

MADE



TO LAST*

SUSTAINABLE
DEVELOPMENT
REPORT
2015

Extract from
the registration document



Profile and Strategy
Profile 2015**2**
4

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**Sustainable
development report**
extract from registration document

2015



PROFILE AND STRATEGY

2,241.7^{M€}

**Net sales
2015**

19.3%

**Normalized income
from operations
margin**

17,805⁽¹⁾

**Employees
around
the world**

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

- quality and value product positioning;
- a large and diversified product portfolio aimed at answering consumers' needs:
 - our classic products are functional, reliable and affordable, manufactured using the minimum raw materials. They are designed to serve a very precise function and they offer the best value for money with a good environmental performance,
 - our value-added products are aimed at answering the growing demand for more sophisticated goods,
 - our responsible products use alternative or recycled raw materials;
- innovation: in 2015, BIC realized 12% of its net sales through new products ⁽²⁾;
- recognized brands:
 - in the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, BIC® Kids, BIC® Matic, BIC® Ecolutions® (responsible products),
 - in Advertising and Promotional Products: BIC Graphic,
 - in India: Cello®;
- historical international footprint in both developed and developing markets:
 - BIC is present in more than 160 countries and developing markets accounted for 30% of 2015 net sales, thanks notably to its quality products, accessible to as many people as possible,
 - BIC innovates with distribution adapted to the poorest populations;
- on-going and sustained productivity improvement policy: the modernization and continuous rationalization of its production plants allow BIC to maintain its worldwide competitiveness at the highest level and reduce its environmental footprint;
- a complete and solid international distribution network (stationery stores, office supplies companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets, E-commerce, etc.);
- a solid balance sheet and a clear use of cash strategy, including:
 - internal development, through focused capital expenditures,
 - external growth, through bolt-on strategic acquisitions in order to:
 - acquire a technology not yet held by the Group,
 - enter a new market segment,
 - enter a new geographic area;
 - regular shareholder remuneration.

(1) Including Cello Pens.

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



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

GROUP LONG-TERM STRATEGIC PRIORITIES



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

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

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

Maintain a strong cash generation to:

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

“Honor the past, invent the future,”



PROFILE 2015

NET SALES BY CATEGORY



33%
STATIONERY

A WORLD LEADER IN THE CONSUMER GOODS MARKETS

70 years of history

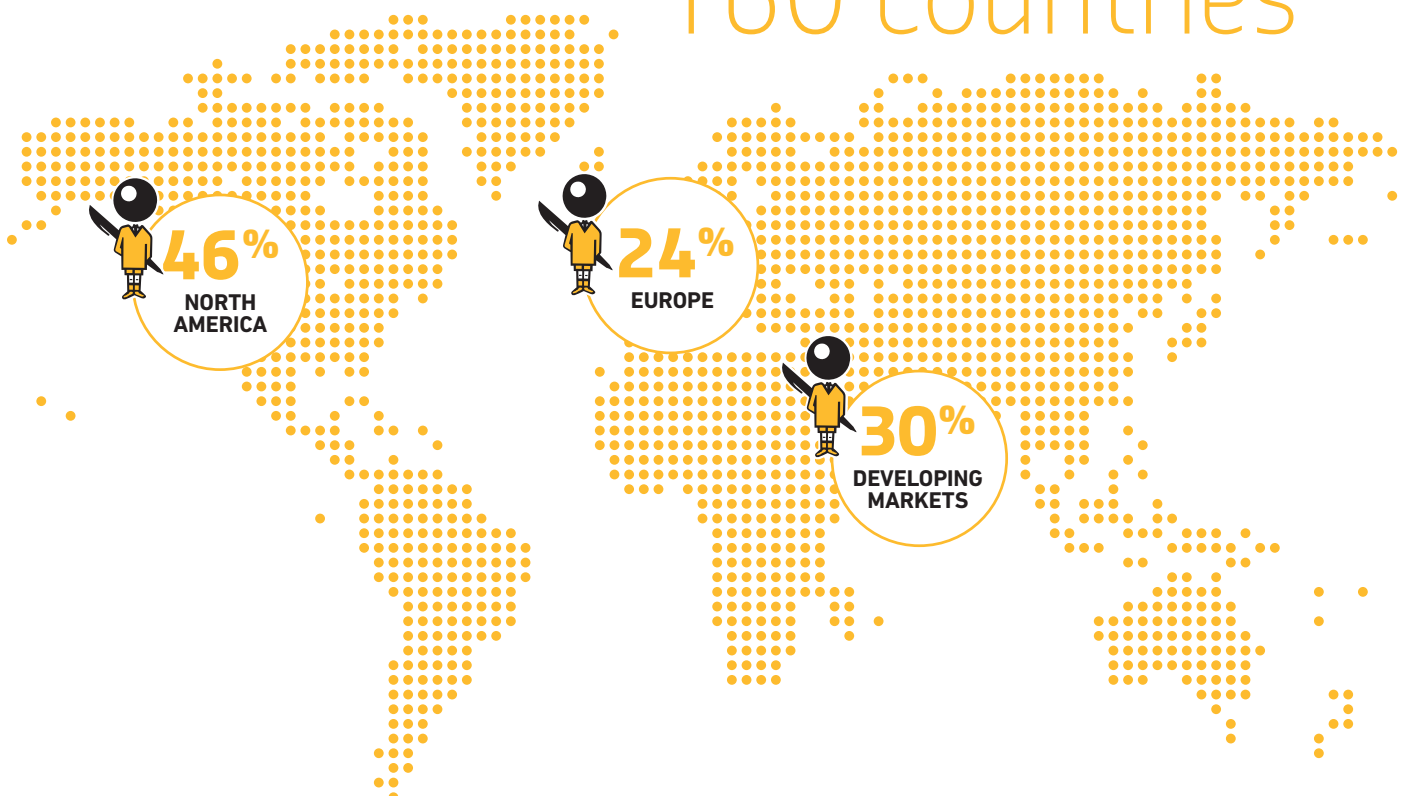
- 1950** Launch of the BIC® Cristal® pen
- 1969** BIC enters the Promotional Products Industry
- 1973** First BIC® lighter
- 1975** First BIC® shaver

Recognized brands

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

Net Sales by geography

160 countries





30%
LIGHTERS



20%
SHAVERS



14%
BIC GRAPHIC



3%
OTHER CONSUMER PRODUCTS

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

QUALITY PRODUCTS SOLD AT A FAIR PRICE AND CONTINUALLY IMPROVED

- Long-lasting products with a light environmental footprint manufactured with a minimum of resources and a maximum useful life.
- An eco-design approach, integrating alternative solutions such as the use of recycled materials or bioplastics in the manufacturing of certain products.
- 1.3% of net sales invested in new products Research and Development in 2015.

A UNIQUE INDUSTRIAL EXPERTIZE AND EFFECTIVE CONTROL OF MANUFACTURING COSTS

- 27 high performance factories (21 are located in developed countries according to the HDI indicator).
- 86% of net sales realized with products manufactured in our own factories*.

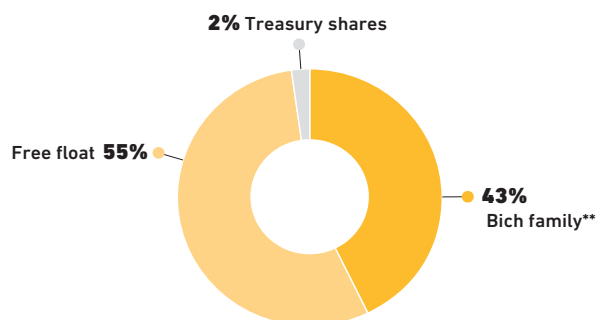
AN HISTORICAL **SOCIALLY RESPONSIBLE** APPROACH

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

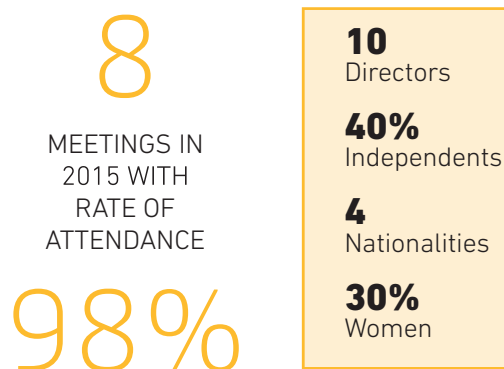
A SUSTAINABLE DEVELOPMENT PROGRAM MEASURED VIA **A BAROMETER WITH 10 OBJECTIVES ASSOCIATED WITH 10 PERFORMANCE INDICATORS** AND UPDATED EVERY THREE YEARS.

Governance

SHAREHOLDING STRUCTURE



Board of Directors



* Excluding Cello Pens. ** Direct and indirect.





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OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY



2.1. The BIC Sustainable Development Program

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

2.1.1. FOUR STRATEGIC DIRECTIONS

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

- innovate 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.

2.1.2. BIC GROUP SUSTAINABLE DEVELOPMENT KEY ISSUES

2.1.2.1. Update of the evaluation of the materiality of the issues

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

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

This evaluation, 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.).



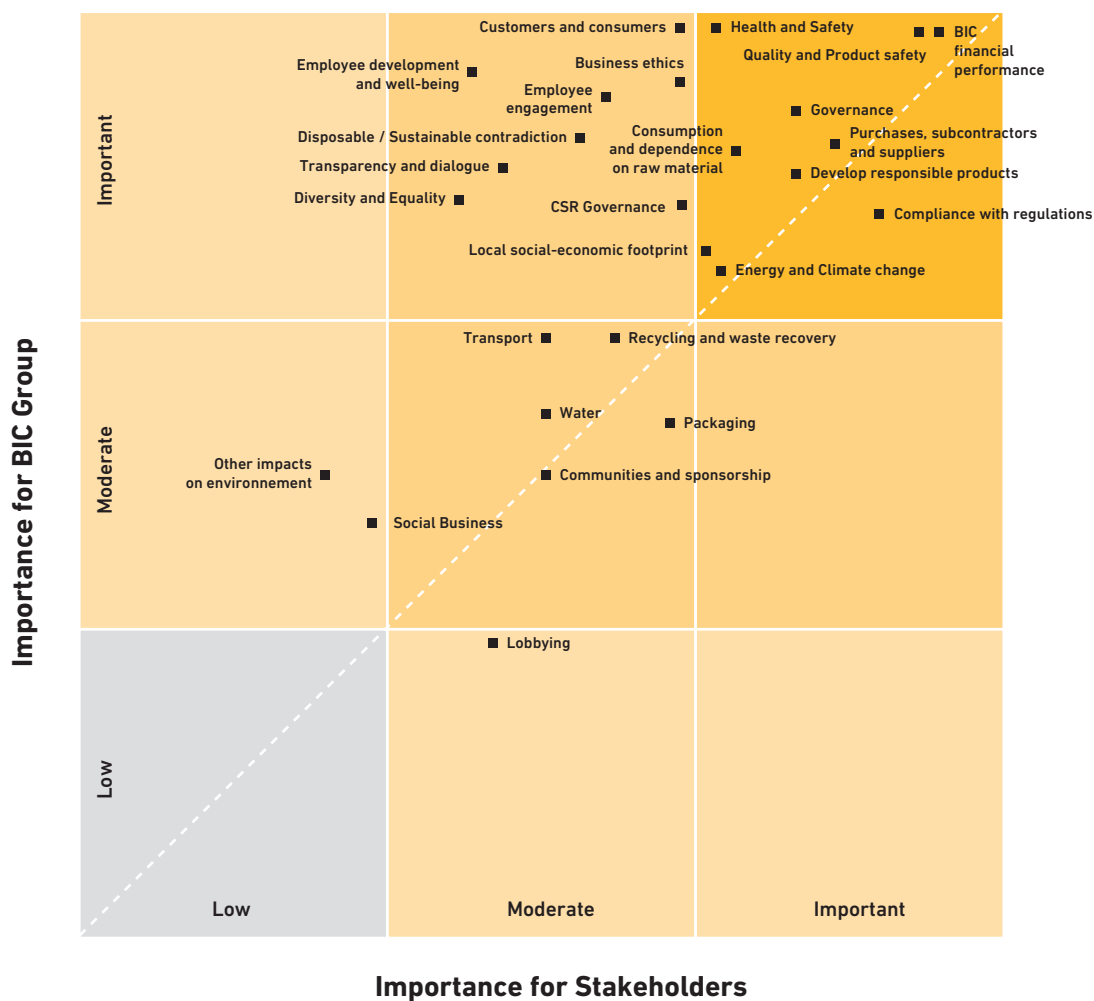


OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

The BIC Sustainable Development Program

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

Materiality matrix of sustainability issues








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

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



2.1.2.2. Issues for BIC concerning the life cycle of its products and preparations for upcoming worldwide developments

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
Purchasing 	The supply of raw materials that are used to make BIC® products <ul style="list-style-type: none"> 45% of the Group's purchasing can be attributed to plastics 	<ul style="list-style-type: none"> Reduce consumption of non-renewable raw materials Promote the use of alternative materials (recycled or plant based) Ensure suppliers' compliance with environmental, social and governance standards
Production 	The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> Millions of products sold every day worldwide 	<ul style="list-style-type: none"> Reduce water and energy consumption Reduce CO₂ emissions and waste Reduce our impact on biodiversity Maintain good working conditions for our employees Ensure respect for Human Rights Strive to develop employees' skills Promote diversity in the Company
Distribution 	The shipping of BIC® products by transport service providers <ul style="list-style-type: none"> 0.633 teqCO₂ per ton of freight 	<ul style="list-style-type: none"> Optimize shipments and distribution routes Ensure responsible distribution adapted to local conditions
Usage 	The use of BIC® products (writing instruments, lighters, shavers, etc.) <ul style="list-style-type: none"> More than 2 km for a BIC® Cristal® pen Up to 3,000 lights for a BIC® Maxi lighter Up to 17 shaves for a BIC® Flex 3 	<ul style="list-style-type: none"> Guarantee long-lasting products (stationery, lighters, shavers, promotional products) Ensure the quality and safety of products Promote responsible consumption Anticipate customers' and consumers' needs Reduce packaging waste
End of life 	The disposable of BIC® products <ul style="list-style-type: none"> Weight of a BIC® Cristal® ball pen: 5.9 g Weight of a BIC® Maxi lighter: 21.8 g Weight of a BIC® 3 shaver: 8.8 g 	<ul style="list-style-type: none"> Help reduce the overall quantity of waste produced Investigate possible recovery and recycling solutions



→ 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 in emerging markets. It has also bolstered its positioning in these markets, for example through the acquisition of Cello Pens in India in 2013, and has set the goal of "creating products for developing markets" in Commitment #2 of the 2014-2016 Barometer. In addition, BIC's industrial know-how enables it to maintain competitive employment, especially in Europe. Its pragmatic economic model, adapted to the practical context of each geographic zone, allows the Group to seize the opportunities made possible by globalization.

Global demographic growth is expected to increase the world's human population to more than nine billion by 2050, according to the latest United Nations estimates. This population growth will be accompanied by a boom in the middle classes, which in turn will increase the consumption of goods and services as well as the demand for access to education, healthcare and financial services. Demographic growth represents an opportunity for the Group because 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 17 sustainable development goals defined by the UN. In 2015, an estimated 121 million children worldwide⁽¹⁾ were deprived of the right to education and nearly 800 million adults lack basic reading and writing skills⁽²⁾. 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"⁽³⁾ 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)

2.1.3. MANAGING THE APPROACH: THE BIC SUSTAINABLE DEVELOPMENT BAROMETER

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

For its third edition, the 2014-2016 Barometer launched in 2014 once again defines 10 commitments for the Group along with concrete performance indicators. Again, the three major topics addressed are "Products," "Industry" and "Social/Societal," 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.

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

Results of the second year of the 2014-2016 BIC Barometer

In its second year, the BIC Sustainable Development Barometer increased its score from 3.8 to 7.6 (out of 10 points). Product commitments have experienced significant increase including in particular: reaching the objective of 50% of products with at least one environmental benefit and the creation of five products adapted to developing markets. Commitment #5 (environmental performance of factories) moved back due to an increase in the ratio of the production of non-recycled waste. Packaging and transportation commitments are in line with expectations for the year. Finally, the significant increase in the share of audited (with rating system) contract manufacturers helped consolidate the overall score.

(1) Source: UNICEF/UNESCO report

(2) Source: Observatoire des inégalités

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



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

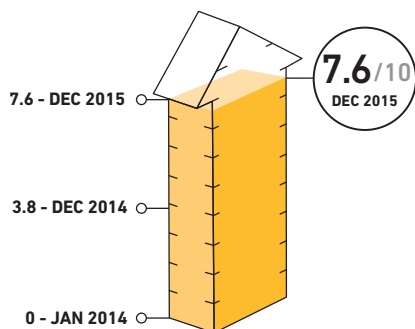
- It defines the 10 priority indicators for the Group in terms of sustainable development for the three-year period 2014-2016.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of the BIC Group (except Cello Pens), unless specified.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

Additional methodological information can be found in section 2.6.3.3. (page 71).





2014-2016 Barometer



The global score is the arithmetic average of the 10 scores

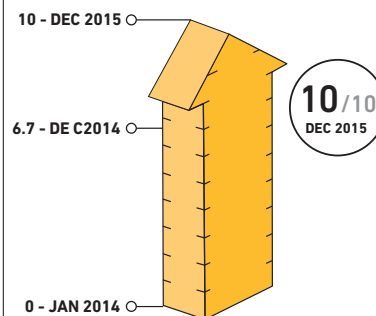
"The BIC Sustainable Development Barometer provides a pragmatic way to monitor the Company's commitment. It also encourages fluid communication within all teams by giving clear direction for three years and precisely reflecting our progress."

