all BIC factories worldwide. The topics and questions addressed (concerning health and safety) were reviewed in 2014 in order to give the program new impetus, and a new inquiry method will be proposed in factories.

In the U.S., as an extension of initiatives taken in 2014, new initiatives will be launched in 2015:

- on-site health/lifestyle coaches at each location;
- health and well-being committees at each location partnered with on-site managers responsible for to implement programs that will best meet the needs of the employees and dependents;
- a certification process for health and well-being programs, defining responsibility criteria and a system for measuring the achievement of objectives on each site;
- telemedicine services to provide two-way, real time interactive communication between employees/dependents and a licensed physician via a virtual visit (phone or video). This allows for a more convenient and cost effective way for the participant to obtain medical care for common illnesses such as colds, flu etc.

Throughout Europe, the human resources teams will make a special effort to optimize access to various providers of supplementary health insurance (for example, in France) in order to offer employees a modern, innovative preventive healthcare system.







## OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES

Ensuring health, safety and well-being in the workplace

### ◆ Progress made in 2014: 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 at BIC" and "My job: Leader at BIC" training modules, created to help managers deal effectively with the challenges they face as team leaders, will increasingly incorporate the aspects of psychosocial risks and stress management.

### ◆ Progress made in 2014: workstations and workspaces

Local initiatives are carried out to improve the ergonomics of the Group's workspaces and workstations. Certain actions initiated in 2013 were continued in 2014. These included, in France, the ergonomic adaptation of Company vehicles for "senior" employees (over age 55) and in the U.S. the installation of sit-stand workstations to help reduce MSDs (musculoskeletal disorders).

New initiatives are introduced in response to specific needs. Some factories have undertaken studies and surveys for the adoption of new helmets with aeration or cooling systems in order to reduce the perceived temperature at workstations where tasks involve high heat (e.g. in the foundries).

In Argentina, the offices have been completely redesigned to offer employees open spaces that are conducive to dialog. After five months of renovation, BIC UK now offers its employees completely refurbished facilities that integrate ergonomic seats and new spaces for interaction.

### ◆ Progress made in 2014: employee services

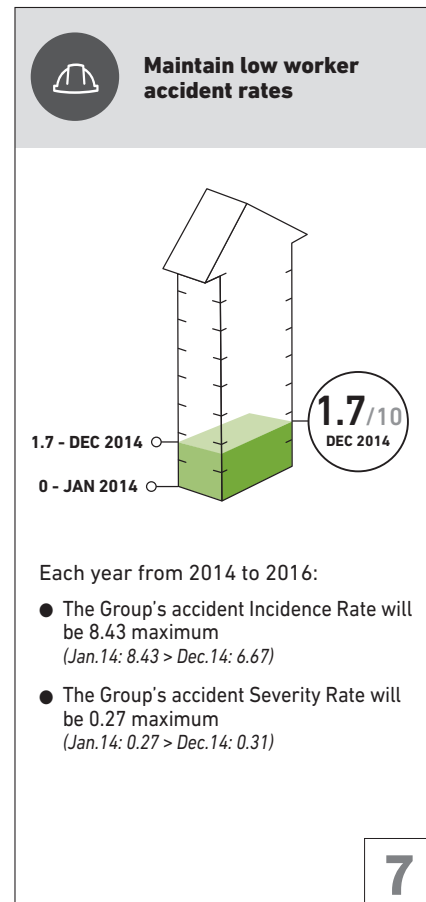
An Employee Assistance Program (EAP) has been in operation in the United States for several years. Set up by the BIC CORPORATION for the benefit of its employees and their families, it offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals. This initiative inspired a similar program introduced in all Group companies in France in 2012. The system was set up in cooperation with the *Médecine du Travail*, France's national occupational medical service, and employee representatives in the entities concerned. Every quarter, all of the above-mentioned parties research new ways to develop this system at the meetings of the Health, Safety and Working Conditions Committee. In 2014 a decision was made to launch a new communication campaign on these services, especially those that have not been highlighted in the past, like help for overcoming different forms of addiction, nutritional problems or family problems (education, etc.).

### ◆ Performances

In France, BIC had recorded 38 recognized cases of occupational diseases by the end of 2014

In 2014, health and safety management systems were operational at 89% of BIC's sites.

In 2014, the work accidents in factories were mainly caused by manual handling (40%). Occupational diseases are only monitored in France. Most are related to musculoskeletal disorders.



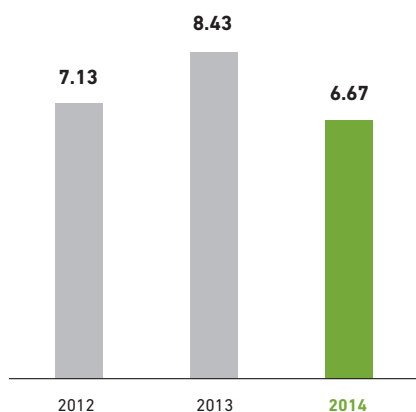
*RESULTS FOR 2014: Progress was made, with a consistently low incidence rate following the deployment of the management systems and other related efforts. However, the severity rate was higher than the defined goal.*



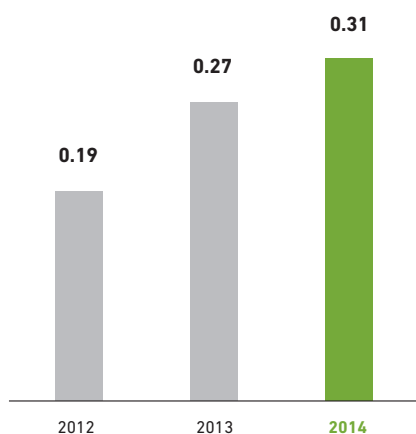




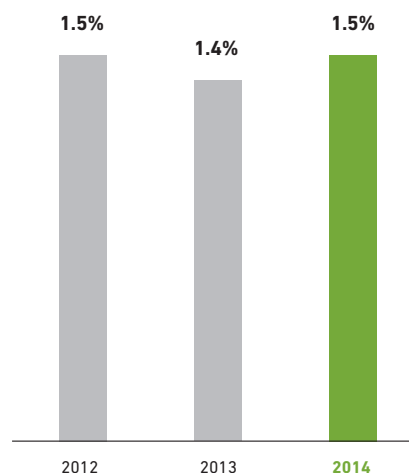
**NUMBER OF ACCIDENTS LEADING TO LOSS OF TIME - BIC PLANTS  
- PER MILLION OF HOURS WORKED**



**SEVERITY RATE: NUMBER OF CALENDAR DAYS LOST AS A RESULT  
OF ACCIDENTS - BIC PLANTS - PER THOUSAND OF HOURS  
WORKED**



**ABSENTEEISM (EXCLUDING ON-SITE ACCIDENTS  
AND MATERNITY) - BIC GROUP**



Absenteeism (excluding on-site accidents and maternity) remained low for a Group average at 1.5% in 2014, similar to 2012, compared with 1.4% in 2013.

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

◆ **Perspectives**

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.





## 4.4. Employee development

### ◆ Challenges

The values of responsibility and ethical behavior emphasized by BIC go hand in hand with the implementation of programs to cultivate its employees' skills and employability.

This ongoing approach to employee development is a key challenge and the cornerstone of BIC's Human Resources Policy, facilitating the Group's efforts to:

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

- learning from training (10%): by increasing access to the BIC University programs, as well as locally developed training programs.

In 2014 the Group Human Resources team was reorganized to give the Talent Development team a wider reach within the Group, with a global structure and a strong focus on each topic. Talent Frameworks have been simplified and standardized across all the entities of the Group to:

- clarify for each employee the tools and operating mechanisms of personal development and career development at BIC;
- provide global consistency, a must-have for enhancing mobility.

For the Group's 2,400 managers, the performance management process is supported through Taleo, allowing a fair performance evaluation across functions and countries, as well as the management of individual development plans. In addition, specific tools and processes are implemented for non-managers.

Furthermore, mobility was significantly increased in 2014. "People in play" sessions have been launched at the Leadership Team level. 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. It creates better cross-entity mobility and anticipation of moves. At the Group level, a succession planning process is being finalized to make sure that employees can access succession plans across all entities.

Specific training programs support employees in their career development. In Europe the language offer has been revised to improve access to English training across all European locations. English being the working language of the Group, it is a significant asset for developing one's career. In 2014, access to the "Young Female Leadership" program was developed for women in Europe. Increasing young female professionals' awareness of key challenges in the early stages of their career, it helps them make the right decisions to find their way at BIC.

And last, but not least, the development of a feedback culture is a cornerstone of personal development, performance development and therefore career development. In 2014 more than 100 people were trained in feedback.

### 4.4.1. CAREER MANAGEMENT

#### ◆ Approach and progress made in 2014

Whatever their function, level of responsibility, type and length of contract, during their time at BIC, every employee will be given opportunities to increase their external and internal employability. That is the employability promise of BIC to its employees.