Mario Guevara, CEO

PRODUCTS INDUSTRY SOCIAL/SOCIETAL



Launch innovative responsible products

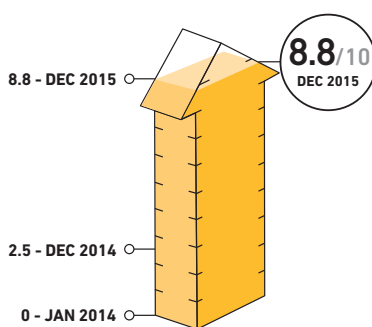


- From 2014 to 2016, BIC will have launched 3 innovative responsible products
(Start JAN 14: 0 > DEC 15: 4)

1



Create products for developing markets

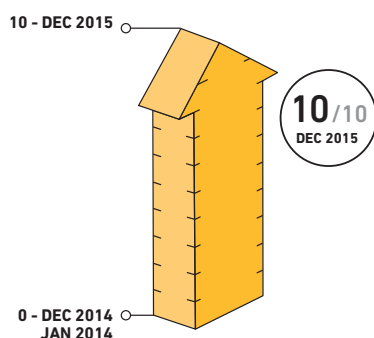


- From 2014 to 2016, BIC will have created 8 products adapted to developing markets
(Start JAN 14: 0 > DEC 15: 7)

2



Offer BIC® products with environmental benefits*

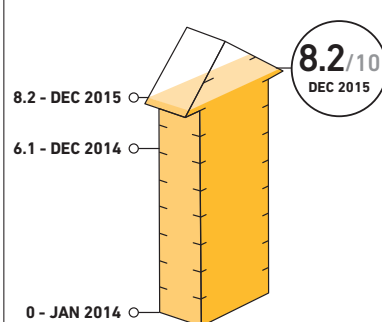


- In 2016, 50% of BIC® products will have at least one environmental benefit
(Start JAN 14: 49.88% > DEC 15: 50%)

3



Select responsible materials for packaging*



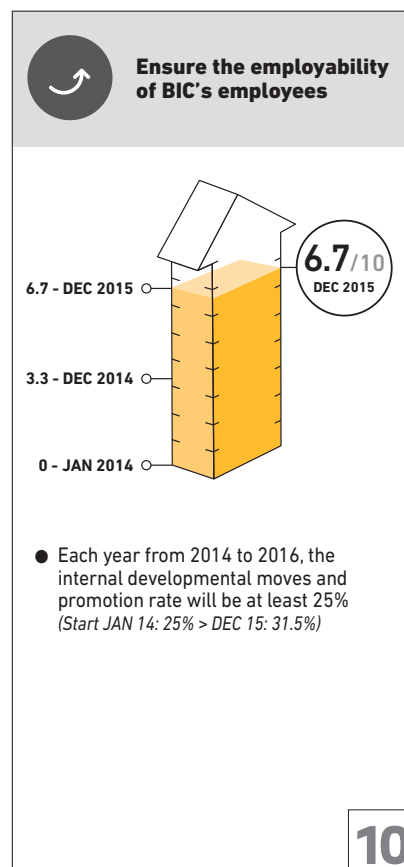
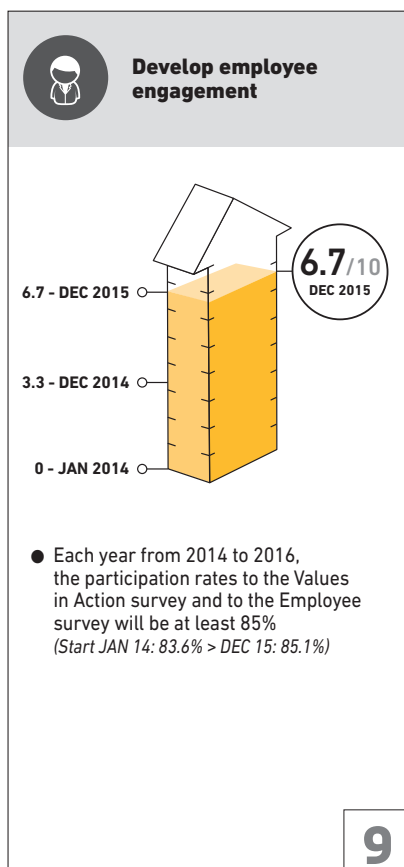
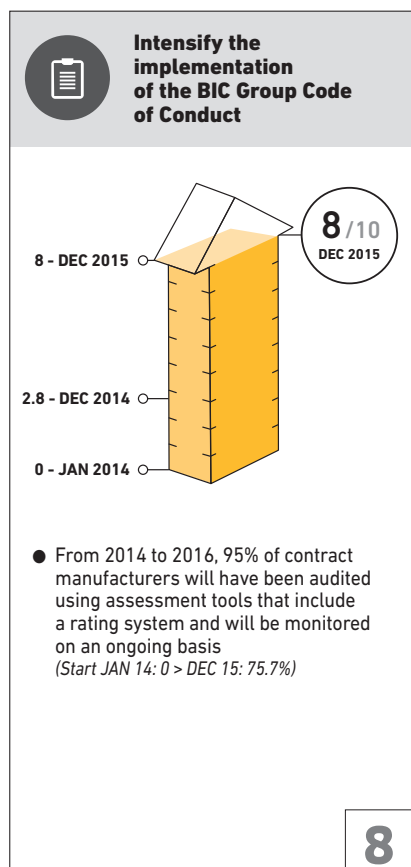
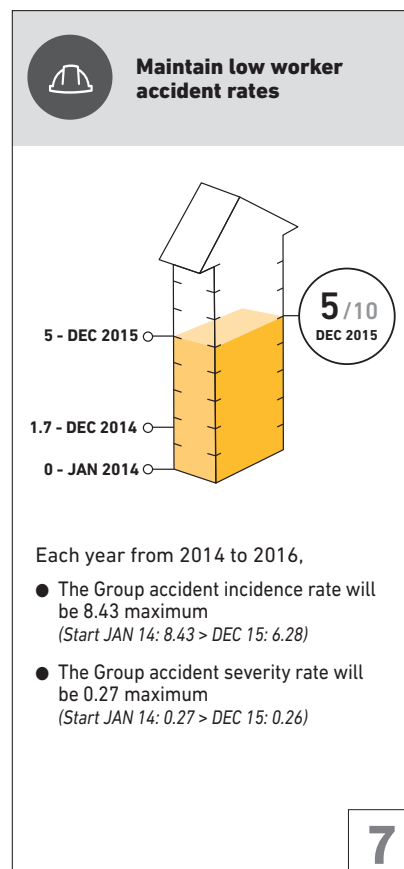
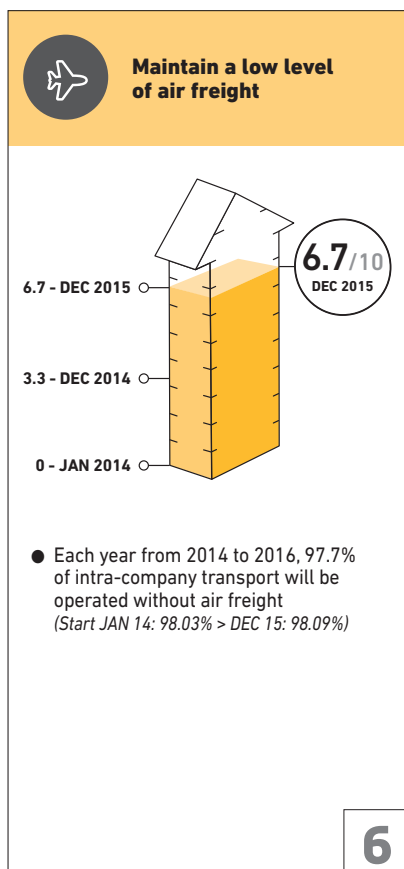
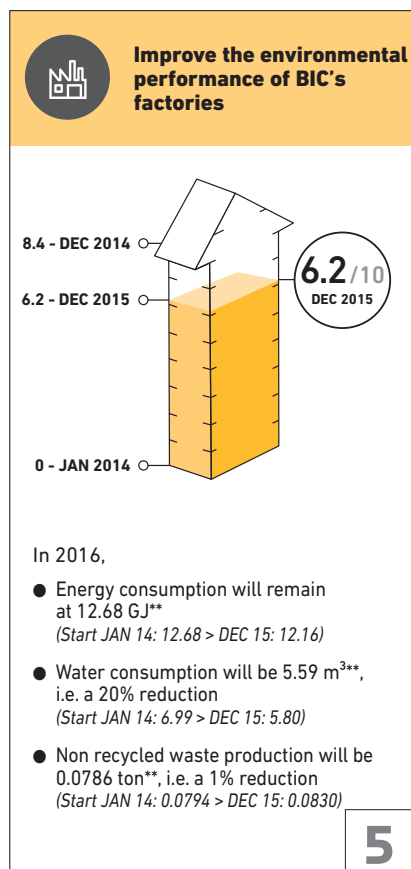
In 2016,

- 90% of BIC cardboard packaging will be from a certified and/or recycled source, i.e. a 18% improvement
(Start JAN 14: 75.9% > DEC 15: 90.29%)
- 90% of BIC plastic packaging will be PVC free, i.e. a 27% improvement
(Start JAN 14: 70.6% > DEC 15: 83.1%)

4

* BIC Graphic excluded





** Per ton of production



2.1.4. INTEGRATION OF SUSTAINABLE DEVELOPMENT INTO OUR ACTIVITIES

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

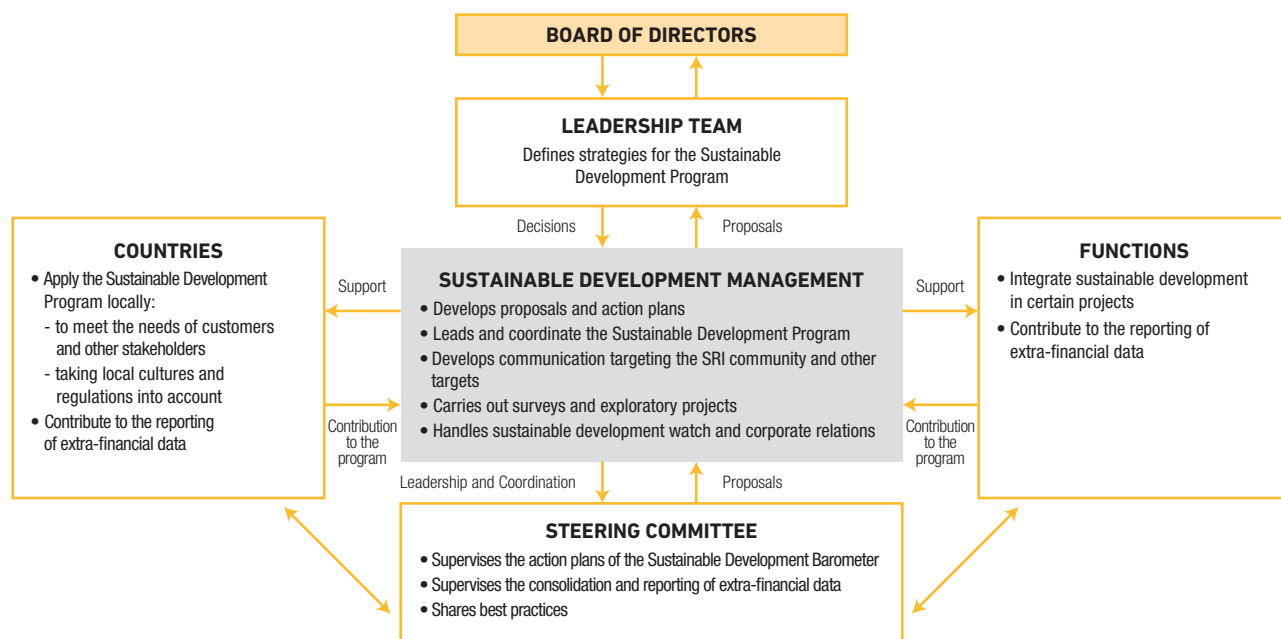
The issues of sustainable development are taken into account in the Company's decision-making process. The Group's CEO leads the Sustainable Development Steering Committee and every meeting of the Leadership Team includes an update on recent progress in sustainable development. In 2015, the following points were addressed: the BIC Group's participation in the COP21 climate talks, the creation of the BIC Corporate Foundation, the dissemination and application of the BIC Code of Ethics within the Group and the presentation of the materiality matrix. The BIC Sustainable Development Program, its goals and its progress are presented at least once a year to the Board of Directors and at the Annual Shareholders' Meeting. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group.

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

2.1.4.2. Our operational structure

Managing sustainable development is based on a continuous improvement approach 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 11 and 12, with all 25 members of the Sustainable Development Committee attending as well as all members of the Leadership Team. 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 in 2015 included in particular: the recycling of plastics, the circular economy, the role of sustainable development in employee engagement and the creation of value. A workshop was held to increase the participants' awareness of the

concept of local environmental footprint, especially from the viewpoint of job creation and the sharing of created value with stakeholders.

The forum also provided an opportunity to hear presentations by representatives of two CAC 40 companies. One explained his company's in-depth approach for measuring local social-economic footprints, and the other talked about his company's circular economy program and solutions for a function-oriented business model.

2.1.4.3. 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 page 65).

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 63).

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 30).

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 34).

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 57).

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 61).

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.

2.1.4.4. BIC's employees: stakeholders in the approach

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

- since April 2012, an internal newsletter keeps all employees worldwide regularly up to date on the latest in sustainable development (except Cello Pens);
- 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.

Since 2013, all BIC employees are invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 48). The members of the Executive Committee then select the winners from the list of nominees.

Employee involvement in the promotion of sustainable development is also encouraged and evaluated through a biannual survey on the BIC Sustainable Development Program (page 49).

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 U.S. 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.

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

In parallel with the COP21 conference (see also page 39), an exhibition by the environmental reporter and photographer Yann Arthus-Bertrand entitled "60 Solutions Against Climate Change" was installed at BIC headquarters in Clichy (France) for the benefit of the site's employees. At the same time, a competition called "Selfie for Climate" was held to mobilize the staff around a specific project: for each selfie taken by an employee, a contribution was made to a fund-raising program (financed by the BIC Group) to help a reforestation project in Brazil undertaken by the Anne Fontaine Foundation.





2.1.5. INTERACTION WITH OUR STAKEHOLDERS

2.1.5.1. Sharing value with our stakeholders

◆ Challenges and approach

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.

◆ Performance

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2015. 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 2015⁽¹⁾

→ CUSTOMERS TURNOVER: 2,241.7 MILLION EUROS						
Employees	Suppliers	Shareholders	Banks	Governments	Net investments	Communities
602.1 million euros. Corresponding to payroll, bonuses and other payments to employees.	1,095.7 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	134.8 million euros in ordinary dividends and 26.3 million euros for the repurchase of shares.	10.9 million euros in net interest received.	160.3 million euros, including 143.3 million euros paid around the world as corporate income tax and 17.0 million euros in other taxes.	103.5 million euros. Including 118.4 million euros for the acquisition of tangible and intangible fixed assets and 14.9 million euros received from the disposal of assets.	2.7 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.

2.1.5.2. Responsible Communication

◆ Challenges

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

◆ Approach

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

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

◆ Progress made in 2015

In 2015, BIC increased the visibility of its Sustainable Development Barometer by launching a dedicated website: <http://www.bicworld.com/barometer/en/>

The Group has also produced an educational video on sustainable development, targeting both its own employees and the general public: <https://www.youtube.com/watch?v=jfsWI8XgQyo>

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



2.1.5.3. 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 2015:

→ BIC'S COMMITMENT AS SEEN BY LYRECO

Once again this year, I have observed admirable progress in BIC's approach, consistent with the actions undertaken in recent years.

I especially appreciate the governance of the BIC Sustainable Development Program, with its Barometer, which is a particularly good strategic tool, with the formalization of the materiality matrix — a key point in order to ensure a global approach, since it is crucial to identify the stakes and stakeholders — and with the commitment of its Leadership Team. On this last point, certain actions in 2015 clearly demonstrated this commitment, for example the fact that the entire Leadership Team devoted two full days to the annual internal sustainable development forum.

Among the important actions of 2015, I should also mention the continuation of the certification programs, with two factories becoming ISO 50001 certified, BIC's ongoing research in materials and its increased communication efforts, resulting in greater visibility for the BIC program. These are fundamental actions that should definitely be continued.

Lastly, in my opinion, another outstanding development is the launch of the BIC Corporate Foundation for Education, which could give BIC a strong societal role.

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

→ BIC'S COMMITMENT AS SEEN BY HACO TIGER BRANDS

Again in 2015, Haco Tiger Brands appreciated BIC maturity and commitment to sustainable development: the Leadership Team spent two full days on sustainable development during the annual Forum and also BIC worked with its stakeholders for its materiality matrix.

Actions regarding products and materials for the future are key for BIC and Haco Tiger Brands is very interested to understand how the experience of the BIC-TerraCycle partnership in Europe could be extended in other geographies like Africa when it would make sense. The good initiatives on multi modal transport in Mexico could be shared and possibly extended and BIC could also benefit from African distributors' best practices. Haco Tiger Brands would also appreciate to have learning from BIC on other indicators like monitoring energy consumption or even on the U.S. well-being program "You First by BIC" or to get access to BIC communication tools, for example the exhibition that BIC organized during the COP21 Paris Summit.

We consider that the integration of Cello Pens' Indian entities is important as the Cello® brand is strong and the result will be watched here in Africa.

Finally, the launch of the BIC Corporate Foundation will be fundamental and partnerships certainly possible in African regions that have strong needs regarding education.

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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

The BIC Sustainable Development Program

→ BIC'S COMMITMENT AS SEEN BY ODDO

I appreciate the work that has been done on evaluating the materiality of the issues, validating the commitments of the BIC Sustainable Development Barometer. For the Company's Leadership Team to present this matrix at the Annual Shareholders' Meeting is a sign of real maturity. Also in terms of sustainable development strategy, I applaud the decision to launch a pilot project in 2016 on integrated reporting, a procedure that will prove invaluable for structuring the medium- and long-term strategy.

Once again this year, BIC has shown, through win-win programs like multimodal transport in Mexico, that it is indeed possible to reduce both CO₂ and costs, and that sustainable development is not incompatible with economic performance. BIC has begun integrating the Cello Pens entities in India, a key social challenge in terms of corporate culture that we will be following closely in 2016 and 2017. Lastly, the "You First by BIC" program in the U.S. appears to be a strong differentiation factor, and could be extended with an indicator to measure employee well-being. More generally, the ESG criteria could be generalized for certain projects and factored into the variable remuneration of certain managers, an approach that has proven very effective for us.

Concerning the circular economy and alternative materials, I am aware of the difficulties, especially with the low price of oil (less than 30 U.S. dollars per barrel in early 2016) complicating the economic balance, but I appreciate that the BIC Sustainable Development Forum addresses these topics.

Lastly, since the COP21 Paris Agreement of December 2015 did not set a global price for CO₂, we would like to see companies whose activities impact the climate adopt an internal carbon price proactively (around 30 euros and up), to be integrated in the calculations for their economic decisions: investments, the launch of new products or services, etc. We would encourage BIC to adopt this approach before 2020.

Jean-Philippe Desmartin, Senior Analyst, Head of ESG Research (Environmental, Social, Governance), **Oddo Securities**

→ BIC'S COMMITMENT AS SEEN BY FEDEX BRAZIL

I would say that the BIC Sustainable Development Program is comprehensive, with a clear vision, that is well balanced with both operational initiatives and strategic actions.

I particularly appreciate some 2015 actions like the materiality matrix which is a good guidance for the organization, the re-enforced engagement of top management who spent two full days working on sustainable development, the attention to circular economy, the multimodal transportation initiatives that benefit both to BIC and to transport companies in terms of costs and CO₂ reduction. Even more, I am very glad to see that BIC has started to have more communication tools so that teams are embarked; also the events created during the COP21 in Paris have been opportunities to raise awareness on BIC's engagement and to show BIC actions. Finally, there will be expectations from the new BIC Foundation for Education and I believe it will make it easier for employees to connect to sustainable development.

The challenge for BIC now will be to keep the engagement, keep the strong support internally and externally while not change too much the strategy. This can probably be achieved by creating a strong chain of progress, by pushing for all partners, suppliers and customers to be fully part of the approach.

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

→ CUSTOMERS' EVALUATION 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.).

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 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.



2.1.5.4. 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:

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

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

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

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

Clearly identified lobbying responsibilities

At the highest level of the Group, Chairman 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 2015

The BIC Group's lobbying activity was reduced in 2015, concentrating primarily on the follow-up of regulatory changes under consideration by the EFLM and the EWIMA.

2.1.5.5. Dialoging with the financial community

◆ Challenges

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

◆ Progress made in 2015

Throughout 2015, various events continued the dialog on the topic of sustainable development, including:

- the Annual Shareholders' Meeting on May 6, 2015, at which the topic was presented to the shareholders;
- the Oddo Mid-Cap Forum in January 2015 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.

→ **7 discussions with investors and investment funds on sustainable development in 2015**

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





2.2. Responsibility concerning our products

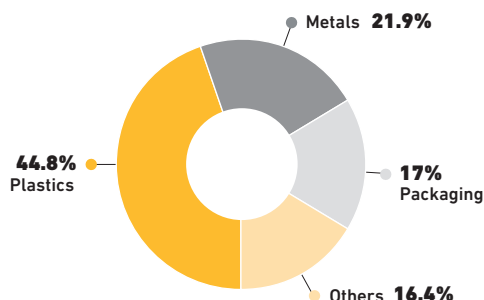
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this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

2.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

◆ Challenges

To manufacture its products, BIC uses raw materials (plastics, inks, packaging and metals, 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 raw materials.

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2015



2.2.1.1. The three eco-design solutions developed by BIC

◆ Approach

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

- minimizing the quantity of materials used in the manufacturing of each product, while ensuring long-lasting performance;

- using alternative materials of either vegetable or recycled origin;
- developing refillable products.

→ BIC'S THREE ECO-DESIGN SOLUTIONS

Economy of materials

Integrating alternative materials

Developing refillable products

Economy of materials

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

In the Stationery category, the BIC® Cristal®, one of the Group's flagship products, exemplifies this approach (see Commitment #3 on page 24). 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 more than 2 km;
- It uses only 2.9 grams of material per kilometer of writing, compared with 6.4 grams for a competing product with comparable characteristics.

In the 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 an optimal quantity of materials.

For example, the BIC® Simply Soleil® shaver is designed to weigh as little as possible. Although it is hollow, its handle nonetheless ensures a high level of performance, quality and comfort in shaving. In 2015, the BIC® Simply Soleil® shaver continued to achieve strong growth in the U.S., Europe and Latin America and will reach more and more markets in 2016, Russia, in particular.



→ **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 eco-label, 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, in collaboration with the Purchasing departments, focus on two approaches:

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

By the end of 2015, 79 alternative materials had been tested, including 31 recycled plastics, 24 hybrid materials and 24 materials derived from renewable resources.

→ **79 alternative materials tested.**

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 have identified 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 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 in Villeneuve d'Ascq, near Lille, it backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and biosourced materials, high efficiency processes and clean technologies.

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® range is a complete stationery line that consists of products manufactured using recycled materials (at least 50%) 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 performance. BIC is convinced that this product line meets the needs of certain customers and anticipates future consumer expectations.

In 2015, BIC extended the BIC® Ecolutions® line with a new version of the M10®, the first retractable ballpoint pen to be launched by the Group. Called the M10® Ecolutions®, it is produced using 52% recycled materials.

A line of surfboards made from natural products developed by BIC Sport

In 2015, BIC Sport continued its efforts to reduce the ecological footprint of its products and operations. To this end, the Earth SURF line of six surfboards made from paulownia wood and flax fiber was launched during the year, in the same spirit as the Earth SUP stand-up paddle board line that was launched in 2014. The boards are produced without using varnish, or paint and with a minimum of fiberglass.



Developing refillable products

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

Within the Stationery category, BIC has remained focused and committed to offering consumers refillable pens. Two new products were therefore added to the Atlantis range of retractable ball point pens in 2015: the BIC® Atlantis® Ultra Comfort and the BIC® Atlantis® Air, both of which are refillable. Other additions to the 'champion brand' range include the 4-Colours™ Stylus, a truly multi-functional product which, in addition to four different colored inks, includes a soft pad for easy navigation of smartphones or tablets.

Elsewhere, the development of completely refillable markers in the BIC® Marking range (permanent markers, dry wipe markers and highlighters) has continued strongly in Brazil.

On the U.S. market, pen refills are available on the dedicated website www.wheresmybic.us. In addition, they are available on the website www.bicworld.com, which links to a European e-commerce site offering the BIC® refill range.

In the Shaver category, the BIC® Easy/BIC® Hybrid shaver is sold as a handle with 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 customers, it is compared to a non-refillable model.

This hybrid line of triple-blade shavers is enjoying strong commercial success and is constantly being extended, offering the consumer a combination of shaving quality and environmental performance. In 2015, the BIC® Simply Soleil® Click was launched in the U.S. With its lightweight hollow handle and six cartridges for a longer performance life, it offers female consumers a combination of high-quality shaving and good environmental characteristics.

→ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

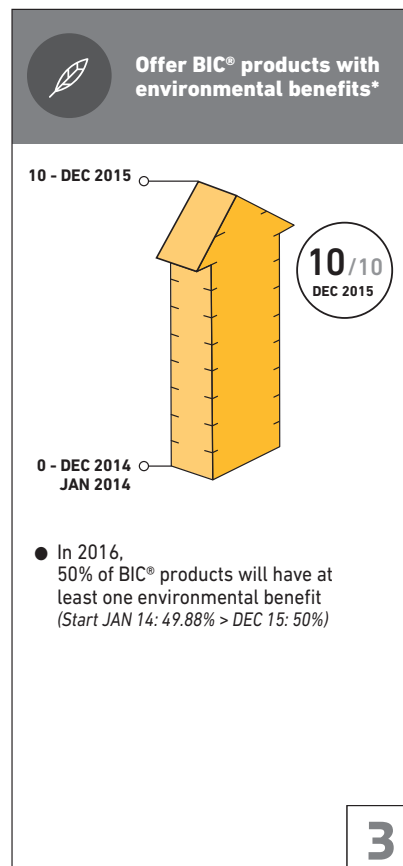
BIC® products are very often stigmatized as "disposable." Although not all of them are refillable, neither are they used just once. On the contrary, most of them offer long-lasting performance: more than 2 km of writing for a ball pen, up to 3,000 flames produced for a lighter and 17 shaves for a shaver. 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 for 2016:

- to extend the distribution of the BIC® Simply Soleil® Click to Canada;
- to extend the distribution in the U.S. of the BIC® Hybrid 3, comprising a handle and 12 cartridges, launched in 2014

◆ Performance of the eco-design approach



* BIC Graphic excluded.

RESULTS FOR 2015: The three categories exceeded the target of 50% of products with at least one environmental benefit. Stationery and Lighters categories increased their rates (6% for Stationery), while the Shavers category recorded a 4.5% drop because of launches of added-value products, which are heavier.





2.2.1.2. Tools to facilitate the eco-design 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" ⁽¹⁾ 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 	End of life cycle 
BIC® Cristal® ball pen	88%	7%	4%	1%
BIC® Maxi flint lighter	87%	6%	5%	2%
BIC® Classic Single-blade shaver	83%	11%	4%	2%

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

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

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

Our LCA and eco-design tools

In 2004, upon the launch of its Sustainable Development Program, BIC extended 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⁽²⁾ interface to enable Research and Development (R&D) designers to carry out complete and detailed environmental evaluations, as well as create quick decision-making studies during the design process.

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

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

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

In order to bolster and spread the culture of eco-design within the Group, BIC launched two major projects for the Stationery category in 2015:

- sharing the products' environmental profiles with the teams in charge of their development, in the form of information sheets summarizing the SimaPro findings. This will improve the product managers' knowledge of each product's environmental benefits;
- the preparation of an in-house eco-design and LCA guide for the teams in charge of product design and new product launches.

These tools, now in the pilot stage in the Stationery category, have been designed so that they may be replicated in other categories.

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

(2) Everybody can Design with Environmental Awareness.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Responsibility concerning our products

→ 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, The BIC Group has been committed to the life cycle approach in order to verify that it is making steady progress in all pertinent areas.

2.2.1.3. Contributing to the emergence of the circular economy

BIC Group is laying the groundwork for its commitment to the circular economy by identifying new economic models.

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

In 2015, 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. So far, more than 250,000 euros has been donated since 2011. 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 13 million writing instruments that have already been collected and has created a task force to develop a model based on the circular economy.

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

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.

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



2.2.2. PRODUCTS CONCEIVED TO MEET AND ANTICIPATE CONSUMERS' EXPECTATIONS

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

2.2.2.1. Encouraging consumers to adopt more responsible consumption habits

◆ Challenges

In the past few years, the demand for responsible products has become a market trend in developed countries. Although this criterion has become a strong expectation among the Group's customers (major retailers, administrations, distributors – see page 20), 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 NF Environnement ecolabel certification of a given product, where it was manufactured, the amount of recycled materials in it or its writing length.



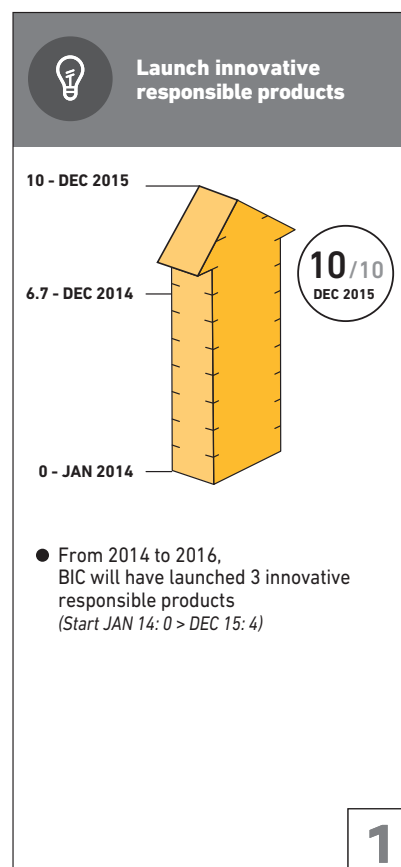
To help consumers make well-informed decisions, BIC strives to improve the clarity and reliability of the communication used for its

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

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

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

◆ Performance



RESULTS FOR 2015: Aligned with 2014, two products were launched in 2015: a 4 colours™ pen with a pad to write on smartphones/tablets for the Stationery category and a female hybrid shaver with six heads, a first for a women's shaver. In two years, four products have already been launched, exceeding the target for 2016.

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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Responsibility concerning our products

→ **"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, for example, currently stands at 1.6 for all stationery products. The goal for 2017 is to reduce this figure to only one complaint per million products sold.

→ **163 writing items meet BIC's eco-value criteria**

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

◆ **Perspectives**

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

2.2.2.2. **Making our products affordable to all**

◆ **Challenges**

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

In 2015, 30% of the Group's turnover came from these growth markets.

◆ **Approach**

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

Building 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. In 2015, BIC opened an office in Côte d'Ivoire and a subsidiary in Morocco, allowing it to serve these markets even better.

Creating products for growth markets. One of BIC's goals for 2014-2016 is to create eight products for growth markets, most of which are in emerging countries, as stated by Commitment #2 of the Barometer. In 2015, the launch of the BIC® Cristal® Fine pen in South Africa and Ghana was made possible by local production, enabling a cost price adapted to those countries' buying power. Three pens that are especially well-adapted to consumers' needs in Asia, with very fine tips and very low viscosity ink, were launched on those markets: the BIC® Xtra EZ RT, BIC® Xtra EZ+ and BIC® Xtra EZ Stic.

Adapting BIC® products to the buying power of emerging countries, in order to meet basic needs of the population with quality products. In 2011, the BIC® Comfort 3® shaver was redesigned for South America in order to suit the buying power of those countries.

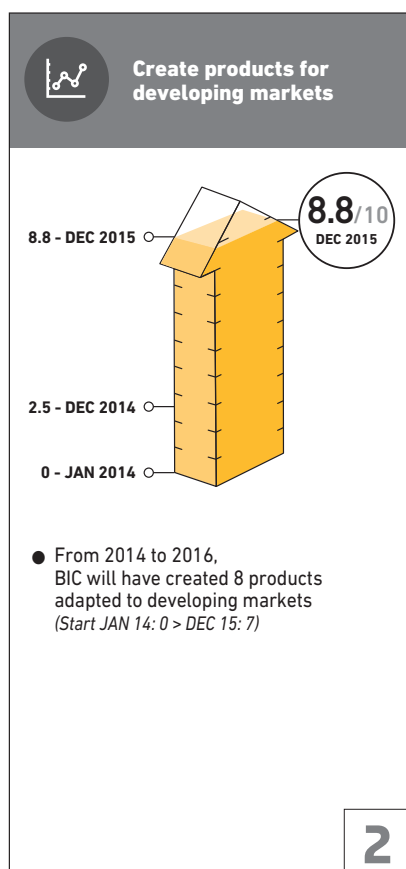
Completely rethinking the packaging. In certain emerging countries, BIC is marketing its pens, lighters and shavers in packages that contain only one or two items. Examples include the BIC® 1 shaver and the BIC® 1 Lady shaver, which are sold in single-unit or two-unit pouches in Nigeria, Kenya, Madagascar,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

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

Developing innovative distribution models. In order to reach the most impoverished consumers wherever they live, generally in remote rural areas or on the outskirts of large cities, BIC relies on local retailers to develop appropriate distribution channels, such as individual kiosks or micro-shops, service outlets near schools or specific "Social Business" initiatives (see page 29).



◆ Performance



RESULTS FOR 2015: In 2016, five products have been created to meet the needs of developing markets. A pen packed by 10 units instead of 50, to make it more affordable; a pen manufactured locally in Côte d'Ivoire to reduce production costs, while maintaining the quality level; finally, three pens with very low viscosity ink in order to adapt to fine writing, in Asia.

◆ Perspectives

A retractable ballpoint pen will be launched in Latin America in 2016. Specially developed to meet the needs of these markets, it will come in "fashionable" colors, that differ from the conventional colors for this type of product.

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

◆ Challenges and approach

The BIC Group 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 to help strengthen the financial, economic and social independence of women in remote rural areas.

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 2015

In 2015, 1,000 women participated in this program.

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 2015, the program continued with 80 consumer awareness events and 40 sessions to teach people about the products and how to use them. In all, 319 villages were involved, representing some 80,000 households and 314,000 potential consumers. At these interactive events, consumers are told about the importance of hygiene and shaving, shown BIC TV advertisements and offered demonstrations of the products. Special BIC branded vehicles are also used to increase visibility.

◆ Perspectives

Currently only basic shavers (BIC® Metal, BIC® Body and BIC® 1) are being sold through the JITA program. The Group is assessing production and distribution of core stationery products in Bangladesh.





2.2.3. PRODUCT SAFETY

◆ Challenges

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

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 for the consumer.

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

BIC has also 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.

In order to guarantee consumer safety, BIC Group Category Directors are responsible for marketing safe products that comply with regulations. To this end they rely on dedicated product safety teams who monitor regulatory developments and ensure the products' compliance.