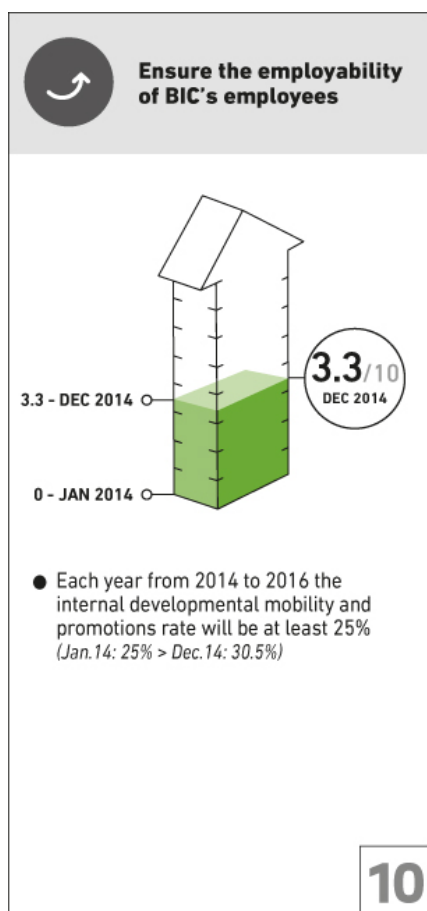
This personal development commitment is made possible through the 70/20/10 model, which has been further strengthened across the Group. It is a best practice for several companies, boosting development by combining three dimensions: feedback, coaching and training. This model is embedded in the "manager@BIC" training given by BIC University, and is promoted by the talent development teams to the entire organization. The BIC tools are structured according to this model (Taleo, the People Acceleration Plan, the development plans, etc.). On a daily basis, employees have opportunities to develop their skills by:

- 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;



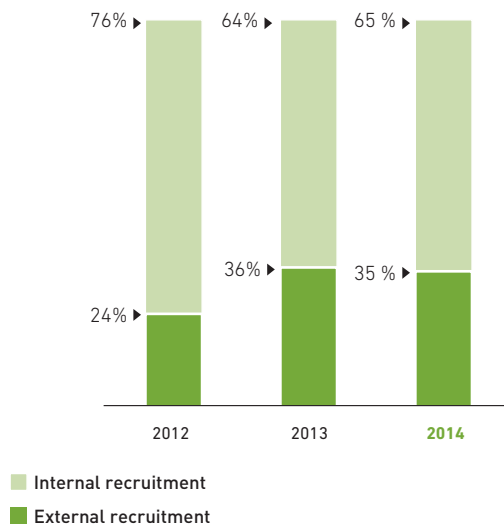


## ◆ Performances



RESULTS FOR 2014: The goal is to maintain a rate of 25% for each of the three years. This goal was achieved in 2014 thanks to 493 internal promotions.

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



In 2014, the rate of internal promotion was 65% for the four top manager levels. In 2013, the rate was 64%, 76% in 2012, 63% in 2011 and 70% in 2010. For all managers' categories the internal promotion rate has remained stable for several years at 45%.

## 4.4.2. TRAINING

### ◆ Approach and progress made in 2014

BIC aims to develop a learning environment for its employees, based on the 70/20/10 model. Each employee is offered opportunities to learn from new experiences, from others and from training.

To support this learning environment, in 2014 BIC started to strengthen its organizational capabilities for learning and development:

- a new organization has been implemented aiming at a stronger coordination of all learning and development initiatives across the Group to improve scalability, consistency and fair access;
- a framework of core competencies has been defined, leveraging on the Group's existing skill systems. Those core competencies are transferable across all functions and entities. Therefore training can be consistent and scalable across the Group;
- a BIC University network of learning centers is being defined, and in 2014 the Bratislava learning center was extended;
- the definition of a core curriculum for BIC University is underway, leveraging on all the best training and development opportunities across the Group;
- access to digital learning is being expanded.





## OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES

### Employee development

In addition, specific local programs are developed on management and leadership.

- BIC Graphic US has launched an ambitious two-year leadership development program for all of its managers;
- in Europe the "My job: Leader@BIC" module has been piloted and deployed;
- in North America Consumer Products, the first edition of "Leaders in Action" has been launched. This leadership development program is delivered over one year, allowing leaders to develop their leadership through classroom learning and experience;
- in the European Consumer Products activity, the Senior Management team has developed its crisis management skills through an awareness-raising seminar.

In addition, the third session of the Executive Management Program started up in Europe in 2014. This program offers 20 BIC leaders the opportunity to:

- better understand the Group's business model and all BIC functions through modules;
- develop their skills through leadership-specific experiences;
- build an internal network during the two years of the program that will allow them to perform and lead better.

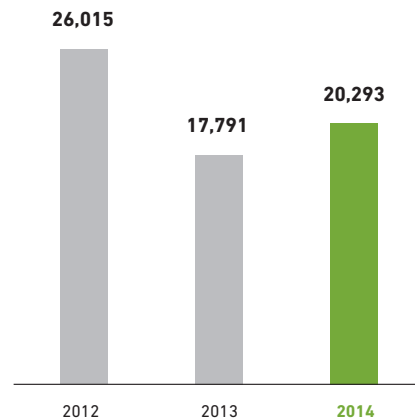
More specifically, for technical/functional training, each entity invests in skills development training. All plants offer technical skills programs. In 2014 a specific skills development program for all sales personnel was designed in Europe, called the "Best In Class Program for Sales," and one for customer service called the "Best In Class Program for Customer Service." By October 2014, all customer service managers had been trained in building effective development plans with each of their team members. In addition, from September to December, more than 100 customer service employees were trained in time management, a critical skill for the customer services function.

The "Welcome to BIC" seminar has been re-engineered in Europe and North America to offer newcomers a smooth and efficient integration process, thus inciting engagement and performance.

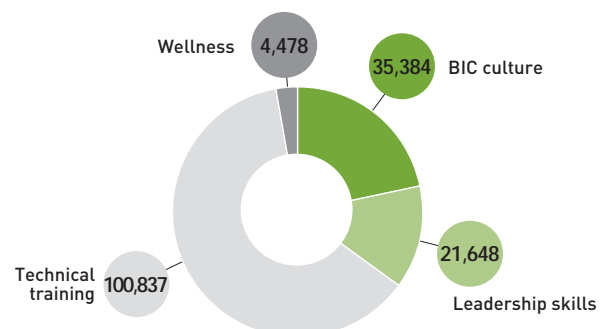
Also in 2014, the BIC Asia managers were invited on a "BIC Discovery Trip" to learn about the Group's factories, history, culture, innovations and current best practices in Europe. Lastly, the Program for International Managers (PIM's program) allowed four more young professionals to change positions and locations across the Group.

## ◆ Performances

### NUMBER OF TRAINING DAYS - BIC GROUP



### NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2014



## ◆ Perspectives

In 2015 part of the BIC University management curriculum will be deployed in developing markets. In addition, this curriculum will be strengthened through a combination of different learning methods.

The focus will be kept on providing equal access to learning and development across all entities, increasing actions with the categories and BIC Graphic.

The structuring of BIC University's core curriculum will make it possible to leverage best practices in Europe, North America and Developing Markets.





## 4.5. 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 Director in agreement with the Leadership Team. It is based on three principles:

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

An essential element in the BIC Group's remuneration policy is the acknowledgement of the performance of individuals and work teams. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). A total of 89% of the managers (excluding Cello Pens) present on December 31, 2014 received a base salary increase during 2014.

In 2014, variable remuneration relating to performance represents an average of 12% 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 the BIC Group's remuneration policy and for ensuring that it is adhered to.

In 2013, a complete analysis of the external competitiveness of managers' base salaries was commissioned. For the 51 countries in which BIC has managers, Hay Group supplied market median data in respect of 2013 for each BIC level.

### ◆ Performances

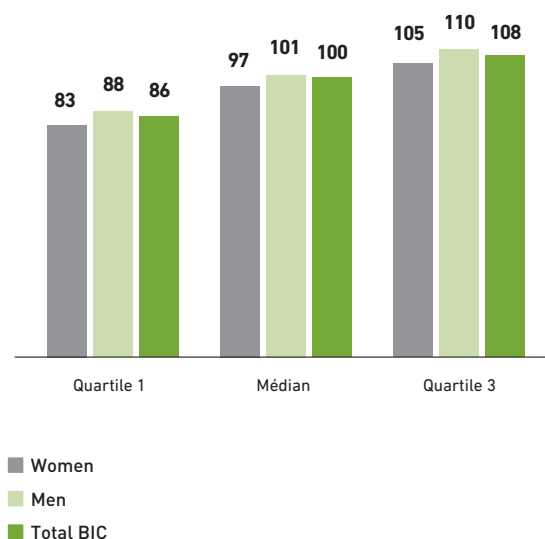
Within the Group, the average annual cost (including payroll taxes) of each employee totaled 53,000 euros in 2014, or a 1.7% increase at actual exchange rates from 2013.

Analysis using constant exchange rates shows a 3.0% increase compared with 2013. Overall, this stability in the average annual cost of each employee:

- a +3.2% increase in average fixed remuneration;
- a +9.4% increase in variable remuneration compared to 2013 2014 was a year in which the excellent results led to the payment of higher annual bonuses;
- a +1.4% increase in payroll taxes and other benefits.

Information on managers' remuneration is provided on pages 115 to 127 of the registration document.

#### COMPARISON OF MANAGERS' SALARIES WITH THE MARKET (IN 2013) (EXCLUDING CELLO PENS)



Results showed that, on average, BIC managers (excluding Cello Pens), men or women, are positioned at their local market median for both men and women. Overall, the four points difference between men and women at BIC is explained by the structure of the population. Differing remuneration levels between employees are justifiable. They reflect responsibilities, experience, performance, and potential, and take the specificities of local markets into account.





## 4.6. 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 consideration. In 2014, an analysis of the workforce revealed that 89 nationalities were represented in the Group's permanent headcount — 15 more than in the previous study conducted in 2012. 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 recruitment process of the Group.

With no fewer than 17 different nationalities, the BIC Graphic site in Spain, which had 353 permanent employees at December 31, 2014, exemplifies the Group's diversity.

Diversity also contributes to making the Company more attractive to its consumers and partners and to employees 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 of the Group's entities worldwide and was translated into the main languages spoken in the Group. Through this Charter of Diversity, BIC Group aims to meet the following commitments:

- make diversity and non-discrimination priorities;
- respect and promote non-discrimination principles in the Company's processes, thus encouraging diversity at all levels of the organization;
- encourage local actions and policies to promote diversity in all its aspects;
- inform employees of the Group's commitment and communicate local actions and results.

As part of this approach, BIC highlights different diversity-oriented themes: gender diversity, disabled employees, minorities, seniors, etc. For each theme, actions are initiated locally and coordinated by the Diversity Team, then extended and shared throughout the Group in the subsequent years.

Locally, communication and awareness campaigns targeting all BIC employees are organized every year.

### ◆ Progress made in 2014 and performances

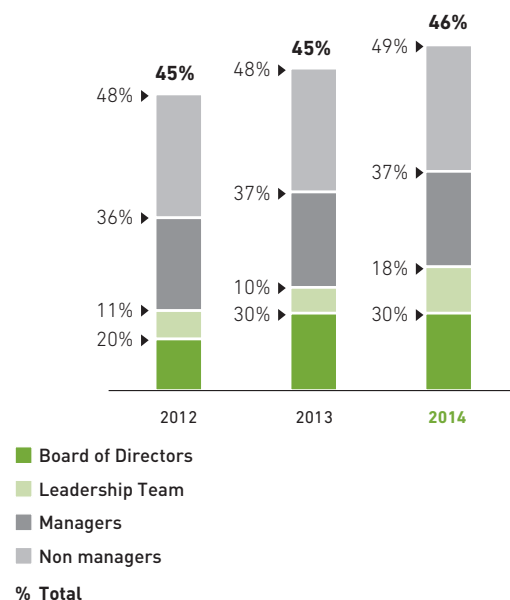
#### Male/female equality

The communication and awareness efforts in this area seem to be paying off. At the BIC France subsidiary, a striking transformation has been observed regarding the gender diversity in the Sales Force headcount. In 2002, 75% of this headcount was represented by men. Ten years later, the rise in the number of women in this function had led to an improved gender balance: 51% of women against 49% of

men in December 2012. In addition, the South American subsidiaries have reported an improvement in gender parity as a result of more balanced recruiting.

In 2014, women accounted for 46% of permanent employees of the Group. They accounted for 37% of the workforce in Europe, 54% in North America, 50% in Developing Markets (Latin America, Middle East, Africa, Oceania and Asia).

PERCENTAGE OF WOMEN - BIC GROUP



In 2014, 29% of Directors and executives are women i.e. +1 point versus 2013.

#### Disabled employees

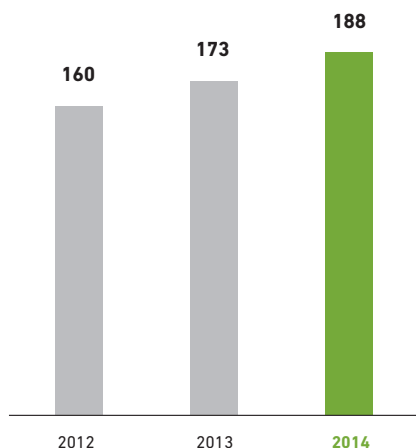
The BIC Group is committed to promoting employment for the disabled.

In Mexico in 2014, BIC was awarded the "Company that Promotes Integration" for its program and actions. Investments were also carried out to make the Company's buildings more accessible to persons with reduced mobility.

In Argentina, the temporary employment agency Manpower honored BIC for its efforts to hire the disabled. Today 5% of the Company's employees have a recognized disability. BIC continues to promote training for its personnel on the topic of disabled persons and their integration in the workforce. To this end, BIC has also joined an association of companies committed to this issue.



#### NUMBER OF DISABLED WORKERS – BIC GROUP (EXCLUDING CELLO PENS)



In 2014, disabled workers at the Group's largest sites totaled 188 (excluding indirect jobs associated with outsourcing). They numbered 58 in Europe, 82 in North America/Oceania (versus 77 in 2013), 46 in Latin America and 2 in the Asia/Middle East/Africa area. The commitment of BIC made in favor of diversity is reflected particularly by local trainings and employment assistance for disabled workers.

#### Seniors

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. In order 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. From this, it can be seen, for example, that the Lighters factory at Redon (B.J.75) (France), employees aged more than 60 years, who are likely to retired in the next five years, represented 4.1% of the 2013 workforce but are going to represent more than 12% in 2015, at constant perimeter.

In this context, BIC seeks to promote:

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

To develop intergenerational cooperation, in 2014 the North American teams launched initiatives for improving understanding and collaboration among employees of different ages. Examples include:

**Generation of the Week Giveaways:** All employees in Shelton, Milford, Toronto, Charlotte, Gaffney, Vancouver, together with the U.S. and Canada sales teams, received three items that represent each generation each week (Baby Boomers, Gen X and Gen Y). Along

with each item, employees received a snippet of information about that generation, which was intended to help employees understand that generation.

**Generational Crossword Puzzle:** Contest run in the U.S. to build awareness about generational differences.

**Chat'n Chew Jeopardy! Game Show:** Employees were invited to bring their own lunch and get together with colleagues from other departments at BIC. Participants could either take part in the Jeopardy!-style game show or cheer on their colleagues. Questions related to different generations to encourage employees to form multi-generational teams.

**Generational Differences in the Workplace Training Course:** Half day training course available at the **BIC University** for a more in-depth look at the culture and events that shaped each generation and their influence on the generations in the workplace.

In France, acting on a proposal by the Leadership Team, the Verberie factory provided training for all of its managers to help them understand and relate effectively to younger generation employees.

In addition, many ceremonies have been held throughout the Group to honor the longest-serving employees. These are significant occasions for recognizing their loyalty and long-term commitment to BIC.

#### 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. The launch operation was very well received by all the employees at the Clichy site who wanted to become more personally involved in the Group's diversity actions. More than 30 managers have volunteered for "*Nos Quartiers ont des Talents*". Since the beginning of the program, BIC mentors have coached and advised a total of 95 young graduates, 44 of whom had found jobs by the end of 2014.

Fostering diversity also means understanding the cultural environments in which BIC's subsidiaries operate. For example, the managers of the Middle East-Africa zone, based in the subsidiary that recently opened in Dubai (United Arab Emirates), participated in the Iftar (fast-breaking) ceremony during Ramadan 2014 and visited the Dubai Cultural Center to gain a better understanding of the local culture.

#### ◆ 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.

An event is scheduled for January 2015 to recruit new mentors as part of the Group's partnership with the "*Nos Quartiers ont des Talents*" program.





## 4.7. Social dialog

### ◆ Challenges

The BIC Group endeavors to use all the means available in order to engage in dialog with its employees. In this spirit, it set up the initiatives on listening to employees mentioned above. In order 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 2014

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 (as described in the pertinent sections of this document).

The following table gives a few examples of such agreements.