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



Safety starting at the product design stage

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

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 independent accredited laboratories, more than three-quarters of the lighter models in the European market fail to meet standards. The Group has initiated actions to raise awareness among the various parties involved.

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

→ COMPLIANCE WITH THE REACH REGULATION

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

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has 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 Group has begun preparing for the registration of the remaining substances by 2018.

◆ Progress made in 2015

In 2015, BIC continued to improve its organization for adapting to the large number of new regulations that affect its products, and for meeting customers' increasing demands. Two new employees were recruited to strengthen the central and Stationery safety teams. BIC also stepped up its product safety training actions, which involved the factory Directors, quality managers, R&D managers and marketing and development managers of the Stationery category, plus all buyers in the Stationery, Lighters and Shavers categories. Lastly, more than 430 products were tested to verify the absence of heavy metals.

In November 2015, as part of National Fire Prevention Month in the U.S., the BIC Group launched the fire prevention website www.flickitsafely.com, which informs consumers about BIC® lighters and their safe use. This website complements BIC's fire-safety and prevention program for young children, called "play safe! be safe!®".

◆ Perspectives

In the coming years, 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.





2.2.4. OPTIMIZED PACKAGING

Challenges

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

Approach and progress made in 2015

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 (73% in North America), 79% of lighters are sold in trays of at least 50 (72% in North America) and 70% of shavers are marketed in pouches of five, ten or more (48% 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 #4 of the BIC Sustainable Development Barometer — "Select responsible materials for packaging" — as well as other best practices related to packaging (optimization and waste reduction).

Three priorities for reducing the impact of our packaging

Priority #1: 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 accomplished in 2015:

- as of 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; a chain of traceability is being implemented to confirm the certification efforts;

- acting on a request from BIC, the Group's Brazilian cellulose packaging suppliers have worked hard to qualify for certification and/or use recycled fibers. These aspects are now taken into account at a fundamental level in the development of new cellulose packaging.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago in Europe (more than 99% PVC-free) and is well advanced in the U.S. and 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 2015, the Group made progress in the following areas:

- in the U.S., the transition from PVC to 100% PET began in 2012. The installation of the fourth PET-compatible machine for blisters at the factory in Charlotte (North Carolina) made it possible to achieve 70% PVC-free packaging (up from 40% in 2013); large format clamshells and blisters have been transitioned to PET, along with all folding cartons; the teams are working on a plan to continue the transition and reach more than 90% by the end of 2016;
- the factory in Milford (U.S.) has modified its blister packing machine and will be able to produce PVC-free packaging starting in early 2016;
- in 2015, the BIC Mexico factory replaced the plastic pack used for the BIC® Mini lighter (the zone's bestselling model) with cardboard packaging, reducing its plastic consumption by nearly 95 tons compared with 2014;
- in Brazil, BIC® Soleil® and BIC® Comfort 3® shavers were launched in 100% PVC-free blister packs.

Priority #2: 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 U.S. in 2015, BIC continued its participation in Walmart's "Packaging Scorecard" program, which puts a premium on seven "Rs" for progress: Remove, Reduce, Reuse, Recycle, Renew (use renewable materials), Revenue (look for savings), and Read (educate consumers).

In Brazil, a study was conducted to optimize the placement of blister packs in cardboard boxes. The goal is to reduce the size of the boxes and the quantity of cardboard used for packaging, as well as storage space and shipping costs. A pilot operation using the BIC® Cristal® Gel 2 (in packs of two) achieved a 33% reduction in the volume of the boxes, resulting in a 36% increase in the number of products per pallet. The same approach is being studied for other products.



Priority #3: Reducing packaging waste

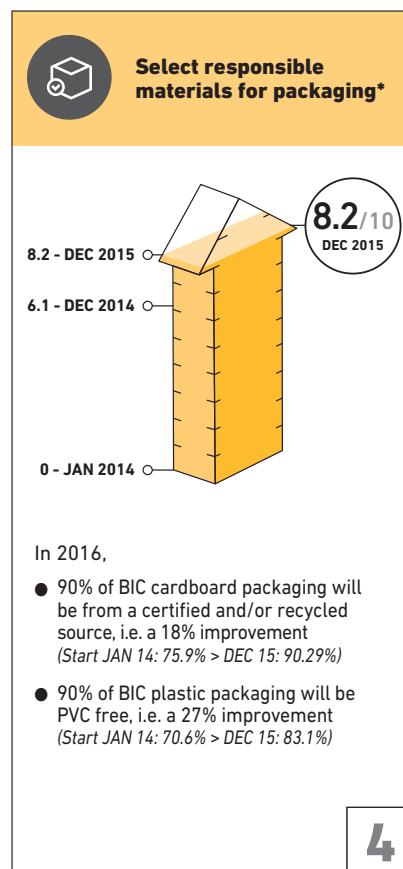
The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte site in the U.S. has already reached the program's goal of 100% waste recycling. This objective is backed by an effort to reduce waste production upstream.

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 landfill 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%).

In Australia, since 2013, BIC has been a member of the Australian Packaging Covenant (APC), a governmental initiative to promote the development of more sustainable packaging systems, increase recycling and reduce packaging waste — three priorities shared by the BIC Group. As an APC member, BIC Australia has defined a number of goals in this area: to ensure that all new packaging complies with the recommendations, to work with its suppliers toward more sustainable packaging, to track the percentage of recycled materials used in its packaging, etc. The site has been sorting and recycling its packaging waste since 2013.

◆ Performance



* BIC Graphic excluded.

RESULTS FOR 2015: The objective of having 90% of certified and/or recycled cellulose is met and exceeded thanks to the efforts carried on all zones. Regarding the decrease of PVC material in our packaging, BIC is in line with forecasts. Efforts are still being made, mainly in the United States, Brazil and Mexico.

◆ 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.





2.3. Environmental responsibility concerning our operations

As an industrial leader in the manufacture of consumer products, BIC is committed to ensuring that its production facilities operate in an environmentally responsible way. 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 (86% of the Group's net sales are generated by products manufactured in its own factories; 90% in the Consumer Goods business and 65% in the Advertising and Promotional Products business of BIC Graphic). Secondly, in the Consumer business, 58% of the products sold on a given continent are also manufactured on that continent (88% in Europe and 46% in the Americas).

2.3.1. 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 2.2.1. "Our products' environmental performance," page 22), 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.

Since 2010, this policy applies to all of the Group's factories (excluding Cello Pens).

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

2.3.1.1. 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**. If needed, 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 36 to 41, along with the actions undertaken by the Group and its sites to control and reduce their environmental impacts.

Conditions for use of soil

In Europe and the U.S., where most of the Group's sites are located, whenever an industrial site is closed, BIC ensures that plant decommissioning is performed in accordance with local laws and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of 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 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 would 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 2015, 4.8 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 "Off-balance sheet commitments: sureties, deposits and guarantees" of the consolidated financial statements for the year.

Compensation paid during the fiscal year under court order

None.

◆ Progress made in 2015

Again in 2015, the management systems of BIC Sport (France) were recognized for best practice. The subsidiary also earned the renewal of its Ecoride label to the gold level, an initiative of the board sports association EuroSIMA Cluster (in partnership with ADEME Aquitaine). This label stresses the high level of commitment of BIC Sport.

Since 2014, the startup of the WCA platform for auditing subcontractors' working conditions (see page 63) enabled the inclusion of a comprehensive questionnaire on their environmental performance, accounting for 10% of the total number of questions posed. Of the 69 suppliers, who were active and audited in 2015, 24 suppliers had deficiencies relating to the environment. A total of 59 of such deficiencies were raised. 73% of them were minor and 27% were moderate.

BIC Ecriture 2000 (France) and BIC Sport (France) have both received certification to the ISO 9001:2015 quality certification, allowing BIC to have 22 factories certified ISO 9001. BIC's continued and steady progress in systems registrations underlines BIC's commitment to the highest standards of environmental protection and quality.

◆ Performance

→ A SECOND FACTORY OBTAINS LEED CERTIFICATION

Following the granting of LEED (Leadership in Energy and Environmental Design) certification to the BMT 11 factory in Tunisia in 2013, the BIC (Nantong) Plastic Products lighter factory that opened in China in 2015 has also earned this certification. The factory was commended for its optimized water management, its numerous measures to reduce energy consumption (with the goal of -14.5% in relation to a baseline conception), the elimination of coolants that could damage the ozone layer, the promotion of eco-friendly transport methods for the people who work in its building, the sourcing of more than 20% of its materials within an 800-kilometer radius, the choice of certified wood for sustainable forest management, its strict air quality management, etc.

In 2015, the implementation rate for BIC management systems at BIC-owned product factories is 89% complete for the environment and 88% complete for health and safety. These rates for management system implementation vary every year as new plants join the scope and others make progress, but rates remain consistently high.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

In addition, 80% of BIC employees work in factories that are registered or engaged in ISO 14001 and 40% of employees work in product facilities that are registered or engaged in OHSAS 18001 registration.

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

Reducing water consumption

◆ Progress made in 2015 and performance

Water consumption per ton of production decreased by 7% between 2014 and 2015. Total water consumption decreased by 2.8% over the same period while production increased by 4.5%. 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 is more relevant reading for BIC Group activities with high tonnage of production (which is not the case for product storage and packaging or for advertising and promotional product printing);
- The gross indicators are disclosed on page 72 for additional information.

In 2015, 15 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 (30%), reported an almost 16% 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. Furthermore, Conté-Samer (France) has reduced its water consumption per ton of production by more than 30% thanks to different actions, such as, for example the implementation of a recovery tank.

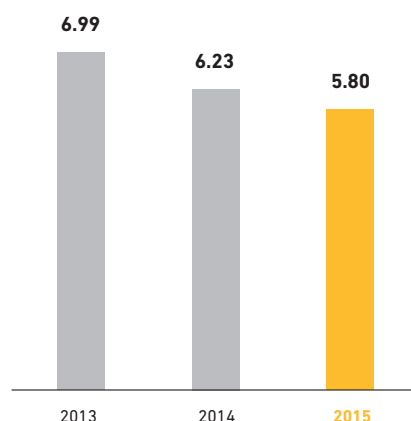
Some improvements have also been reported by BIC Écriture 2000 (France), Conté-Boulogne (France), BIC Mexico (Mexico), BIC Amazonia (Brazil), BIC Iberia (Spain), BIC Violex (Greece) and BIC Graphic Sleepy Eye (U.S.), among others. These plants, which represent 32% of the water consumption of the Group and 55% of the production of finished and semi-finished products, have improved their water consumption ratio per ton of production by 6% overall.

BIC Group plants completed or implemented 11 projects targeted specifically at water savings during 2015.

→ EWS CERTIFICATION FOR THE BIC VIOLEX FACTORY (GREECE)

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

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



Assessing the scarcity of water resources at our factories

In 2015 the BIC Group consumed 551,968 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).

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



2.3.1.3. Reducing energy consumption and greenhouse gas emissions

◆ Progress made in 2015 and performance

Optimizing energy consumption

At the Group level, the Purchasing departments have developed an ambitious procedure for the purchase of "fluids" (electricity, gas, water). A dedicated buyer handles the electrical supply contracts in close cooperation with the factories, talking to the suppliers and negotiating the most advantageous contract for all French plants. 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 2014 and 2015 (-0.5%), resulting from a continuous effort in energy efficiency lead by the BIC Group factories. It is notable that during the same period, production increased by 4.5%.

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 is more relevant reading for BIC Group activities with high tonnage of production (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 72 as additional information.

13 sites improved their ratio of energy consumption per ton of production in 2015.

Conté-Samer (France), BIC Mexico (Mexico), B.J.75 (France), BIC CORPORATION Milford (U.S.), BIC Violex (Greece), and BIC Graphic Sleepy Eye (U.S.), representing almost 50% of the Group's energy consumption and 59% of the production of finished and semi-finished products, have improved their energy efficiency by 0.4%. In particular, Conté-Samer (France) achieved a 10% reduction in its energy consumption ratio per ton of production through various actions including optimization of centralized energy management systems, work on equipment decreasing their

electricity consumption, continuous operation in the factory requiring no energy intensive reboot of machines and finally to the purchase of two cooling units with heat recovery.

Improvements were also reported by BIC South Africa (South Africa), BMT 11 (Tunisia), BIC Iberia (Spain), BIC Shavers Mexico (Mexico), BIC Graphic Red Wing (U.S), BIC Technologies (France) and BIC Sport (France), which represent nearly 10% of the Group's energy consumption and production of finished and semi-finished products. These sites have improved their energy consumption ratio per ton of production by 11% overall.

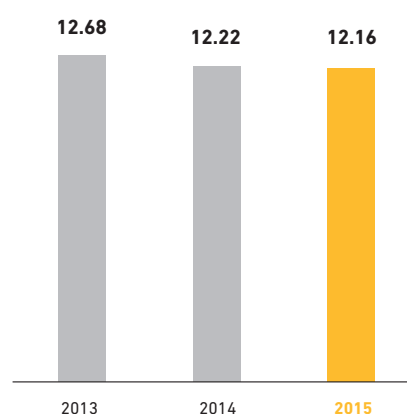
Finally, energy consumption programs have been pursued this year on the sites including the replacement of light bulbs with energy saving bulbs or LED, the replacement of equipment (such as boilers) with more efficient ones or the optimization of heating and cooling systems.

BIC plants completed or implemented 38 projects targeted specifically at energy savings during 2015.

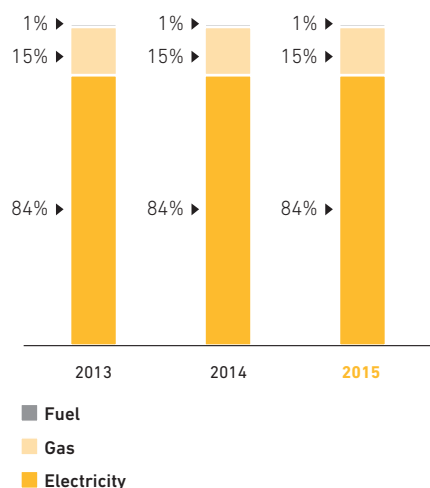
→ TWO FACTORIES EARN ISO 50001 CERTIFICATION

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

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



CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



The use of renewable energy

The BIC Group continues to seek and seize opportunities to promote 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: the headquarters, a factory and an R&D facility. BIC renewed this commitment in 2015 for the period from 2015 to 2017, in order 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 9,800 teqCO_2 emissions per year 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 6,501 teqCO_2 , 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 eco-design 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.

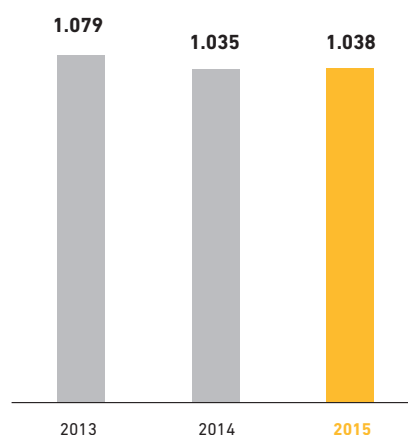
For its transport operations, BIC has developed an approach to reduce its GHG emissions (page 41).

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 2015, on the scope of its plants, the BIC Group quantified the direct and indirect emissions of GHG 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 2015 was estimated at 9,275 teqCO_2 , i.e. a 3.7% increase compared to 2014;
- **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 2015 was estimated at 89,580 teqCO_2 , i.e. an increase of 4.9% compared to 2014.

The total amount of direct and indirect GHG emissions was thus estimated to be 98,855 teqCO_2 in 2015. Given that production increased by 4.5% between 2014 and 2015, the ratio of direct and indirect GHG normalized to the Group's production has slightly increased (+0.3%). The ratio of energy consumption normalized to production decreased (-0.5%) over the same period.

ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS NORMALIZED TO PRODUCTION - IN TONS OF CO_2 EQUIVALENT/TON - BIC FACTORIES

For the past eight years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2015, the Group was once again included in the Carbon Disclosure Leadership Index (CDLI) and ranked among the 19 companies in France and Benelux that achieved a score of 100 out of 100. With an A- rating, BIC is one of the 16 companies rated A or A- in "Performance", highlighting the Group's ongoing efforts to limit its emissions and its impact on climate change.

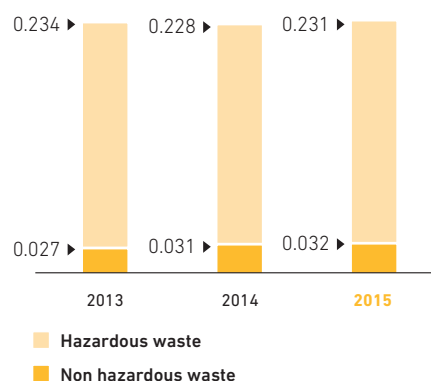
→ BIC PARTNER OF THE COP21

To mark its support for the COP21, BIC offered the official ballpen and pencil of the Climate Conference included in the welcome kit given to official representatives (30,000 BIC® 4 Colours™ pens and 30,000 BIC® Evolution® Ecolutions® pencils, both products certified by the eco-label NF Environnement). The Group also participated from December 4-10 at "COP21 Solutions", an awareness raising initiative for the general public about the solutions that exist to fight against climate change, organized in Paris by ADEME and Comité 21.

waste generated and the elimination of equipment tests that generate waste.

BIC plants completed or implemented 10 programs targeted specifically at waste reduction during 2015.

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



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

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.