Perimeter	Topic
<b>Spain –</b> Lighter category	Renegotiation of the Collective Bargaining Agreement at the Tarragona entity. Result: many meetings were held to discuss the employees' demands, emphasize the importance of social dialog and take business needs into account (greater flexibility for the factory's opening).
<b>France –</b> Local negotiations, all entities	<p>Examples of topics discussed with employee representatives in 2014:</p> <ul style="list-style-type: none"> <li>• supplementary health and disability insurance;</li> <li>• the employee savings program (profit-sharing, incentives, retirement).</li> </ul> <p>2015 will be marked by the renegotiation of the profit-sharing agreement for the production sites.</p>

### ◆ Performances

The audit conducted in 2013 showed that, as of December 31 of that year, nearly 70% of the Group's workforce benefited from some form of employee representation. In order to develop the representation of its personnel, BIC shares this approach with its managers as one of the Group's management methods. Based on its knowledge of its employees, BIC also seeks to anticipate and/or respond reactively to their needs and expectations. It should be noted that in 22 of the Group's smaller subsidiaries (with fewer than 15 permanent employees), which have no employee representative bodies, direct dialog with the management remains the employees' preferred form of communication. Furthermore, in certain entities where no one presented themselves as candidates in the most recent employee representative elections, the employees benefit from working conditions that are at least comparable to those in the rest of the Group. They benefit from an on-the-job stress prevention plan, inclusion in the profit-sharing and incentive systems and equivalent

supplementary health and disability insurance coverage. In some of these situations, such measures are adopted upon signature of two-thirds of the employees concerned.

In France, the discussions initiated with the employee representatives in 2013, resulted in a complete revision of the supplementary disability insurance program during 2014. Starting on January 1, 2015, the program will cover all categories of personnel, which was previously not the case at all sites.

### ◆ 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 in order to offer the best responses to local situations and needs.







## OUR SOCIETAL RESPONSIBILITY

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## OUR SOCIETAL RESPONSIBILITY

Fulfilling our responsibility across our entire value chain

The eight Millennium Development Goals (MDG) set by the United Nations and adopted in 2000 by 189 countries emphasize the crucial role of universal access to education and hygiene in the fight against poverty. The societal challenges undertaken by BIC also include respect for ethics and Human Rights in the workplace, the fight against corruption and support for local communities.

The Group strives to meet these challenges through its local economic presence, with 3.2 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 29). In addition, all of the BIC Group's operations and subcontracting activities integrate the application of its Code of Conduct and the development of philanthropic policies that favor involvement at both the Group and the individual level.

# 5.1. Fulfilling our responsibility across our entire value chain

## 5.1.1. RESPONSIBLE PURCHASING AND SUSTAINABLE RELATIONS WITH SUPPLIERS

### ◆ Challenges

The vast majority of BIC products, representing 85% of the Group's turnover, are produced in its own 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, BIC 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 of 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 5.1.2 "Ensuring respect for Human Rights in the workplace" page 70.

### ◆ Approach and progress made in 2014

#### The Responsible Purchasing Charter

The Group seeks to cultivate long-term commercial relationships with its suppliers, establishing responsible relations with them and, in particular, 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. Its application will be expanded in the years to come.

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:

- **the BIC Group Code of Ethics:** respect for ethical principal regarding Human Rights, respect for the environment, compliance with the law, etc.;
- **the Purchasing Golden Rules:** commitments to help ensure an ethical, equitable, transparent and cooperative business relationship;
- **the BIC Group Code of Conduct:** expectations with respect to work environments, fair and ethical employment practices, health and safety measures, etc.;
- **the Environmental, Health and Safety Policy:** pollution prevention, risk prevention, regulatory compliance, continuous improvement, etc.;
- **the Product Safety Guidelines:** a qualification process, regulatory compliance reviews, product testing, a proactive approach to safety innovation, etc.

This charter is submitted to all suppliers and subcontractors for which it is applicable.



## Cartography of suppliers, subcontractors and service providers

In order to apply its Responsible Purchasing Charter, BIC has developed three risk management programs: compliance with the Code of Conduct (see page 70), audit programs (see page 70) 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 ink)	X		
Contract manufacturers, licensed manufacturers, manufacturers of BIC promotional products		X	X
Transport carriers		X	

## Evaluation of suppliers' CSR performances and collaboration for continuous improvement

Since 2011, BIC has evaluated 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.

For its first campaign (2011), BIC targeted suppliers of its primary and most strategic category of materials, namely plastics. Out of 81 suppliers contacted, representing 90% of the Group's plastics purchases by volume in 2011, 71 responded (80% of 2011 purchases by volume), for a response rate of 87%. The evaluation campaign was extended in 2012 and 2013 to include other categories: metal (44 suppliers contacted) and packaging (France only, 36 suppliers contacted). In all, 161 of the Group's suppliers were contacted between 2011 and 2014.

The second campaign was launched in 2014, covering those same strategic materials plus inks. The initial results will be released in 2015.

The "Transport Community" uses the tools made available by the Group to help its transport service providers make progress toward sustainable development. In 2013 the BIC Code of Conduct was amended to make it applicable to transport carriers and other suppliers. The updated Code was shared with every continent. 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 and to supply packaging containing recycled materials (see page 34).

## Operational cooperation between the Purchasing Department and the Group's various operational units

The representatives of the Purchasing Department work in close cooperation with the different product Categories in order to locate and supply innovative, high-performance materials and offer

operational solutions for all R&D needs. Their role is also to centralize and share best practices throughout the Group, especially concerning strategic materials like plastics.

Regarding sustainable development, the Purchasing Department also acts as an advisor to the factories, working closely with them to foster lasting relations with their suppliers and help optimize energy consumption at the French sites. This enables the Group to improve through contact with its suppliers, remaining actively attentive and taking advantage of their suggestions.

## Ensuring perennial supplies

The purchasing teams are in charge of implementing the supply risk management approach, along with the resulting action plans. The buyers and suppliers ensure the steady supply of raw materials for their factories (reliable sourcing, availability, price stability). The Purchasing Department closely monitors the supply of recycled materials, for which stock reserves are low, to ensure their availability in the factories. The people involved in supplier relations work closely with their contacts in order to keep the system running smoothly and share best practices.

## ◆ Performances

- **Since 2011, 161 suppliers were assessed by EcoVadis according to sustainable development criteria.**
- **50% of BIC's plastics suppliers have been working with the Group for more than ten years.**

## ◆ Perspectives

BIC Group plans to use the results of the second EcoVadis supplier evaluation campaign to define and implement action plans in collaboration with the factories.

In early 2015, a new campaign was launched across the entire current scope (Plastics, Metal, Packaging), which will be supplemented this year by the Inks and Chemicals family. This new assessment will lead to the implementation of specific action plans to set up a process of continual improvement with our suppliers.





## OUR SOCIETAL RESPONSIBILITY

Fulfilling our responsibility across our entire value chain

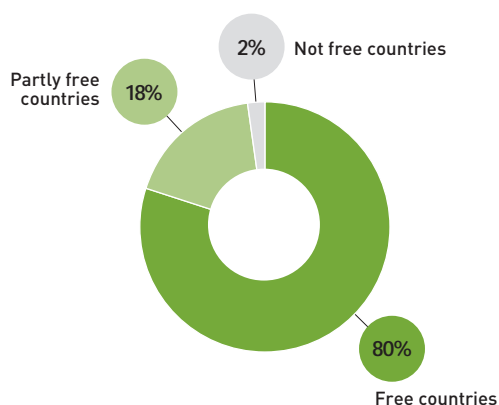
### 5.1.2. ENSURING RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE

#### ◆ Challenges

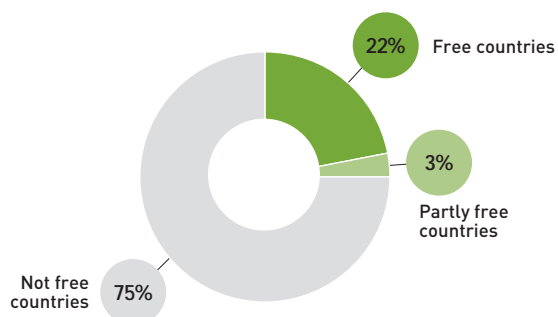
BIC's reliance on contract manufacturing is relatively low. Overall, 85% of the Group's net sales are generated from products made in its own factories: 88% for the Consumer business and 63% in BIC Graphic's Advertising and Promotional Products business. 83% of these factories are located in countries with no Human Rights risk according to Freedom House <sup>(1)</sup>.

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

#### BIC'S PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK <sup>(1)</sup> IN 2014 – BIC GROUP



#### GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK <sup>(1)</sup> IN 2013 – BIC GROUP



#### ◆ Approach

##### An approach guided by the Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented its **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 of 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 and ongoing compliance.

The Code of Conduct is based on the following ten 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 that are primarily located in China, the U.S. and Spain.

##### The social audit program

Compliance with the Code of Conduct is verified by an audit program that is designed to cover all the activities concerned. This audit program is described below:

- for 14 years, BIC has had an audit program in place to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. The program applies both to **global contract manufacturers** as to **manufacturers under local contracts** that make BIC® products for local markets. This program is applied to all of **BIC's Consumer Products and BIC Graphic** (Advertising and Promotional Products) businesses. Ongoing 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. For BIC Graphic contract manufacturers, the audit process combines external audits and audits by specially-trained BIC employees.

BIC considers social responsibility as a partnership, which requires shared values. In this spirit, BIC favors a common commitment to improvement rather than breaking off relations with its partners. The box in the next page explains the main steps in the evaluation of contract manufacturers;

- self-assessments have been conducted by all **BIC factories** since 2006. The responses are analyzed by independent Auditors. If needed, the factory Director is required to implement a corrective action plan (CAP) in collaboration with the Human Resources Department.

(1) Source: "Freedom in the world 2014", a study by the non-governmental organization Freedom House.



## → 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, this certification was renewed for a further 3-year period. The second cycle of certification has started and a follow-up audit is carried out annually. Examples of results achieved by this approach include: improvement in relations between management and employees; greater transparency in the HR process, in particular in relation to internal recruitment, training and skills development; and the rollout of best practices to subcontractors 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 the fourth quarter of 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. Those five areas are Quality, Product Safety and Regulatory Compliance, Environmental Stewardship, Supply Chain Security and Social Compliance.

## 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 in global supply chains. 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 Base Code, SA 8000 and ISO 14001. The BIC Tarragona factory (Spain) and La Granada warehouse (Spain) passed the audit with high scores in 2012 and were audited again in 2014. BIC Graphic North America completed SMETA self-assessments of its U.S. sites in Clearwater and St. Petersburg, Florida; and, Red Wing and Sleepy Eye, Minnesota.

## ◆ Perspectives and progress made in 2014

In 2014, the BIC Group introduced a new tool for assessing the level of performance of each contract manufacturer based on the social indicators of the BIC Group Code of Conduct for the Consumer Products business. The Workplace Condition Assessment (WCA) is considered the next generation in social auditing that will give brands and manufacturers improved performance measurement tools, more meaningful, communicating results and help improve workplace conditions.

This assessment tool is based on national laws and integrates ILO standards and best practices and complies 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.

Contract Manufacturers are audited, rated on each criterion and then given an overall score. This platform allows the Group to closely monitor a contract manufacturer's performance in each indicator and implement targeted corrective action plans where needed. It also includes global benchmarks for each country and BIC's business sector.

All contract manufacturers will be audited during the next 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 to support contract manufacturers in recurring areas of deficiencies.



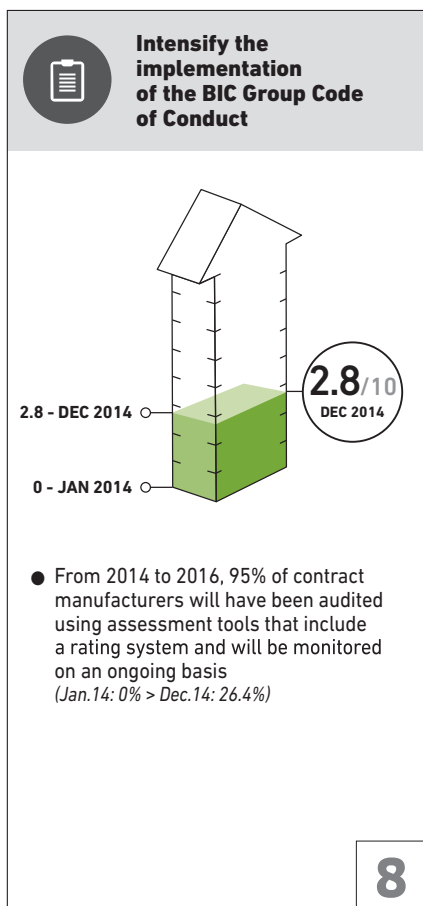


## OUR SOCIETAL RESPONSIBILITY

Fulfilling our responsibility across our entire value chain

### ◆ Performances

To keep on improving in this area, BIC has strengthened its commitment within the 2014-2016 Barometer.



**RESULTS FOR 2014:** The audits of contract manufacturers with the new tool began in 2014, and an acceleration of this program is scheduled over the next two years.

### Main non-conformities with the BIC Group Code of Conduct revealed by contract manufacturer audits

Health and safety continues to be the area in which non-conformities are the most frequent. Working hours non-conformities, such as exceeding the maximum number of working hours or failing to honor mandatory days off and leave time, continue to persist. The audits have also revealed non-conformities in the area of fair wages, including failing to pay the minimum wage and failing to provide required social insurances.

### Main issues encountered in the assessment of contract manufacturers

In 2014, the main issue encountered during the audit process concerned the limit of 60 working hours per week. Contract manufacturers continue to resist this limit on working hours. In addition, it was observed that many contract manufacturers that comply with the BIC Group Code of Conduct after implementing a corrective action plan, do not sustain compliance through their next audit cycle, especially in the areas of working hours and health and safety.

- *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.*

## 2.5.3. 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 (like Brazil, Russia, Mexico, Italy and Argentina) and 69% in countries with a medium or low risk of corruption, including France, the United States and Spain (according to Transparency International).

An average of 95% of these sales are generated directly by the Group and its subsidiaries, with distributors accounting for only around 5% of turnover.

### ◆ 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 in order to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitment, and relationship with its stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves in order to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

The Code of Ethics and its guide are available in 14 languages.

This Code has been approved by the CEO and the Board of Directors and is available to all employees on the company Intranet.



In order to limit the risk of corruption, the Group and its subsidiaries are organized so that the Executive Committee, Category managements, Continents and central services such as Legal, Human Resources and Finance are all interconnected. Since mid-2012, the BIC Group protocol for reporting cases of fraud, including aspects of corruption, and the subsidiaries are subjected to regular internal and external audits. In particular, these audit campaigns and the verifications carried out by the Group's different departments include aspects concerning customer relations and taxes.

For its distributors, BIC seeks to do everything necessary to counter the most serious risks in terms of customer relations, public contracts and customs.

#### ◆ Perspectives and progress made in 2014

In 2014, after a consultation with the Audit Committee, the Code of Ethics was revised to tighten the Group's standards, in particular

regarding the fight against corruption, donations to political parties, the protection of confidential information and responsible lobbying. Regarding corruption, the Code now specifies that BIC pledges to comply with all applicable anticorruption laws and regulations.

This revision also brought the Ethics Charter of the U.S. subsidiary (BIC CORPORATION) into line with the Group Code of Ethics. An addendum was retained containing specific rules governing BIC's operations in the U.S. These policies are backed by an alert procedure, indicating the person to contact.

In the U.S., these two documents are given to new hires, who are asked to sign them, attesting that they have received and read them. A copy of the Code of Ethics is periodically sent to all employees along with a questionnaire that allows them to detect possible violations.

Two pilot training programs on the fight against corruption will be tested in 2014 in the US and Latin America.

## 5.2. Acting as a local and humanitarian force

### 5.2.1. GENERATING AND MAINTAINING JOBS

#### ◆ Approach

The 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, the Group's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 57 expatriated employees today. BIC thus contributes directly to local economies by generating jobs.

BIC has been developing and maintaining industrial jobs, 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 highly values the local manufacturing of its products in order to contribute to local economic development and include the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of 10 licensed factories only for the Middle East-African zone. This local partnership approach has kept 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:

- **local job creation:** more than 1,000 direct jobs have been created in the factories of our licensed manufacturing partners thanks to BIC's direct operations in the Middle East and Africa. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for a number of families from impoverished backgrounds;

- **technology sharing and transfers:** licensed local production of BIC's pen and shaver products essentially requires molding and product assembly operations. As they have acquired BIC skills and expertise in plastic molding technology, a number of licensed manufacturers now produce other plastic products of their own. As evidence of our quality standards, the partnerships between the BIC Group and our local partners enable the latter to diversify their business activities and to attract other large corporations;
- **enhanced product competitiveness** and strong local positioning help maintain BIC's quality standards at an affordable price for the greater number.

#### → 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, gave the Group a better understanding of its impact 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 ten 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.







## 5.2.2. PROMOTING ACCESS TO EDUCATION

### ◆ Challenges

In the area of education and promoting literacy, pens for learning to write are just as important as books for learning to read. 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.

### ◆ Approach and progress made in 2014

#### Supporting handwriting through specific product ranges and awareness

For the last two years, a considerable amount of work has been done by BIC marketing teams to support handwriting and its importance in children's development especially through:

- the launch of the BIC Kids range (U.S. and Europe), created in association with psychomotor specialists, ergonomists and teachers;
- the 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 web site in Europe.

#### 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 is able to 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 2014, **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 2013, the operation was a huge success, with 1.4 million pens donated once again in just three months, for a total of 3.4 million pens donated in three years. In 2014 the operation was extended to Botswana (250,000 pens donated) and Mauritius (40,000 pens).

In the **Middle East-Africa zone**, a similar operation called "The Most Shareable Ball Pen" was launched on the social networks for the benefit of needy schools in those regions. BIC pledged to donate one BIC® Cristal® ballpoint pen for every drawing that was created using a BIC® Cristal® and posted on the website [www.biccristalstory.com](http://www.biccristalstory.com). A total of 20,700 BIC® pens were distributed as a result of this operation.