2.3.1.4. Reducing waste production

◆ Progress made in 2015 and performance

In 2015, the BIC Group reported a slight increase (+2%) in the amount of waste generated per ton of production compared to 2014. This primarily results from an increase in non-hazardous waste (+1.7%), which represents almost 88% of the waste generated by the Group, and from an increase in hazardous waste generated per ton of production (+4.2%). The increase in non-hazardous waste is mainly due to expansion work or renovation of buildings or equipment. For hazardous waste, the increase is mainly due to the destruction of obsolete products and the implementation of new waste regulations. Programs to sort, recycle and reuse certain types of waste (e.g. pallets) have been carried out in factories such as BIC Amazonia (Brazil), BIC Graphic Europe (Spain), BIC Graphic Sleepy Eye (U.S.) or BIC Graphic Tampa (U.S.).

Since 2014 Conté-Boulogne (France) has also implemented a major program to increase plastic recycling thanks to the optimization of settings for 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. At Conté-Samer (France), the decrease in the ratio of waste per ton of production can be explained by various factors, among them a weighing operation to increase the operators' awareness of

Hazardous waste

In 2015, the BIC Group registered a 4.2% increase in hazardous waste generated per ton of production compared to 2014. This increase can be explained by changes in the regulatory framework reclassifying certain non-hazardous wastes in hazardous wastes in 2015, the increase in production of certain products generating more hazardous wastes, the disposal of some obsolete products and the realization of maintenance operations in 2014. Thus, nine sites improved their ratio of hazardous waste generated per ton of production between 2014 and 2015.

BIC Amazonia (Brazil) reported a 31% decrease in its ratio of hazardous waste per ton of production, following maintenance operations in 2014 and the stabilization of some manufacturing processes in 2015. BIC CORPORATION - Gaffney (U.S.) improved its ratio by almost 2% through careful management of color changes in production reducing the amount of waste solvents produced. Improvements were also reported by BIC Mexico (Mexico), PIMACO (Brazil), BIC Stationery (Shanghai) Manufacturing (China), BIC Rasoirs (France), BIC Violux (Greece), BIC Shavers Mexico (Mexico) and BIC Technologies (France).

These factories, which represent 40% of the Group's annual production of finished and semi-finished products, reported an 26% decrease overall in their ratio of hazardous waste generated per ton of production.

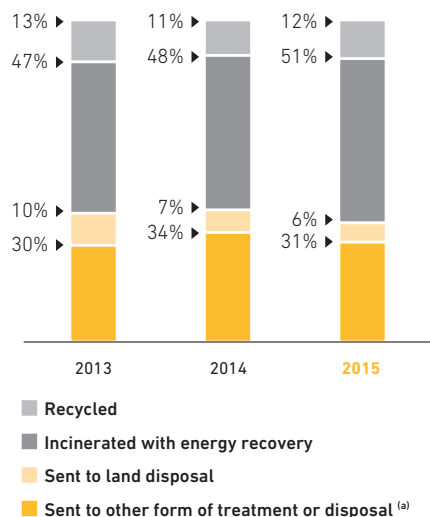




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

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.

Non-hazardous waste

In 2015, the BIC Group's ratio of non-hazardous waste generated per ton of production increased slightly compared with 2014 (+1.7%).

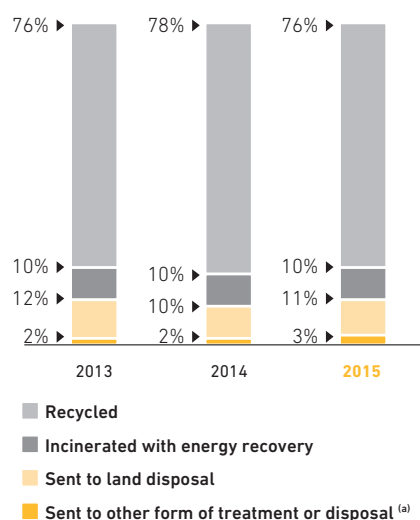
Eight factories improved their ratio of non-hazardous waste generated per ton of production between 2014 and 2015.

Improvements were reported by Conté-Samer (France), BIC Technologies (France), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Violex (Greece), BIC Shavers Mexico (Mexico), BIC

Graphic Tampa (U.S) and BIC Sport (France). These factories, which represent 25% of the Group's annual production of finished and semi-finished products, reported an 11% decrease overall in their ratio of non-hazardous waste generated per ton of production.

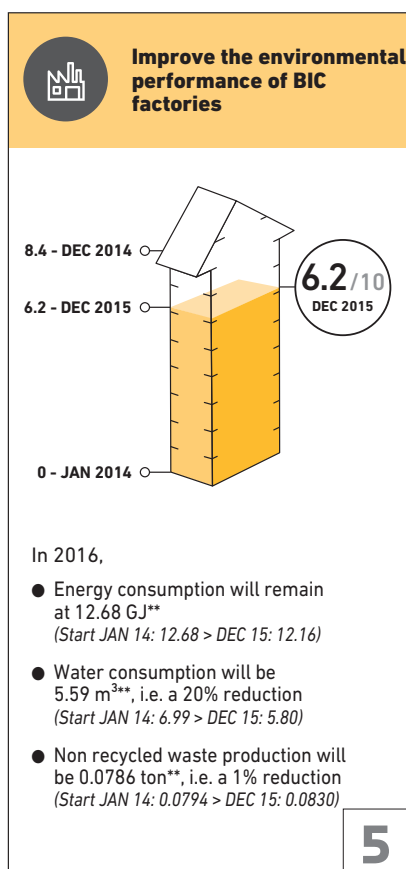
In addition in 2015, BIC CORPORATION - Gaffney (U.S.) carried on with its initiative to grind and re-use some materials instead of sending them off site. Specifically, 23 metric tons of plastic were re-ground and re-used in 2015.

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.





** Per ton of production.

RESULTS FOR 2015: The score of the commitment is decreasing due to increased production of non-recycled waste. Otherwise, reductions in energy and water consumptions are in line with expectations. These indicators are calculated per ton of production.

2.3.1.5. 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 2015

For the fifth year in 2015, 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.

2.3.2. LIMITING THE ENVIRONMENTAL IMPACT OF SHIPPING

◆ Challenges

The objective of BIC's shipping management system is to ensure the availability of its products 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 airfreight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 1.4% of the total tonnages shipped, air freight is still the transport method that generates the most GHG: in 2015 it represented 58.9% of the Group's total emissions from transport.

◆ Approach and progress made in 2015

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, 58% of products sold in a continent are manufactured on this same continent (88% in Europe and 46% in the Americas).



OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

In the Consumer business:

- ***88% of BIC® products sold in Europe are also manufactured on this continent***
- ***46% 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 airfreight, BIC decided to devote Commitment #6 of its new Barometer specifically to this challenge (see page 43). For further improvement, BIC is studying the implementation of a system to offset the emissions generated by this shipping method.

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 2015, new countries in the Africa-Middle East zone, Oceania and Australia joined the "Transport Community", thus expanding the sharing of know-how within the Group. Since 2014, the "Transport Community" has been working closely with the Categories (Stationery, Lighters, Shavers) and steering working group tasked with identifying solutions to achieve a significant and long-term reduction in air freight. In 2015, the "Transport Community" continued in 2015 to consult with transport companies that are committed to sustainable development on topics such as the pooling of shipments, reducing GHG emissions and optimized routing.

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, such as Production and Sales, as well as its service providers.

A great many actions were undertaken in 2015 to optimize shipping and routing:

- since 2014, shipments of shavers from Greece to Mexico have been optimized by shipping only blades, which are then assembled on handles at the Saltillo site (Mexico). In 2015 this optimization made it possible to cut the number of containers from 18 to 14, for a reduction of 22%;
- in 2015, the use of train/road multimodal transport continue to rise for shipments from the shaver-packaging factory in Saltillo (Mexico) to the warehouse in Charlotte (U.S.), reaching more than 76%, saving 747 tons of CO₂-e emissions;
- in 2015, nearly 40% of the shipments arriving in Mexico by sea were transported by rail to the Mexico factory;
- the opening of a packaging factory in Dubai and a subsidiary in Morocco, with a new warehouse in Casablanca, will reduce the carbon footprint of the Group's logistics in North Africa and the Middle East. In parallel, an ongoing effort is made to optimize the filling of containers.

Selecting responsible carriers

The 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.

In conjunction with the Group's responsible purchasing policy, BIC selects carriers that allow it to reduce the ecological footprint of its shipping operations. For example, in the U.S. and Canada, the Group only works with carriers that have received SmartWay® certification. Launched in 2014, SmartWay® is an American Environmental Protection Agency program designed to reduce GHG emissions and air pollution from shipping operations.

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

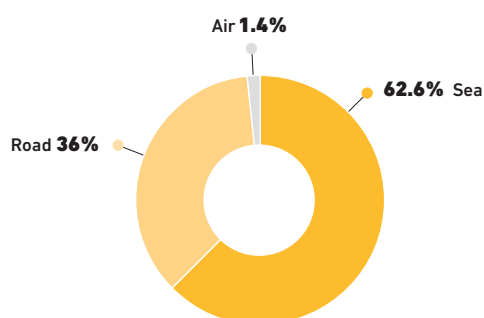
Lastly, in order to encourage its carriers' commitment to Corporate Responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all of the Group's transport teams worldwide, to be put into practice with their service providers. To facilitate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



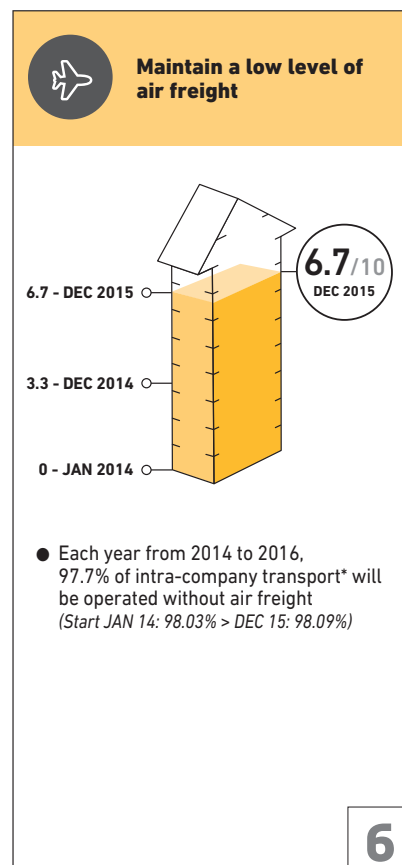
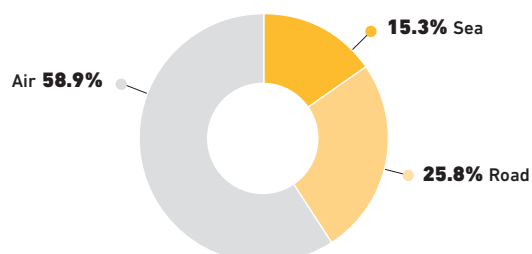
◆ Performance

In 95% of the Group's calls for transport tenders, the reduction of GHG emissions is a criterion for selection

BREAKDOWN OF TONNAGE SHIPPED – AS % OF TOTAL



BREAKDOWN OF GHG EMISSIONS – AS % OF TOTAL



*in tons kilometers.

RESULTS FOR 2015: The goal is to keep air freight at a low level throughout the three-year period. This goal was achieved again in 2015

◆ Perspectives

In 2016, BIC will continue the programs that are already underway and launch new ones:

- a more direct route — bypassing Mexico — from France to Central America (Guatemala, Dominican Republic, Honduras) will be opened in 2016 to further reduce shipping costs and the related GHG emissions;
- the quarterly reporting on the use of air freight, which completed its first full year in 2015, will be analyzed in detail and an action plan will be defined;
- a study will be conducted to evaluate sea transport on a Group-wide scale;
- the Group will also focus on optimizing the shipping of packaging and reducing the related GHG emissions.





2.3.3. OUR SALES AND SUPPORT ACTIVITIES

◆ Challenges

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

◆ Approach and progress made in 2015

The carbon footprint of our sales and support activities

In 2006, BIC began measuring the GHG emissions of its headquarters in Clichy (France). A *Bilan Carbone*[®] (carbon analysis) was compiled using the data from 2005, taking 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 such as accidents or the fleet's GHG emissions.

In 2015 the average level of GHG emissions dropped from 111.9 to 105.9 g CO₂-e./km for sales force vehicles, and from 120 to 112.9 g CO₂-e./km for the business account Directors' vehicles.

In France in 2015, BIC experienced an increase in the number of accidents involving company vehicles, in particular due to difficult weather conditions.

Reporting of main headquarters

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

Environment

In 2015, the annual energy consumption efficiency for the three BIC headquarters operations was 0.80 GJ/m². This result, steady compared with 2014, is influenced by a number of factors, some unique to each site:

- In 2014 the Clichy headquarters implemented a program to reduce energy consumption by stopping air treatment operation on weekends and nights when the site is closed. Since 2015, a hot air curtain has been installed at the back entrance to improve the building's insulation. Also in 2015, an energy audit of the Clichy headquarters was undertaken to assess the costs and benefits of various possible improvements;
- The Shelton site was designed in compliance with LEED (Leadership in Energy and Environmental Design) standards, and certified as a "sustainable building" by the U.S. Green Building Council in May 2009. This internationally recognized certification confirms that the structure meets the highest standards for environmental design and construction. Energy consumption is also influenced by the presence of a large data center;

- The Cajamar site includes some production activities, which may result in higher than normal consumption for an office building.

The greenhouse gas emissions attributed to energy consumption of the headquarters represented around 2,170 tCO₂-e, including 1,933 tCO₂-e of indirect emissions and 237 tCO₂-e of direct emissions. The Shelton location purchased renewable energy certificates covering 100% of its electricity consumption.

In 2015, water consumption increased slightly (+2%) to 17,473 m³, or approximately 19 m³/workstation occupied. Paper consumption, the main raw material consumption for any office facility, decreased in 2015 and was 22 tons, or 23 kg/workstation occupied.

Waste production was 279 tons, which represented an increase of 10% compared to 2014, in particular because of the inclusion of Clichy's restaurant and an increase in headcount at Cajamar. The Shelton headquarters does not send any waste to landfill, instead relying on recycling and waste-to-energy facilities. All three sites have a dedicated program to responsibly manage end-of-life for computer equipment. In 2015, 69 screens collected at the Clichy headquarters (France) were donated to the Collège Albert Camus (France). Equipment that cannot be reused is donated to an association that hires disabled employees, who disassemble the devices and recover the parts.

Furthermore, four recharging stations for visitors' electric vehicles were installed in Clichy and one electric car is available to employees for their business trips. In 2015, the bicycle parking areas were revamped to facilitate access to the site for employees who cycle to work.

◆ Perspectives

At the Clichy site, plans have been made to study the revamping of the cafeteria space to enable other uses before and after lunch hour. This light, heated space could be put to good use as a place for discussions and group work outside of mealtimes.

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.

In 2012, the Group initiated an effort to virtualize all of its servers, both internal and external. This program has made it possible to reduce the number of machines and to use increasingly efficient equipment, thus reducing the amount of energy needed for cooling. In 2015, the virtualization of 30 new machines at the Clichy site (France), the shutdown of old equipment and the optimization of storage systems resulted in a 20% drop in electrical consumption.

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. Applications are configured for automatic standby and to improve ergonomics, only useful software functions are activated, in order to optimize the energy consumption resulting from their use. To guarantee data security, only service providers with ISO 27001 certification are chosen for externalized "cloud" storage.



The "Skype for Business" tools 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. Since 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer are now equipped with Skype for Business, bringing the total number of users to more than 2,200. The Clichy headquarters (France) is equipped with four videoconferencing rooms, and some 15 BIC subsidiaries in Europe have at least one equipped room. For example, since 2009 the Group's Sustainable Development Team has used multi-site Live Meetings to unite its 25 members at seven sites (Clichy and Redon in

France, Athens in Greece, Shelton in the U.S., Toronto in Canada, Johannesburg in South-Africa and São Paulo in Brazil).

◆ Perspectives

Migration to the "cloud" will continue in 2016. The functions to be virtualized include the sales planning tool for the Europe zone, which is used by more than 600 employees, and the office automation package, which will be made available to all BIC employees.

The Group also plans to hire an employee whose duties will include ensuring data security and handling installations and coordination for the Green IT approach.





2.4. Our social responsibility to our employees

The women and men who make up the BIC Group have been the key to its success from the very beginning. With factories all around the world, distribution teams in 57 countries and more than 3.2 million sales outlets spanning the globe, BIC thrives on a shared corporate culture, enriched by local specificities. The challenge for its Human Resources organization is to continue to nurture this common culture, founded on BIC's values and philosophy, across geographic, professional and organizational borders. Shared protocols, based on the Group's history and conceived to serve its industrial and commercial goals both present and future, are deployed to develop the skills and strengthen the commitment of everyone in the Company, while protecting and improving their health, safety and well-being. Working with its social partners, BIC strives to create a favorable environment for the long-term development of its employees, and of the Group as a whole.

2.4.1. THE WORKFORCE

The following sections describe the profile and evolution of BIC's workforce in 2015.

For the year ending December 31, 2015, the BIC workforce totaled 9,640 permanent and 1,504 temporary employees located in 57 countries around the world.

The seven legal entities of Cello Pens that joined the BIC Group in 2013 reported 8,165 permanent employees and 2,316 temporaries present on December 31, 2015.

Globally, BIC Group reported 17,805 permanent employees and 3,820 temporaries.

2.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

WORKFORCE BY REGION - IN FULL-TIME EQUIVALENT AT DECEMBER 31 (EXCLUDING CELLO PENS)

Workforce by region	Dec. 2013	Dec. 2014	Dec. 2015	Variation 2015/2014
Europe	3,758	3,850	3,928	+2.0%
North America	2,254	2,311	2,317	+0.2%
Developing markets	3,361	3,389	3,395	+0.2%
TOTAL PERMANENT STAFF	9,373	9,550	9,640	+1.0%
Temporary	1,389	1,475	1,504	+2.0%
TOTAL	10,762	11,025	11,144	+1.1%

In 2015, permanent employees increased by +1%

This essentially reflects the headcount increase in the plants in Brazil (+43 in the Manaus plant), in Greece (+29 in the Shavers plant) and in China (+24 in the Lighters plant). The headcount of the BIC Graphic sector remains stable in 2015 compared with 2015.

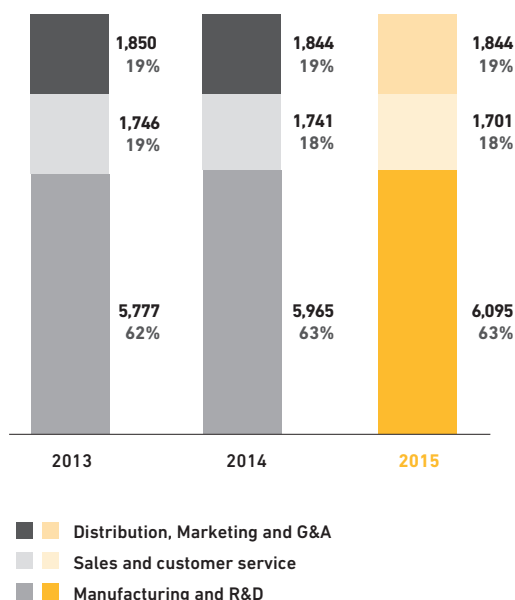
Permanent employees (with a permanent employment contract) accounted for 87% of the Group's total workforce. Temporary workers accounted for 13% of the workforce, split across temporary

staff, fixed-period contracts and school and university interns. At December 31, 2015, the number of temporary workers was higher than at December 31, 2014: +29 (1 504 vs. 1 475)

As last year, temporary workers are employed in manufacturing (69% of temporary staff), sales support (23%) and distribution and administration (8%), essentially due to the highly seasonal nature of BIC's activities.



PERMANENT EMPLOYEES BY ACTIVITY (EXCLUDING CELLO PENS)

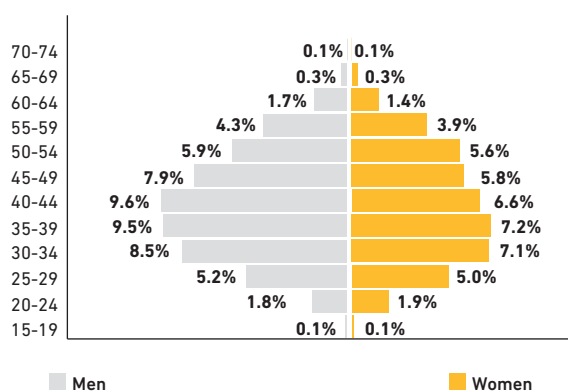


The workforce, across each activity, has remained proportionally constant for the last years, reflecting the stability of BIC's system of organization.

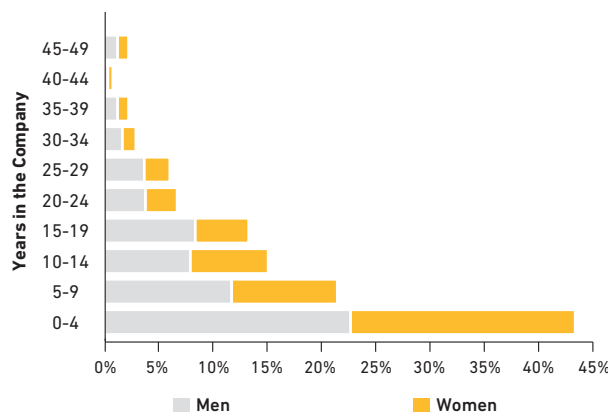
2.4.1.2. Age and seniority

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

AGE STRUCTURE - 2014 (EXCLUDING CELLO PENS)



SENIORITY STRUCTURE - 2014 (EXCLUDING CELLO PENS)



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

2.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY (EXCLUDING CELLO PENS)

	December 2013	December 2014	December 2015	Variation 2015/2014
Managers	2,440 (26%)	2,513 (26%)	2,680 (28%)	+6,6%
Non-managers	6,933 (74%)	7,037 (74%)	6,960 (72%)	-1,1%

Managers accounted for around 28% of permanent Group employees in 2015. 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.

2.4.1.4. Recruitment and terminations (excluding Cello Pens)

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

In addition, the Group **recruited 335** external candidates for entry-level or middle management positions, and **1,014** for factory and staff positions, a 20% increase compared with 2014. In 2015, the external recruitment rate was 12% for managers and 15% for others 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

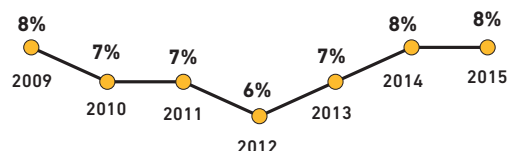


OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

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 737 resignations and voluntary retirements. The highest voluntary turnover took place in North America, 11% in 2015 up two points versus 9% in 2014. Asia shows a 20 points decrease with a rate of 10% in 2015 versus 30% in 2014. For the second year in a row, 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 Group's values.

The Group has carried out 480 terminations in 2015, of which 50% took place in Latin America, in particular in Mexico (106) and Brazil (76). BIC has seen rapid growth in both countries, resulting in the adjustment of the workforce. Within this context, many reorganizations are ongoing and have generated job eliminations and the dismissals of profiles non adapted to the changes.

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

2.4.1.5. Breakdown of the workforce of Cello Pens

In 2015 Cello Pens reported permanent headcount as follows:

- manufacturing: 7,489 (92%);
- sales: 525 (6%);
- distribution, marketing & administration: 151 (2%).

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

2.4.2. SHARING OUR VALUES, LISTENING TO OUR EMPLOYEES

◆ Challenges

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

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

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

◆ Approach

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 970 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.

◆ Performance and progress made in 2015

The adherence to Values survey

BIC carried out its sixth "Values in Action" survey in June 2015. This time, the perimeter was expanded to 9,485 employees, compared with 8,992 in 2013, and the participation rate was 85%, which is stable compared with 2013 (84%). This survey assesses adherence within the BIC Group to its five shared values and shows how employees apply those values day-to-day in their unit or subsidiary. In 2015, its findings rated overall adherence to values at 85%, which represents a 10-point increase over the first values survey, conducted in 2005.

The good results achieved in 2013 were maintained in 2015, with the most strongly shared values being Responsibility (89% adherence) and Ethics (88.5%)⁽¹⁾. Teamwork, which had gained six points in 2013, held steady with 81% adherence.

The survey's findings were shared with the teams in the units and subsidiaries, and their analysis confirmed the impact of the action plans implemented after the engagement survey of 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.

The results of the 2014 engagement survey, covering more than 9,000 employees, show a very high participation rate, at 90%, and an overall engagement level of 85%, thus placing BIC in Towers Watson's High-Performance norm. The Group's specific strong points include a good understanding of the goals, the perception of BIC as a responsible company, and a good balance between professional duties and personal life.

(1) These rates represent the total number of responses qualifying the Group's values as "always" or "often" being applied.



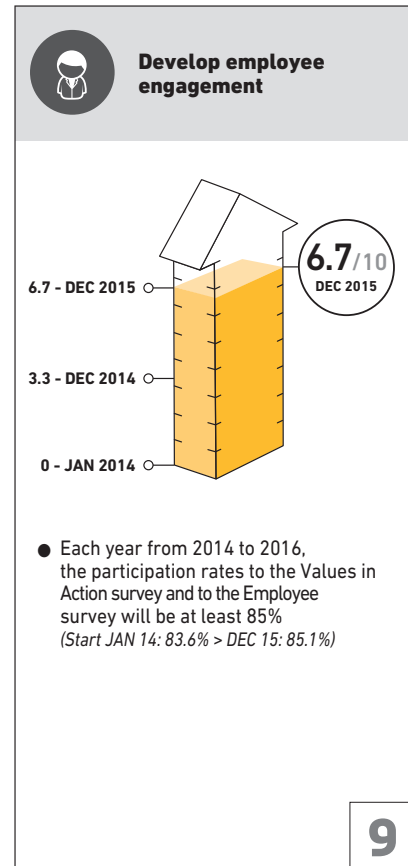
The Sustainable Development Survey

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 points 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. Starting in 2016, the Engagement and Values surveys will be combined in a single survey to be conducted every other year, still with the goal of being attentive to the Group's employees and implementing plans for improvement. The third survey on BIC's Sustainable Development Program is scheduled for the first quarter of 2016.

◆ Performance



RESULTS FOR 2015: The objective is reached for 2015 as the Values in Action survey conducted in 2015 had a 85.1% participation rate with a perimeter of 83.1% of the permanent and temporary workforce.





2.4.3. SAFETY 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) risks that differ in type and severity from function to function (headquarters, factories, sales force). For the Group, workplace safety means ensuring its employees' physical well-being by preventing accidents. To this end, the Group deploys all useful means: health and safety management, ongoing improvement of working environments and the organization of working hours, and actions to raise employees' awareness of the issue 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 Environment.

The self-assessments of compliance with the Code of Conduct in the factories bolster this system. The organization of work in BIC's factories, 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 São Paulo (Brazil). The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention at headquarters.

◆ Progress made in 2015

In 2015, a new series of social audits was launched covering all BIC factories worldwide. The topics and questions on health and safety were reviewed in 2014, giving the program new impetus, and a new inquiry method is being tested. To supplement the self-assessment process, certain BIC factories have been assessed through the WCA assessment protocol (see page 63), similar to that used for contract manufacturers. At the Mexico factory in 2015 a WCA audit was conducted by BIC's external monitoring agency.

Every year, the Group's factories and sites focus on various initiatives to improve their safety conditions. Examples in 2015 include:

- the BIC Graphic Tarragona (Spain) and BIC Graphic Sleepy Eye (U.S.) factories have held manager-training sessions to improve hygiene, health and environmental management. The programs included modules on incident follow-up and reporting,

ergonomics, equipment protection, chemical hazard awareness, handling and labeling. Action plans were also launched to ensure ongoing improvement;

- the BIC Violex factory (Greece) launched a hygiene and health training program in 2015 primarily for its production, maintenance and laboratory teams, covering the topics of chemicals, first aid and fire protection. In October 2015, the site began improving its traffic plan for the greater safety of its workers, subcontractors and visitors.

BIC Group plants completed or implemented 220 projects targeted specifically at safety in 2015.

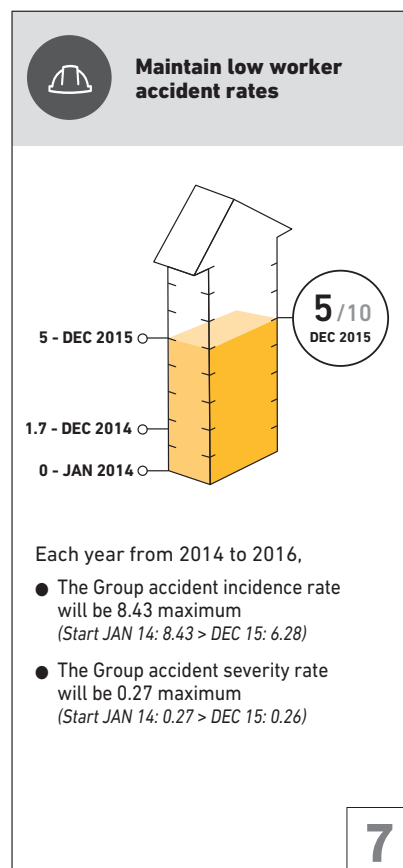
◆ Performance

In 2015, health and safety management systems were operational at 88% of BIC's sites.

The work accidents in factories were mainly caused by, falls at floor level, manual handling. Occupational diseases are only monitored in France. Most are related to musculoskeletal disorders.

In 2015, the Group experienced three injuries with more than one lost workday (excluding commuting injuries) at its three main headquarters, representing a frequency rate of 1.8 and a severity rate of 0.01.

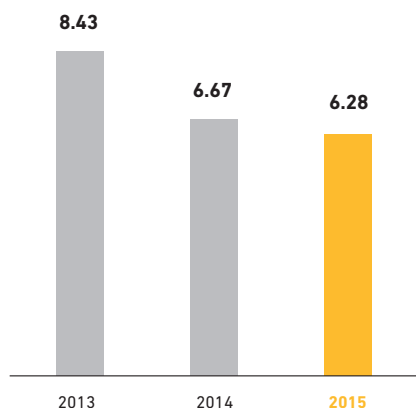
In addition, the Group reported one death by heart attack at one of its industrial sites in 2015.



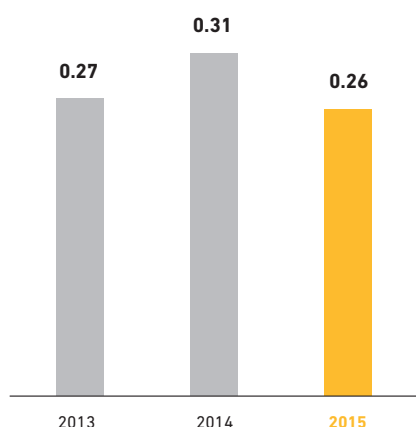
RESULTS FOR 2015: Progress was made, with a consistently low incidence rate and low severity rate.



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



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



◆ **Perspectives**

Starting in early 2016, the Stationery category will have a central HSE manager in addition to the HSE managers at each site. This additional expertise will make it possible to coordinate the HSE approach more effectively, enabling further improvement in this area.

2.4.4. HEALTH AND WELL-BEING IN THE WORKPLACE

◆ **Challenges**

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

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

◆ **Approach**

The Group's **worldwide program** called "Quality of Life at Work", launched for the purpose of defining a goal and a global strategy for improving quality of life in the workplace, continues to be developed at 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 2015: health and well-being**

2015 was marked by a great many projects adapted to each local context:

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

In the United States, BIC CORPORATION continues to build a framework that takes all aspects of employee health and well-being into consideration. In 2015 this approach was highlighted by the successful launch of the brand "You First by BIC." This initiative places emphasis on motivating and building personal responsibility for employees and their families, to make them active participants in their health and well-being in three areas: physical, psychological and financial well-being. The goal of "You First by BIC" is to foster sustainable change to support a high-performing workforce.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

To promote physical well-being, BIC CORPORATION continues to offer its employees a number of on-site preventive screening programs (for osteoporosis, glaucoma, oral cancer, high blood pressure, mobile mammography, etc.). In 2015, the Group launched MDLive, a telemedicine service offering employees and their dependents real time interactive communication with licensed physicians by phone or video. The system provides a more convenient and cost-effective way for participants to obtain medical care for common illnesses (colds, flu, etc.). Healthy meals are available at every site, and various "well-being" events are scheduled throughout the year.

Psychological well-being was bolstered in 2015 by the presence of health/lifestyle coaches at every site in the U.S., to help employees reach their well-being goals.

Wealthcare has been integrated into the well-being framework by providing employees with tools to optimize their savings strategies, refresh their awareness of Group benefits (savings, retirement planning, etc.) and highlight solutions to help them plan their financial future. The pilot "Wealthcare Week" operation in Shelton, (U.S.) was well received: a growing number of employees have diversified their savings portfolios. Other Wealthcare operations were held at other American sites, with the aim of improving employees' understanding of savings and retirement strategies.

Prevention/awareness campaigns in Latin America

In Argentina, BIC pursued its preventive health campaigns, in particular by offering employees free medical checkups.

For the past several years, the Brazilian sites (BIC Amazonia, PIMACO and the headquarters in Cajamar) have offered weekly exercise sessions to help reduce stress and prevent work-related diseases. In 2015 these sites also continued their campaigns for cancer prevention (breast and prostate cancer), flu vaccination and heart disease screening (at PIMACO).

The BIC Amazonia site supplemented these initiatives with a pregnancy monitoring program for expectant mothers, as well as the "Healthy BIC Project," conceived to foster a "culture of health" in the Group. All employees are encouraged to have regular checks of their blood pressure, body mass index and blood sugar levels.

In Mexico, a monthly communication program addresses topics like food poisoning, flu prevention, avoiding stress, nutrition and exercise programs to promote general health, etc.

Lastly, for BIC health week, the Colombian sites offered their employees a range of activities: annual medical checkups, screening for diseases, eye exams, etc.

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

Since 2000, BIC South Africa has implemented a program to fight against HIV and AIDS in a country where the virus is taking an especially heavy toll. This initiative is managed by an in-house clinic and a group of peer educators composed of Group employees who receive annual training. The program consists of three parts: education of employees, voluntary counseling and testing for anyone, permanent and temporary employees alike, and a health

program. BIC South Africa pays the majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. If needed, seropositive employees can be vaccinated against hepatitis B. The 15th anniversary of BIC South Africa's commitment to the fight against AIDS was an opportunity to reflect on progress made and re-emphasize the importance of not stigmatizing the victims of this disease. Once again in 2015, the program achieved good results: the treatments to reduce viral load have proven effective and no new cases were diagnosed.

The in-house clinic also provides primary medical care for health problems and work-related diseases, in particular for shift-work employees. It also conducts numerous preventive and screening campaigns: eyesight, hearing, blood pressure, blood sugar, cholesterol, complete annual checkups, screening for various forms of cancer and tuberculosis, etc.

Reducing physical stress on the job in France

In line with the three-year commitments made in 2012 and 2013 concerning strenuous working conditions in France, various actions and employee awareness operations were continued in 2015, including training and awareness in movement and posture, investments to reduce noise or improve workstation ergonomics, and arrangements to avoid the necessity of alternating shift teams and to reduce the physical stress endured by employees who are nearing retirement.