In **Europe**, for the fifth consecutive year, the "*Kit Scolaire 2014*" operation, to which BIC contributes through the French NGO *Dons Solidaires*, met with great success. In 2014, the Group renewed the "*Kit Loisirs*" ("vacation kit") operation, created to help children make the most of their school vacation time away from school. In all, 120 associations received shipments and distributed them to 15,000 underprivileged children at the beginning of the summer vacation and the start of the school year. The *Kits Scolaires* contain school supplies and hygiene products, while the "*Kits Loisirs*" include beach games, coloring books and other materials for fun activities. The kits are very much appreciated for the quality and variety of the items they contain, donated by more than 20 partners.

In **France**, BIC also supports "AFEV," an association to help prevent student failure in schools. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in underprivileged neighborhoods. BIC supports "AFEV" through both financial and material donations.

During 2014, as part of the "BIC Citizens in Action" program (see next page), BIC once again joined forces with the NGO *Planète Urgence* to deliver aid to Haitian families. In 2010, the Group supported a *Planète Urgence* project called "Haiti: A Roof, a Future," followed in 2012 by "Haiti: A School, a Future" benefitting families in La Montagne, near Jacmel. In 2014, access to education remains a key challenge: nearly 375,000 Haitian children are currently not attending school. "BIC Citizens in Action" invested donations received from BIC employees and matched by the Group, totaling more than 120 thousand euros, in an initiative called "*Haiti: Sur le Chemin de l'École*" ("Haiti: Back to School"). The project encompasses a range of actions, including financial help to allow children to attend school instead of working to help support their families, academic support, extracurricular activities and the construction of study kiosks where children can do their homework.

In addition to the "BIC Citizens in Action" program, the Group and its subsidiaries also donate products and financial aid. Local philanthropic activities, managed by the Group's local subsidiaries, might be at the initiative of a subsidiary, employees or different stakeholders in the community who become aware of a need. These operations address local as well as global needs. Because of its historical core products, BIC's community activities are mainly focused on the fields of education and health (see following page).





Program type	Examples of volunteer activities among BIC group subsidiaries to promote education
<b>Products donation</b>	<p><b>U.S.:</b> Donation of pens and pencils to "Adopt-a-classroom," an organization that identifies schools in need of supplies. As part of BIC's Fight For Your Write initiative, parents were invited to sign a petition to encourage handwriting. In return for each e-signature on the petition, BIC will donate one pen or pencil to a child in need.</p> <p><b>Australia:</b> Donations of stationery products. BIC Australia sponsors the Young Australian Art &amp; Writers awards. These awards were created to provide children with the opportunity to express themselves through different forms in order to help build their confidence and self-esteem through art and creative writing.</p> <p><b>Singapore:</b> Donation of pencils to primary school students.</p> <p><b>Tunisia:</b> Donation of writing products to 30 schools through the "1,001 Cartables" project.</p> <p><b>Brazil:</b> Product donations and employee volunteer work to repair a school library.</p>
<b>Financial aids</b>	<p><b>U.S.:</b> BIC is a partner of ENACTUS, an international not-for-profit organization that supports student leadership development and social responsibility by combining the power of business and education. Leading universities from around the world identify and implement impactful, socially responsible initiatives at local and international levels. These efforts positively impact the lives of thousands of people around the world, all through the promotion of business and free enterprise.</p> <p><b>U.S.:</b> Since 1994, the objective of "play safe! be safe!®" has been to teach young children basic fire safety and prevention measures. This multimedia program was created for BIC by educators and fire safety experts.</p> <p><b>France:</b> Donations to "l'enfant@l'hôpital," an association that equips, trains and provides IT support to children in hospital, thus helping them feel less lonely and allowing them to keep up with their schoolwork.</p> <p><b>Spain:</b> Talita is a foundation that supports the social integration of special needs children suffering from mental disorders such as Down's syndrome, etc. Every year they make a "solidarity calendar" with photos of children and Spanish celebrities to raise money for the foundation. In 2014, for the sixth year, BIC joined the cause by sponsoring the month of September, organizing painting workshops during the launch of the Talita Calendar and donating BIC® products for the children.</p>

Examples of initiatives to promote health or undertaken, in response to local needs, for the environment, emergency humanitarian aid and sports are described in the following section, "5.2.3 Other philanthropic actions."

#### ◆ Perspectives

In 2015, BIC plans to extend its partnership with *Dons Solidaires* by encouraging its employees to participate in the preparation of the school supply kits alongside the association's volunteers.





### 5.2.3. OTHER PHILANTHROPIC ACTIONS

#### ◆ Approach and progress made in 2014

##### 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 to protect the planet 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: the employees are mobilized through fundraising drives in all subsidiaries worldwide, and the Group matches the amount of money collected. In 2014 a total of 120 thousand euros was collected.

**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.

Program type	Examples of activities in BIC Group subsidiaries in the field of health, environment, sport or emergency humanitarian aid
<b>Products donation</b>	<p><b>BIC Central, Southern and Eastern Europe:</b> In response to major flooding in Serbia and Bosnia in May 2014, donations were made, mostly of writing products, for the benefit of children and schools impacted by the floods. Local people were unable to live in their homes for several days and needed basic everyday supplies. By contributing pens and shavers, BIC was able to help people in the flooded areas.</p> <p><b>Brazil:</b> Donation to Casas André Luiz. For 60 years, this association has been helping people with severe, serious, moderate or slight mental disabilities, with or without associated physical disabilities. <a href="http://www.andreluiz.org.br">www.andreluiz.org.br</a></p> <p><b>France:</b> Donation of writing instruments and shavers to charitable associations (e.g. <i>Secours Populaire</i>).</p>
<b>Employee volunteer work</b>	<p><b>France:</b> More than 100 BIC employees and members of their families participated in a charity race organized by the Odyssea association. The registration fees were donated to the Gustave Roussy Institute, which specializes in treatments for cancer.</p> <p><b>Greece:</b> The BIC Greece team selected the remote village of Asprogia in northern Greece and rebuilt the local medical center, providing the necessary medical equipment. The project called on the employees' sense of ethics and responsibility, as well as promoting teamwork. It demonstrated simplicity in requiring only a few specialized skills, and ingenuity in avoiding significant costs. After several months of work a team of 19 BIC employees traveled to the village in late October 2014 to complete the project.</p> <p><b>Canada:</b> BIC Canada supports The Children's Breakfast Club, a not-for-profit charitable organization that believes that every child is entitled to a nutritious breakfast. BIC employees donated their time to help serve breakfast to students aged 6 to 13 at four different local schools, and stationery products were handed out to all attending students.</p>
<b>Financial aid</b>	<p><b>U.S.:</b> In 2014, BIC Consumer Products USA renewed its support for Susan G. Komen for the Cure®, participating in its fight against breast cancer through the sale of selected stationery products. BIC Milford and Shelton also each held a "Pink Day" to raise awareness for breast cancer. Employees were invited to wear pink and purchase breast cancer awareness ribbons, with the proceeds going to Susan G. Komen Connecticut.</p> <p><b>BIC Central Southern and Eastern Europe:</b> Many kindergartens and nurseries were devastated by the major floods that occurred in Serbia in May 2014. Together with Fund B92, BIC participated in a campaign called "The Battle for Children." For every purchase of a product with a BIC® sticker, 50 dinars were donated to help rebuild the damaged nurseries and kindergartens.</p>

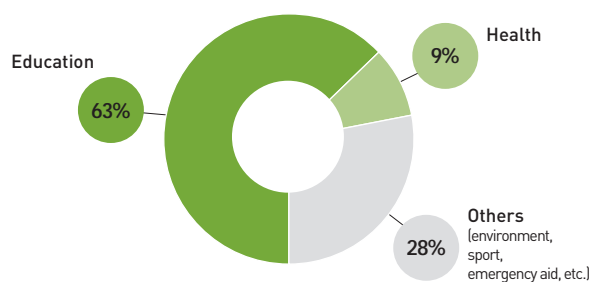


## ◆ Performances

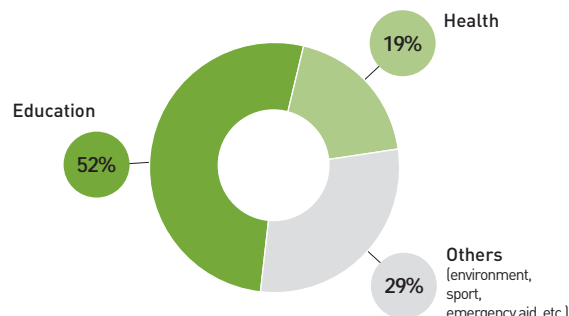
→ 208 philanthropic projects involving volunteer work, product donations and financial aid carried out in 2014 (all fields combined).