In addition, and in compliance with new regulations, the parameters for diagnosing strenuous working conditions have been updated at all sites for 2015-2016.

Developing the social protection systems available to BIC employees

In the U.S., BIC CORPORATION continues to offer its employees best-in-class, competitive health and welfare benefits, and plans to expand and adapt them in response to the reform of the U.S. healthcare system (see Perspectives concerning health and well-being).

In France, 2015 was marked by the harmonization of supplementary mutual healthcare schemes, which made it possible to perpetuate the current system while reducing long-term costs, to adopt more effective monitoring against fraud, and to raise employee awareness of the social and financial issues involved in healthcare coverage.

Similarly, BIC Iberia in Spain has adopted a private supplementary health insurance program that offers employees faster access to better healthcare than the public system.

◆ Perspectives concerning health and well-being

In 2016, BIC CORPORATION will partner with the private health care exchange OneExchange, enabling BIC to offer a broader range of plan choices while complying with U.S. healthcare reform. In keeping with BIC's health and well-being strategy, employees will be offered "health savings accounts" and the opportunity to participate in healthy actions throughout the year that will earn them monetary incentives that can be used to defray future healthcare costs.



"Well-being Committees" will be established at each site in the U.S. to implement programs that best meet the needs of employees and their families. In 2016, these committees will undergo a certification process for health and well-being programs, defining responsibility criteria as well as a system of metrics that will help meet the goals for each site.

In 2016, the "job strain account," which was adopted in France in 2015 for the first four criteria defined by law, will be extended to include the eight new criteria coming into effect.

◆ Progress made in 2015: 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.

In 2015, these modules were made available to the vast majority of the Group's managers through a network of local trainers. With this local approach, the managers are trained in accordance with their own professional cultures and issues, making them better able to help their teams. The 300 managers around the world who took the "Manager at BIC" module in 2015 have learned to identify "interferences" in each of their employees' working environments — the factors that can lead to stress, dissatisfaction and underperformance.

In certain regions, this effort has resulted in managerial actions: managers in southern Latin America (Argentina, Chile and Uruguay) have been asked to adopt a roadmap that includes promoting the five Values, improving the social climate through participation in the action plan based on the results of the 2014 engagement survey, and regular feedback sessions with each of their employees.

Lastly, specific actions have been carried out for teams identified as "under stress," including the development of employees' time management skills in order to help reduce their stress levels.

◆ Progress made in 2015: workstations and workspaces

Local initiatives are carried out to improve the ergonomics of the Group's workspaces and workstations.

In North America, monthly ergonomics consultations are available to BIC Corporation employees. Following tests conducted in 2013, 40 sit-stand workstations have been installed (in Shelton, Milford and as a trial in Toronto). Noting that these workstations can indeed greatly reduce MSDs, the teams involved want to gradually increase their number. A standing conference room is also being studied.

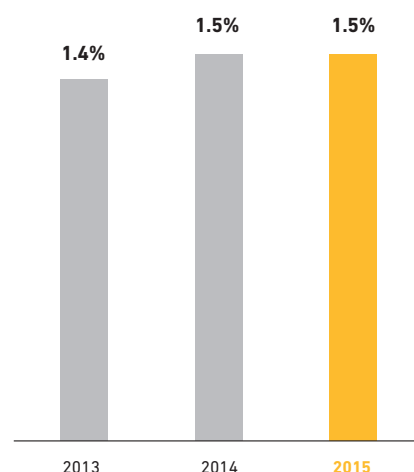
◆ Progress made in 2015: employee services

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.

◆ Performance

In France, BIC had recorded 38 recognized cases of occupational diseases by the end of 2015.

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 2015, similar to 2014, compared with 1.4% in 2013.

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

The launch of an Employee Assistance Program, offering the same services as in the U.S. and France, is planned for the Asia-Pacific zone in 2016.





2.4.5. EMPLOYEE DEVELOPMENT

◆ Challenges

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

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

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

◆ Approach

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 commitment of BIC to its employees.

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

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

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

◆ Progress made in 2015

In 2015, BIC refreshed its competencies framework. Capitalizing on the Group's existing competencies systems, this framework specifies the core competencies BIC needs team member to display and invest everywhere in the world in order to ensure BIC's success today and in the future. Those six Core Competencies are: "displays

strategic agility", "drives for results", "champions MPD" (Method, Precision, Discipline), "engages others", "acts with courage" and "develops self and others". These core competencies are being embedded in all BIC University training and 800 managers have been specifically trained on them in 2015.

In addition, numerous actions have been undertaken to encourage the use of the 70/20/10 model. Some examples are given below.

Learning from new professional experiences ("70")

Talent Frameworks roll-out

In 2015, Human Resources rolled-out an awareness training across the world to consistently share a transparent message on what is the role of a manager at BIC and how the HR function support this role with processes and tool. More than 500 managers worldwide attended this workshop. It sets forth:

- **the missions** shared by the managers and HR: to recruit employees, develop their skills and build their loyalty;
- **the core competencies** that constitute "BIC's way of working and being together";
- **the tools** that managers can use to fulfill their HR role.

The presentation of these Talent Frameworks was rolled out from region to region, emphasizing different aspects depending on local needs.

For example, in Europe, an HR Roadshow presented the Talent Frameworks and the managers' HR toolbox (recruiting, developing, evaluating, anticipating successions) in parallel with a transparency update on the remuneration policy and the "levels" system.

Also in Europe, BIC Graphic trained all of its managers in the Talent Frameworks (including missions, competencies and tools) and workshops were held for all employees, including non-managers, to promote the adoption of the core competencies.

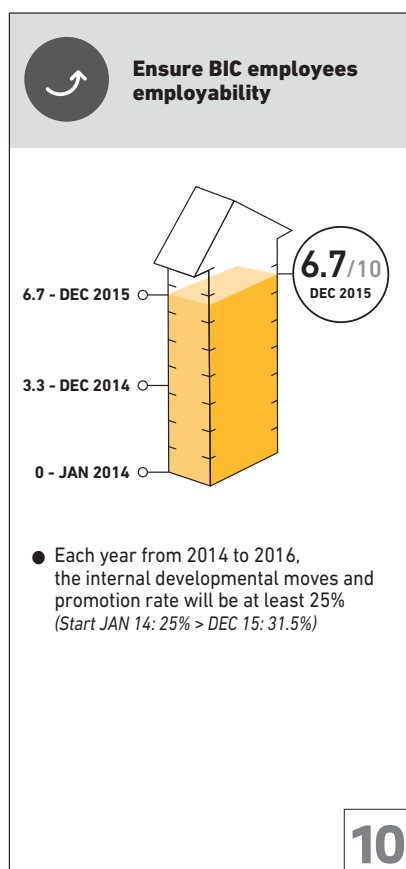
Job mobility and succession plans

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

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



◆ Performance



RESULTS FOR 2015: The goal is to maintain a rate of 25% for each of the three years. This goal was achieved in 2015 thanks to 616 internal promotions.

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



In 2015, the internal promotion rate was 66% for the four top manager levels. This rate was 65% in 2014, 64% in 2013, 76% in 2012 and 63% in 2011. For all managers' categories, the internal promotion rate has remained stable for several years at 45%.

Learning from others ("20")

At BIC, the development of a feedback culture is a cornerstone of personal development, performance development and therefore career development. In 2015, BIC continued to promote development and the feedback culture through training:

- Feedback is a key point of the "Manager at BIC" and "Recruiter at BIC" programs;
- Specific workshops on feedback were held in Europe and the U.S.

The development of the feedback culture can also be integrated into the managers' roadmap. In South America, improving the quantity and quality of feedback is one of the managers' defined goals and they are required to have a quarterly feedback exchange with each of their employees. Local employee surveys are conducted to assess the number of feedback reports and their quality.

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

Learning from training ("10")

The programs developed by BIC University

With plants and sales teams in 57 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. This is the main mission of BIC University. Created in 1998, BIC University is a network of training centers aiming at developing team members potential and promoting the BIC Group's culture. Since its creation, BIC University has developed numerous training programs that serve as vehicles for developing the core competencies that must be shared by everyone in the Group.

In 2015, BIC University strove to increase access to training for all employees, whether they are managers or not.

For non-managers:

- A time management program was offered to the administrative teams (50 people trained in Europe) to help them better handle stress;
- Training in languages and office automation is now available anywhere in the Group in the form of individual lessons by telephone and online exercises.

For managers, the training efforts in 2015 focused mainly on the adoption of the Talent Frameworks (see page 54), in particular with the "Recruiter at BIC" and "Manager at BIC" programs, which are available worldwide.

The third edition of the Executive Management Program took place in Europe, with three executive seminars in leadership, Human Capital development and the supply chain. Leveraging the 70/20/10 approach, this program combines theoretical training, peer learning and practical work in the field.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

→ LAUNCH OF THE “LEADERS IN ACTION” PROGRAM

Launched for the first time in the United States in 2015, “Leaders in Action” is a program for the development of high-potential team members. It incorporates all three types of development: learning from experiences, learning from others and learning from training. Over the course of one year, two teams worked on real business issues and proposed concrete solutions to the senior leadership. One developed a web-based Direct to Consumer (D2C) solution for providing customer access to BIC® products anywhere at any time. The other team developed a repeatable and reusable strategy for wellness initiatives based on extensive survey data. Their project led to the successful launch of a stress relief program at the Charlotte site (U.S.).

Assessing the training and increasing BIC University’s impact

The quality and impact of BIC University’s trainings are assessed by the ForMetris system, which uses questionnaires to measure an array of qualitative aspects and make comparisons with the results achieved by other companies (with more than 1.5 million questionnaires processed per year). For the past several years, it has rated BIC University’s programs as “well above average.”

In 2015, BIC focused on developing its network of local trainers certified in BIC University’s core subjects. The presence of local trainers greatly increases the university’s impact perimeter around the world. BIC had 10 certified trainers in 2015 offering core training worldwide in multiple languages: English, Spanish, French and Portuguese.

Technical/functional training

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

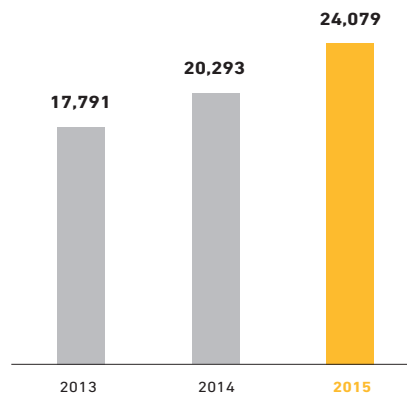
All production sites offer technical skills programs. In France, in 2015, 413 ⁽¹⁾ employees received technical training.

2015 saw the launch in Europe of two specific skills development programs. The first, called the “Best In Class Program for Sales,” was designed for all sales personnel, while the second, the “Best In Class Program for Customer Service,” was designed for the Customer Service departments. For these programs, 17 customer relations situations were identified (15 for Sales, two for Customer Service). For each situation, a course is offered consisting of several modules designed to develop the trainees’ personal capacities, improve their performance and encourage them to take on new responsibilities. Each program’s content is adapted to each country, taught by internal trainers or external facilitators, and introduced by an implementation kit for managers. These two programs are available to both managers and non-managers.

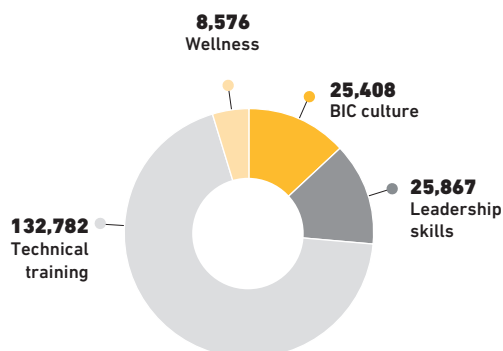
◆ Performance

In 2015, 8,874 employees received training with an average of 2.7 days per employee.

NUMBER OF TRAINING DAYS - BIC GROUP



NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2015



◆ Perspectives

The progressive adoption of the Talent Frameworks by all managers in the Group will continue in 2016, using methods adapted to each local context.

The Group will also continue to expand BIC University’s scope of action, in particular by compiling a catalogue of solutions for developing core competencies, and by forming a community of “BIC U pilots” in charge of making those solutions available in all countries, guaranteeing their quality and sharing local best practices.

(1) Source: Agefos



2.4.6. THE REMUNERATION SYSTEM

◆ Challenges and approach

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

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

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

The acknowledgement of the performance of the individuals and the teams is an essential element in the BIC Group's remuneration policy. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). A total of 85% of the managers (excluding Cello Pens) present during whole year 2015 received a base salary increase in 2015.

In 2015, variable remuneration relating to performance represented an average of 15% of fixed remuneration for Group employees (excluding Cello Pens).

For the 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.

◆ Performance

Within the Group (excluding Cello Pens), the average annual cost (including payroll taxes) of each employee totaled 56,800 euros in 2015, or a 7% increase versus 2014, at actual exchange rates.

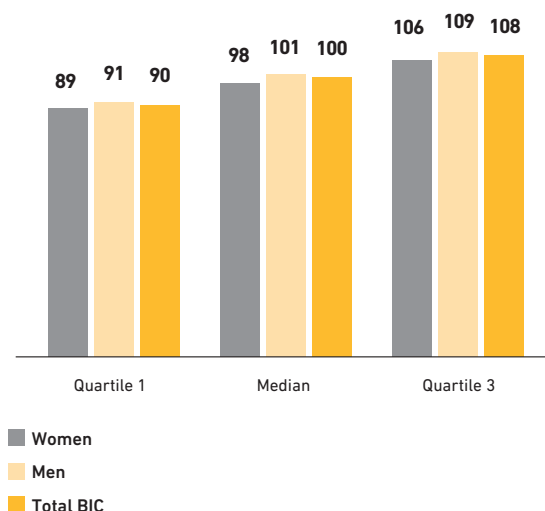
Analysis using constant exchange rates shows a 4% increase compared with 2014. Overall, this increase in the average annual cost of each employee is due to:

- a +4% increase in average fixed remuneration;
- a +14% increase in variable remuneration compared to 2014;
- a +5% increase in payroll taxes and other benefits.

Information on managers' remuneration is provided on pages 117 to 130 of the registration document.

In 2015, a complete analysis of the external competitiveness of managers' base salaries was conducted. For the 57 countries in which BIC has employees, Hay Group supplied 2015 market median data for all levels of responsibility.

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



Results showed that, on average, BIC managers are positioned at their local market median for both men and women. Overall, the three-point gap between men and women at BIC is explained by the structure of the population (seniority and experience). This gap has reduced by 1 point compared to 2013, our previous study.

The differences in pay between employees reflect responsibilities, experience, performance, potential and take into account the characteristics of local markets.

The median compa-ratio of women gained one point from 2013 (98 versus 97). The median compa-ratio of men remains the same as in 2013 (101).

2.4.7. PROMOTING DIVERSITY

◆ Challenges

As an international company, BIC considers diversity to be an intrinsic part of its corporate culture, as well as a key factor for its sustainable growth, beyond any legal or ethical 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 in 2014, the BIC Graphic site in Spain, which had 350 permanent employees at December 31, 2015, exemplifies the Group's diversity.

Diversity also contributes to making the Group 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.



OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

◆ Approach

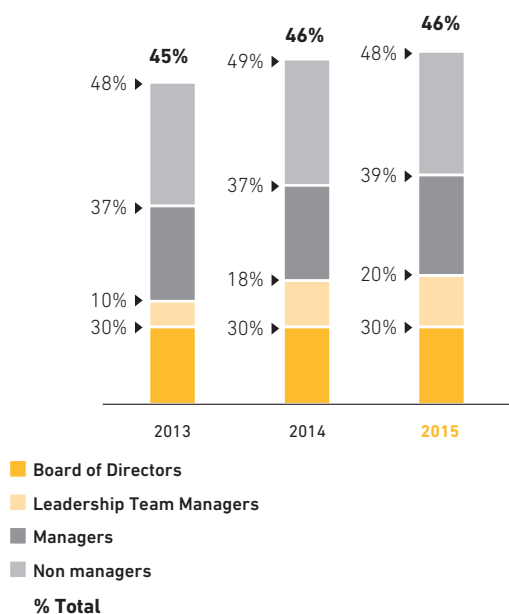
The **BIC Charter of Diversity**, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all of the Group's entities worldwide and has been translated into the main languages spoken in the Group.

As part of its approach, BIC takes all different types of diversity into account: gender diversity, disabled employees, minorities, seniors, etc. Actions are organized locally every year to address these topics, depending on local contexts and initiatives.

◆ Progress made in 2015 and performance

Male/female equality

PERCENTAGE OF WOMEN - BIC GROUP (EXCLUDING CELLO PENS)



In 2015, 29% of Directors and executives are women i.e., similar to 2014.

In 2015, women accounted for 46% of permanent employees of the Group. They accounted for 38% of the workforce in Europe, 54% in North America, 49% in Developing Markets (Latin America, Middle East, Africa, Oceania and Asia).

Since 2014, the "Young Female Leadership" program has been helping young women who are starting out with BIC in Europe. Its goal is to improve their understanding of certain key issues and challenges in order to help them make the right decisions as they pursue their careers.

In 2015, BIC sponsored memberships in the Network of Executive Women for 30 women from its North American entities. The network was founded in 2001 by a group of industry executives who believed that the retail and consumer goods sectors would benefit from hiring more female leaders. Today it is the industry's largest learning and leadership community, uniting more than 10,000 members from 750 companies in the U.S. and Canada. It sponsors

training, events, the sharing of best practices, research and leadership development programs for women, seeking to promote their professional advancement and create better working conditions for all.