In 2014, a total of 208 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.49% of the Group's pretax profits, primarily in education and health. These two sectors account for 71% of BIC's community activities in number, and represent 72% of their total estimated financial value.

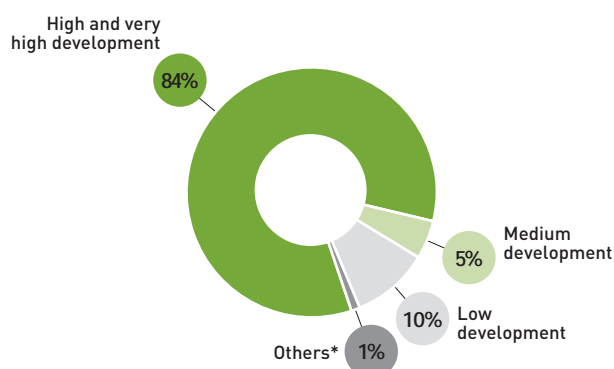
### FINANCIAL BREAKDOWN OF ACTIVITIES – BIC GROUP – 2014



### BREAKDOWN OF ACTIONS BY FIELD – BIC GROUP – 2014



### DISTRIBUTION OF ACTIVITIES BY COUNTRY ACCORDING TO THE UNITED NATIONS HUMAN DEVELOPMENT INDEX (HDI) – 2014



\* Countries not listed in the Human Development Index





## OUR SOCIETAL RESPONSIBILITY

Acting as a local and humanitarian force





## MILESTONES

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## 6.1. Extra-financial ratings

BIC continues to be listed on the Socially Responsible Investment Indexes:

- FTSE4Good Europe;
- Euronext Vigeo Europe 120;
- Ethibel Excellence Investment Register;
- Gaia Index;
- Stoxx Global ESG Leaders Index.

**The Carbon Disclosure Project:** in 2014, BIC was once again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI). In recognition of its actions to reduce and manage greenhouse gas emissions, accompanied by open and transparent communication on its performance, BIC has been included in this index since 2009. In 2014, the Group scored 95 points out of 100, placing it among the 27 companies singled out on this index, which covers 91% of the publicly-traded companies in France.

## 6.2. Prizes

In 2014, BIC was honored for the transparency of its financial information by Labrador's "*Grands Prix de la Transparence Financière*" for French listed companies. Out of 120 French companies, BIC received two awards:

- first prize in the Consumer Goods & Health category, for the third time and the second consecutive year;
- the Grand Prix du Jury 2010-2014, a special award to BIC and the Crédit Agricole bank for the consistency of their financial communication for more than five years.

In 2014 BIC also won Second Prize for Societal Responsibility in the AGEFI Grands Prix du Gouvernement d'Entreprise corporate governance awards. This recognition is given for best practices in human resources, the integration of sustainable development in corporate strategy, meeting stakeholders' expectations and employee shareholding.

Lastly, BIC won the Trophy for Best Investor Relations – Sustainable Development Category, sponsored by SFAF, CLIFF, NYSE Euronext, Middlessex, AGF and IFA.

## 6.3. Perimeter and selection of indicators

The reporting period covered by the present report is from January 1, 2014 to December 31, 2014.

### 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.

The indicators that refer to environment and workers' accidents only concern the operations that have a significant impact in those areas, namely the industrial activities owned by the Group. These indicators therefore concern the BIC Group's 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 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.

Consequently, in 2014, four new entities are now consolidated at Group level: BMT11 (Tunisia), BIC Graphic La Granada (Spain), BIC Canada (Canada) and BIC Charlotte Distribution (U.S.). BIC New Zealand (New Zealand), which is closing, is no longer consolidated.

BIC Group's share in the capital of the seven Cello Pens entities went from 55% to 75% in July 2014. Cello Pens activities have not been included in the environmental, social and societal reporting for 2013. 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.

Headquarter reporting concerns the Group headquarters around the world with more than 200 permanent employees.



### 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 surveys, sent annually to 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 annually proposed 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 87).

### 6.3.3. METHODOLOGICAL INFORMATION CONCERNING THE BIC SUSTAINABLE DEVELOPMENT BAROMETER

#### ◆ Definitions

##### Products

##### 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.

##### Create products for developing markets

Through its vision ("We offer simple, inventive and reliable for everyone, everywhere, everytime"), BIC develops or adapts products in order 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 in particular developing countries according to HDI (Human Development Index of United Nations Development Programme).

##### Offer BIC® products with environmental benefits

BIC has defined the environmental benefits for its products as follows:

- light and long-lasting (writing instrument ≤3 g per km; lighter ≤8 g per 1,000 flames; shaver ≤1 g per shaving);
- made from alternative materials (recycled, vegetable origin, etc.);

- refillable;
- eco-labelled (NF Environnement, etc.).

This commitment is calculated with the net sales.

##### Industry

##### 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 with the material weight.

##### 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.

##### 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 intersite 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 kilometers.

##### Social/Societal

##### 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.

##### 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).

##### 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. The scope has to be at least 80% of BIC permanent headcount.

##### 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).





## 6.4. Indicators table

Environment	Barometer	Unit	2012	2013**	2014
<b>Management systems of factories</b>					
Factories with environmental and health & safety management systems (or with implementation under way)		%	95	99.7	89
BIC employees working in ISO 14001 certified factories		%	74	81	84
<b>Energy consumption</b>					
Annual energy consumption		Gigajoules	1,041,042	1,100,313	1,113,266
Annual energy consumption normalized to production	Barometer	Gigajoules per ton	12.73	12.68	12.29
<b>GreenHouse Gas (GHG) emissions</b>					
Total amount of annual GHG emissions		tCO <sub>2</sub> -e	91,509	93,679	94,374
• Direct GHG emissions		tCO <sub>2</sub> -e	8,599	9,354	8,940
• Indirect GHG emissions		tCO <sub>2</sub> -e	82,910	84,325	85,434
Total amount of annual GHG emissions normalized to production		tCO <sub>2</sub> -e/ton	1.12	1.08	1.04
<b>Water consumption</b>					
Annual water consumption		m <sup>3</sup>	624,170	606,884	568,084
Annual water consumption normalized to production	Barometer	m <sup>3</sup> per ton	7.63	6.99	6.27
<b>Waste production</b>					
Annual waste production		Tons	21,704	22,682	23,575
• Non-hazardous waste		Tons	19,534	20,314	20,744
• Hazardous waste		Tons	2,170	2,368	2,831
Annual production of waste normalized to production		Tons/tons	0.265	0.261	0.260
Annual production of non-recycled waste normalized to production	Barometer	Tons/tons	0.0746	0.0794	0.0785
Recovered waste		%	84	85	84
<b>Transportation</b>					
GHG emissions related to intra-company transport*		tCO <sub>2</sub> -e/ton	0.559	0.592	0.662
Intra-company transport operated without air freight	Barometer	%	n/a	98.03	98.15
<b>Products</b>					
Products certified with the French <i>NF Environnement</i> ecolabel			20	22	22
Innovative responsible products launched	Barometer		n/a	n/a	2
Products adapted to developing market created	Barometer		n/a	n/a	2
Products that have at least one environmental benefit*	Barometer	%	49.9	49.9	49.6
<b>Packaging</b>					
BIC cardboard packaging from a certified and/or recycled source	Barometer	%	n/a	75.9	87.7
BIC plastic packaging PVC free	Barometer	%	n/a	70.6	78.2

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

\*\* In 2014, BIC includes in its consolidation scope four new plants: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope of consolidation. In order to compare data, 2013 figures have been recalculated based on this new perimeter.





Social indicators	Barometer	Unit	2012	2013	2014
<b>Group workforce</b>					
Total workforce (full-time equivalent) – BIC Group			10,483	10,762	11,025
• Permanent employees			9,256	9,373	9,550
• Temporary workers			1,227	1,389	1,475
Voluntary turnover		%	6	7	8
<b>Workforce by region</b>					
Permanent workforce by geographical area					
• Europe		%	40	40	40.5
• North America		%	25	24	24
• Developing countries		%	35	36	35.5
<b>Workforce by activity</b>					
Permanent workforce by activity					
• Manufacturing and R&D		%	61	62	63
• Distribution, marketing et G&A		%	20	19	19
• Sales force and customer service		%	19	19	18
<b>Training, career management and engagement</b>					
Employees that have received one training		%	90	85	92
Number of training days		days	26,015	17,791	20,293
Number of training days per employee		days	2.81	1.89	2.21
Number of training hours per theme		hours	182,107	142,327	162,347
• Technical training		hours	138,731	101,762	100,837
• Leadership skills		hours	20,618	17,921	21,648
• BIC culture		hours	22,758	22,644	35,384
Health & Wellbeing		hours	n/a	n/a	4,478
Internal promotion rate among managers (levels 3, 4, 5 and 6)					
• External recruitment		%	24	36	35
• Internal recruitment		%	76	64	65
Participation rates in surveys	Barometer	%	n/a	84	90,5
Internal development moves and promotion rate	Barometer	%	n/a	25	30,5
<b>Diversity</b>					
Percentage of women in management and workforce		%	45	45	46
• Board of Directors		%	20	30	30
• Leadership Team		%	11	10	18
• Managers (highest levels: 3 to 6)		%	26	28	29
<b>Safety</b>					
Incidence rate of workers' accidents in the factories (accidents with temporary or permanent incapacity)	Barometer	Number per millions of hours worked	7.13	8.43	6.67
Severity rate of workers' accidents in the factories (in days of temporary incapacity)	Barometer	Number per thousands of hours worked	0.19	0.27	0.31
<b>Absenteeism</b>					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.5	1.4	1.5





## MILESTONES

Indicators table

Societal indicators	Barometer	Unit	2012	2013	2014
<b>Respect for Human Right in the workplace</b>					
Net sales from BIC® products manufactured in its own factories		%	84.0	84.6	84.6
BIC permanent employees working in countries with no Human Rights risk <sup>(a)</sup>		%	80.5	80	80.4
BIC factories located in countries with no Human Rights risk <sup>(a)</sup>		%	84	84	83
Contract manufacturers located in countries with no Human Rights risk <sup>(a)</sup>		%	30	33	22
Contract manufacturers that have been audited using assessment tools that include a rating system and be monitored on an ongoing basis	Barometer	%	n/a	0	26.8
Net sales in countries with no Human Rights risk <sup>(a)</sup>		%	86.6	87.3	87.4
<b>Sponsorship</b>					
Contribution to communities (percentage of the Group's pretax profit)		%	>0.5	>0.5	0.49

(a) Source: Freedom House.



## 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 the 31/12/2014

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC<sup>(1)</sup>, under the number n° 3-1050, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2014, presented in chapter 2 of the Reference Document including the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the 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 the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company which are protocols for environmental, health and security and HR information in their versions dated of October 2014 for the first one, December 2014 for the second and November 2014 for the last one (hereafter referred to as the "Criteria"), and of which a summary is included in the chapter "2.6.3. Perimeter and selection of indicators" of the Reference 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 was undertaken by a team of 5 people between October 2014 and February 2015 for an estimated duration of 12 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 and the reasonable assurance report, in accordance with the international standard ISAE 3000<sup>(2)</sup>.

#### 1. Attestation of presence of CSR Information

Interviews with the management of relevant departments allowed us to obtain an understanding of the company's strategy on sustainable development based on the social and environmental consequences linked to the company's activities and related to 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 Reference Document, notably the one concerning the exclusion of Cello Pens activities for the exercise 2014.

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 12 interviews with the people responsible for the preparation of the CSR Information in the different departments: Sustainable Development, Human resources, Security in the workplace, Purchasing and supply chain, Circular Economy, Investor relations, Customer relationship and Communication, the people in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

(1) Scope available at [www.cofrac.fr](http://www.cofrac.fr)

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



- 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.
- at the level of the representative entities that we selected<sup>(2)</sup>, 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 on average 17% of the total workforce and between 12% and 30% of the quantitative environmental information<sup>(3)</sup>.

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<sup>(1)</sup>:

- at the level of the parent company, 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;

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

Eventually, 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.

## Observations

Without qualifying our conclusion above, we draw your attention to the following point:

- Errors concerning the application of the calculation rule for the training hours were observed in the various entities, mainly because of a change of a definition in the reporting protocol released at the end of the year. The related uncertainty was reduced thanks to corrections made on all the entities, on the parent entity and on the reporting protocol definition.

Paris-La Défense, 18 February 2015

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier

Partner, Cleantech and Sustainability

Bruno Perrin

Partner

(1) **Environmental and societal information:** general environmental policy (organisation, training and information delivered to the employees), approaches to evaluation and certification, pollution and waste management (production of hazardous and non-hazardous waste reported to the production), sustainable use of resources and climate change (energy consumption reported to the production, GHG emissions, measures undertaken to improve energy efficiency and to promote the use of renewable energy, water consumption reported to the production, water supply considering local constraints, measures undertaken to enhance the efficiency of raw materials use); economic and social territorial impact, relations with stakeholders (conditions for dialogue, partnership or sponsorship), importance of subcontracting and the consideration of environmental and social issues in the purchasing policies and the relations with suppliers and subcontractors, business ethics (actions undertaken to prevent bribery and corruption, measures undertaken in favour of consumers' health and safety).

**Social information:** employment (total headcount and breakdown, hiring and terminations), working time organisation, absenteeism rate, labour relations, health and safety at the work place, work accidents (particularly their frequency and their gravity), as well as occupational diseases, training policies and the total number of hours of training.

(2) BIC Écriture 2000, BIC Viorex, PIMACO Autodesivos, BIC CORPORATION Milford.

(3) Energy and water consumption and Waste production.

## 6.6. Cross reference table for environmental and social indicators

For each section of the Sustainable Development Report, the following table gives the corresponding GRI<sup>(1)</sup> indicators and principles of the United Nations Global Compact and the general policies from the OECD Guidelines<sup>(2)</sup>.

Content of the Sustainable Development Report	Article 225 al. 5 of the French Commercial Code	GRI <sup>(1)</sup>	Principles of the Global Compact	OECD <sup>(2)</sup> general policies	Page
Profile of the BIC Group		2.1, 2.2, 2.5, 2.7, 2.8		6, 10	2
Message from Bruno Bich, Chairman of the Board, and Mario Guevara, CEO		1.1			4
Governance		4.1, 4.2, 4.3			5
1. The BIC Sustainable Development Program	3.b, c	1.2, 4.9, 4.8, 4.12, 4.14, 4.16, 4.17, PR5, EC1, 2.7, 4.17, PR5, 4.13, SO5	1 to 10	1, 5	7
2. Environmental responsibility concerning our products	3.d	PR1, EN26	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	23
3. Environmental responsibility concerning our operations	2.a, b, c, d, e	EC2, EN1, EN3, EN4, EN6, EN7, EN8, EN12, EN14, EN16, EN18, EN22, EN28, EN29, EN30	7, 8 and 9	12	37
4. Our Social responsibility to the employees	1.a, b, c, d, e, f, g	LA1, LA2, LA7, LA8, LA9, LA10, LA 11, LA12, LA13	1, 3 and 6	2, 10	51
5. Our societal responsibility	3.a, c, d, e	SO2, HR2, HR6, HR7, EC9	1, 2, 4, 5, 10	4, 8, 14	67
6. Milestones		2.9, 2.10, 3.1, 3.3, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13		1, 2, 3, 7, 9, 13	79

(1) GRI: Global Reporting Initiative version G4.

(2) OECD: Organisation for Economic Co-operation and Development.





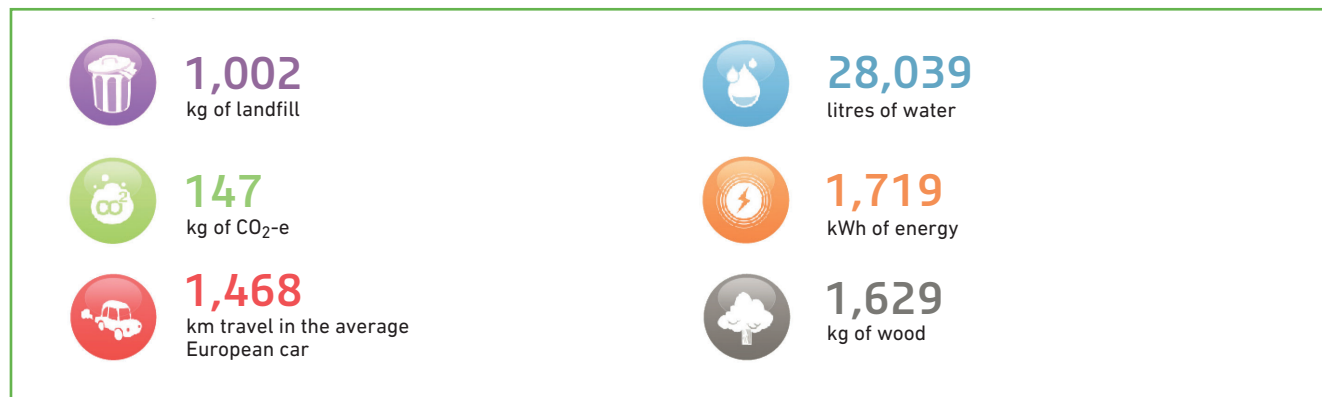
## MILESTONES

Cross reference table for environmental and social indicators



## ENVIRONMENTAL CALCULATOR <sup>(1)</sup>

By using Cocoon Silk and Cocoon Offset paper rather than a non-recycled paper, the environmental impact was reduced by:



*(1) Sources: Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available.*

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