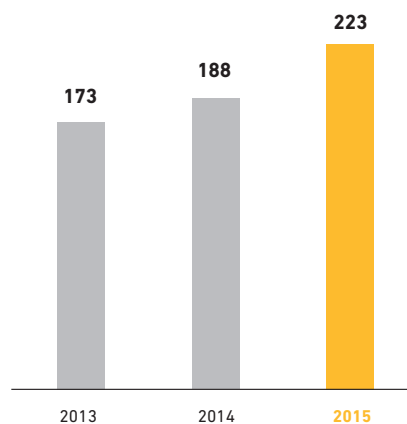
BIC Graphic Europe has signed an Equality Agreement with its labor representative organizations calling for the creation of an organization to guarantee equal treatment of women and men. The majority (60%) of the entity's personnel are women, with an average age of 35, which makes questions of equal treatment, as well as balancing private life with professional duties, vitally important.

Disabled employees

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

- for the past several years, BIC Graphic Europe has been working with BAIX CAMP, a supplier that hires disabled people (or subcontracts other organizations that hire disabled people), to help these people gain access to the job market;
- many of the Group's South American subsidiaries have won various awards for their efforts to hire and integrate disabled workers.

NUMBER OF DISABLED WORKERS - BIC GROUP (EXCLUDING CELLO PENS)



In 2015, disabled workers at the Group's largest sites totaled 223 (excluding indirect jobs associated with outsourcing). They numbered 56 in Europe, 127 in North America (versus 82 in 2014), 40 in Developing Markets (Latin America, Middle East, Africa, Oceania and Asia). 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.



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 2015 the North American teams pursued initiatives for improving understanding and collaboration among employees of different ages. Examples include:

Lunch quiz: employees at the Shelton site were invited to bring their own lunch and join people from other BIC departments for a quiz session, in which they could participate on stage or root for their co-workers. The questions called upon the knowledge of different generations, to encourage the formation of multigenerational 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 39 managers have volunteered for "Nos Quartiers ont des Talents". Since the beginning of the program, BIC mentors have coached and advised a total of 123 young graduates, 53 of whom had found jobs by the end of 2015.

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.

2.4.8. 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 sets up the initiatives on listening to employees mentioned on page 48 and 49. 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 2015

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 (see pages 50 to 53).

The following table gives a few examples of such agreements.

Perimeter	Topic
Mexico – Stationery category – in progress	Negotiations on classification and career paths within the industrial unit. The goal is to give all employees a better view of career development possibilities while ensuring equitable remuneration linked to each job's skill and responsibility levels.
France – Local negotiations, all entities combined	<p>Large-scale renegotiation of the employee savings agreements for the French industrial units, in order to:</p> <ul style="list-style-type: none"> ● review and reward the achievement of performance goals at the local level; ● directly link the Group's profits to the amounts generated by the employee savings program. <p>In 2016, large-scale negotiations will be initiated at the BIC Services administrative entity concerning working hours and the revision of employment agreements, including, for example, gender equality and the hiring of seniors.</p>





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

◆ Performance

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

It should be noted that, for employees at the American and Greek sites (i.e. 30% of BIC employees) who do not have formal representation, a direct dialog with the management is actively pursued.

In addition to regular meetings between management and employees to identify possible improvements, there are specific and original ways for employees to raise any concerns that they might

have, such as: including employees as members of internal Health and Safety Committees, suggestion boxes placed all over the campus, or, once a month, inviting ten employees, selected at random, to have lunch with the sites directors and HR manager.

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

◆ Perspectives

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



2.5. Our societal responsibility

In September 2015, the United Nations adopted a new Sustainable Development Program comprising 17 worldwide goals for combating poverty, inequality and injustice. These goals emphasize the crucial role of universal access to education and hygiene. The Group strives to meet these challenges through its local economic presence, with 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 28).

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

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

2.5.1. FULFILLING OUR RESPONSIBILITY ACROSS OUR ENTIRE VALUE CHAIN

2.5.1.1. Responsible purchasing and sustainable relations with suppliers

◆ Challenges

The vast majority of BIC® products, representing 86% 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, the Purchasing departments analyze all risks: stock levels, diversification of suppliers and sourcing zones, risks associated with the country and the rarity of the resource. BIC also strives to extend the high standards that it applies in its own operations, in terms of quality, respect for the environment, ethics and Human Rights, to all 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 2.5.1.2 "Ensuring respect for Human Rights in the workplace" page 63.

◆ Approach and progress made in 2015

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.

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



Cartography of suppliers, subcontractors and service providers

In order to apply its Responsible Purchasing Charter, BIC has developed three risk management programs: compliance with the Code of Conduct (see page 63), audit programs (see page 63) and ESG evaluations by EcoVadis (see below).

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

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

Evaluation of suppliers' CSR performance and collaboration for continuous improvement

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

The most recent EcoVadis assessment campaign focused on strategic categories of raw materials: Plastics, Metals, Packaging and Inks. In all, 213 strategic suppliers were contacted and 97 responded positively, for a response rate of 46%. The average score resulting from the evaluation of these suppliers was 45, which is higher than the EcoVadis average score of 41.

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 32).

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

The representatives of the Purchasing department in each category work in close cooperation with the different staffs in order to locate and supply innovative, high-performance materials and offer operational solutions for all R&D and production needs. Their role is also to centralize and share best practices throughout the Group.

Regarding sustainable development, the Purchasing departments 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 departments 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 as well as secondary and recycled raw materials (reliability of sourcing, availability, price stability). All people involved in supplier relations work closely together in order to keep the system running smoothly and share best practices.

◆ Performance

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

◆ Perspectives

Starting in 2016, a follow-up process will be implemented in partnership with strategic suppliers to make the management of the EcoVadis assessment program more efficient. BIC Group plans to use the results of the second EcoVadis strategic suppliers evaluation campaign to define and implement action plans in collaboration with the factories.

Also in 2016, the Group plans to launch a responsible purchasing training program for its buyers.

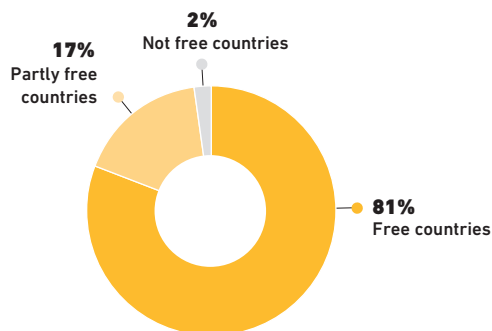
2.5.1.2. Ensuring respect for Human Rights in the workplace

◆ Challenges

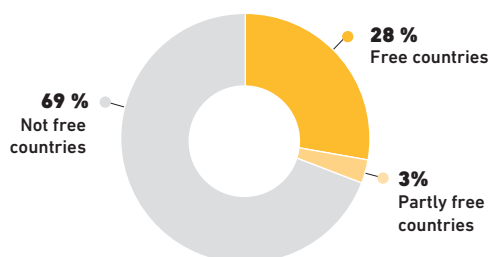
BIC's reliance on contract manufacturing is relatively low. Overall, 86% of the Group's net sales are generated from products made in its own factories: 90% for the Consumer business and 65% in BIC Graphic's Advertising and Promotional Products business. 86% of these factories are located in countries with no Human Rights risk according to Freedom House⁽¹⁾

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

BIC'S PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK⁽¹⁾ IN 2015 – BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK⁽¹⁾ IN 2015 – BIC GROUP



◆ Approach

An approach guided by the BIC Group Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented 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, which are primarily located in China, the U.S. and Italy.

The social audit program

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

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

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 relation to each indicator. Deficiencies in each evaluation criterion are rated as major, moderate or minor, thus allowing the implementation of targeted corrective action plans where needed. It also includes global benchmarks for each country and each BIC business sector.

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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our societal responsibility

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

BIC sees 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 a partner. The box below explains the main steps in the evaluation of contract manufacturers.

- For BIC Graphic contract manufacturers, the audit process combines external audits and audits by specially-trained BIC employees.
- Self-assessments have been conducted by all BIC factories since 2006. The responses are analyzed by independent auditors. If needed, the factory Director is required to implement a corrective action plan (CAP) in cooperation with the Human Resources Department.

→ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

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

→ SA 8000 CERTIFICATION FOR THE BIC AMAZONIA FACTORY

In 2010, BIC Amazonia obtained SA 8000 social benchmarking certification on a voluntary basis. In 2013, this certification was renewed for a further three-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. In 2015, as in every odd-numbered year, three finished product suppliers of BIC Graphic North America were selected by QCA and successfully audited in these five areas. In 2016, as in every even-numbered year, the BIC Graphic factories in the U.S., the Asian sourcing office and three other finished product suppliers will undergo the auditing process. All of these audits must be successful for BIC Graphic North America to retain its QCA accreditation.

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 (Ethical Trading Initiative) Base Code, SA 8000 and ISO 14001. In 2015, the U.S. factories in Sleepy Eye, Clearwater and Red Wing were audited according to the SMETA standard and one major client's audit program. All three sites were granted certification.

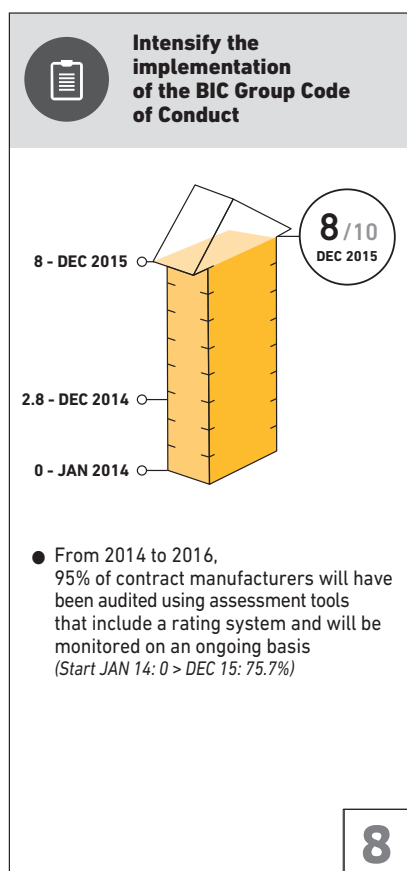
◆ Progress made in 2015

In 2015, 42 Consumer products contract manufacturers were audited, representing 61%, along with 147 contract manufacturers of Advertising and Promotional Products (BIC Graphic), representing 31%. The Consumer Products audits conducted in 2015 revealed two zero tolerance, 56 major, 337 moderate and 311 minor deficiencies, and 42 corrective action plans were implemented. The three biggest areas of deficiency were found in management systems – (1) not properly implementing emergency preparedness processes and procedures, (2) not properly implementing employee safety processes and procedures and (3) not conducting periodic assessments of management systems to identify improvement opportunities. In 2015, 50% of these factories had deficiencies in (1), 50% in (2) and 42% in (3).

The factory of a Sri Lankan licensed manufacturer, E B Creasy & Co. PLC, was presented a Silver Award at the National Green Awards ceremony on October 5, 2015, under the patronage of the President of Sri Lanka. The winners of this distinction are assessed according to 17 criteria, including the quality of their environmental policy and related strategies, funds allocated for environmental activities, strategies for optimizing resources, waste management, regulatory compliance, etc.



◆ Performance



RESULTS FOR 2015: The acceleration of audits announced for 2015 has taken place, whether for Consumer or BIC Graphic activities. The schedule for 2016 targets an achievement of objectives.

- **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**

◆ Perspectives

BIC wants to put a targeted initiative in place to assess environmental performance of all contract manufacturers and will use for this purpose the evaluation of each contract manufacturer's environmental management system currently being assessed.

2.5.1.3. Ethics and the fight against corruption

Challenges

BIC generates 31% of its sales in countries where the risk of corruption is considered high or very high (such as Brazil, Mexico,

India, Italy and Argentina) and 69% in countries with a medium or low risk of corruption, 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 commitments, and relationships 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 15 languages. The text of the Code is available to all employees on the BIC Intranet.

This Code has been approved by the CEO and the Board of Directors.

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 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.

◆ Progress made in 2015

The BIC Code of Ethics was revised in 2014 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. In 2016, the Code will be shared with all employees, accompanied by a video introduction from SOCIÉTÉ BIC CEO Mario Guevara and Executive Vice-President Marie-Aimée Bich-Dufour. In the United States, the publication of the updated Code of Ethics will include a one-hour e-learning module incorporating the introductory video plus quizzes, and ending with the "signing" of the Code, indicating each employee's acknowledgement of its contents.





2.5.2. ACTING AS LOCAL AND HUMANITARIAN FORCE

2.5.2.1. 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 74 expatriated employees today (0.76% of permanent employees). BIC thus contributes directly to local economies by generating jobs.

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

BIC values the local manufacturing of its products highly 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 six licensed factories solely for the Middle East-Africa 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.

2.5.2.2. 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 2015

The launch of the BIC Corporate Foundation

The BIC Corporate Foundation was founded in late 2015. Born of the Group's desire to promote its civic activities and structure its philanthropic approach while bolstering its employees' sense of pride and belonging, the Foundation supports access to education, putting the emphasis on the funding of social entrepreneurship and innovation in education. It takes action in two main fields, namely reducing the school dropout rate and developing education for girls, and also advances environmental education.

Its board of directors consists of nine members, six from BIC Group plus three external experts.

Encouraging handwriting

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



- in South Africa, an annual roadshow to teach children about the importance of education, writing and educational guidance and the fight against bullying.

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 2015, 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 the previous years, the operation was a huge success, with 1.2 million pens donated once again in just three months, for a total of 5 million pens donated in three years.

In Europe, for the sixth consecutive year, the "Kit Scolaire 2015" operation, to which BIC contributes through the French NGO *Dons Solidaires*, a specialist in philanthropic product donations for 10 years, met with great success. In all, 140 associations received shipments and distributed the products to 20,000 underprivileged

children at the beginning of summer vacation and the start of the school year. Containing school supplies as well as hygiene products, the kits are very much appreciated for the quality and variety of the items they contain, donated by 15 partner companies. In parallel with this operation, the products donated by BIC also met the needs of other people in financial difficulty through the *Dons Solidaires* food bank network.

In 2015, BIC took this partnership one step further through the participation of five employees who volunteered to help assemble the "Kit Scolaire" school kits. The employees took a half-day of leave and the Group matched their donation by offering them the other half of the day with pay.

In France, as it has every year since 2008, BIC supported the AFEV association with a financial donation. AFEV (*Association de la Fondation Étudiante pour la Ville*) was founded in 1992 to combat inequality among children and young people who are experiencing social or scholastic difficulties. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in underprivileged neighborhoods.

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 below).

Program type	Examples of volunteer activities among BIC Group subsidiaries to promote education
Product donations	<p>U.S.: 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. For the second year, in return for each e-signature on the petition, BIC will donate one pen or pencil to a child in need.</p> <p>U.S.: donation to the Pinellas Education Foundation of pens to be distributed to children whose families cannot afford school supplies, allowing them to concentrate on their education without having to worry about the cost of the products.</p> <p>Spain, France: donation of writing supplies to schools and charitable associations.</p> <p>Brazil: donation of products and volunteer work by employees to renovate the libraries of three schools. Since 2013, some 3,200 students have benefited from this project.</p>
Financial aid	<p>U.S.: for 17 years BIC has been 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>U.S.: 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>France: 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>Spain: Talita is a foundation that supports the social integration of special needs of 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 2015, for the seventh 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, "2.5.2.3 Other philanthropic actions."

◆ Perspectives

The Group is studying the possibility of creating an observatory to evaluate the impact of writing by hand on neurocognitive development.





2.5.2.3. Other philanthropic actions

◆ Approach and progress made in 2015

BIC Citizens in Action

Launched by the Group in 2008, "BIC Citizens in Action" is a worldwide program based on a shared commitment by BIC and its employees aiming to protect the 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. All BIC subsidiaries around the world participate in these campaigns. In 2014, 120,000 euros was raised and the Group, as in 2010 and 2012, teamed up with the NGO *Planète Urgence* to offer financial and scholastic aid to Haitian families through the initiative "*Haiti: Sur le Chemin de l'École*" ("Haiti: Back to School").

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

Program type	Examples of activities in BIC Group subsidiaries in the field of health, environment, sport or emergency humanitarian aid
Products donations	<p>France: donation of writing instruments and shavers to charitable associations (e.g. <i>Secours Populaire</i>, <i>Restos du Cœur</i>, etc.).</p> <p>U.S.: BIC HONORS, the charitable giving and community care program of BIC USA Inc., strives to build stronger communities, help those in need and inspire positive change across a variety of causes. BIC HONORS supports a diverse group of national and local charitable organizations that align with BIC's values and demonstrate a strong track record of effectiveness, teamwork, responsibility and integrity.</p>
Employee volunteer work	<p>France: more than 100 BIC employees and members of their families participated in a charity race organized by the Odyssey association. The registration fees were donated to the Gustave Roussy Institute, which specializes in treatments for cancer.</p>
Financial aid	<p>U.S.: in 2015, 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>Canada: BIC employees rallied together to support the victims of the devastating earthquake in Nepal by making a contribution to Nepal Relief, the fundraising marathon organized by the Red Cross. The donation was matched by BIC Inc. and then matched again by the Red Cross.</p> <p>France: BIC Graphic and BIC Citizens in Action organized a sale of stock sample items to team members in Clichy in support of the French association Proximité, a local organization near BIC headquarters in France that helps disadvantaged young people make the transition from school to work through mentoring schemes, scholastic support, internships and training programs.</p> <p>Singapore: the Singapore Children's Society (SCS) holds an annual fundraising event consisting of a walkathon and a fair with stalls selling various items. BIC decided to sponsor the event by setting up a stall to sell stationery products (writing instruments, markers) and shaver sets with refills. All proceeds went to the SCS, which protects and nurtures children and youth of all races and religions. In 2014, the Society reached out to 68,292 children, youth and families in need.</p>

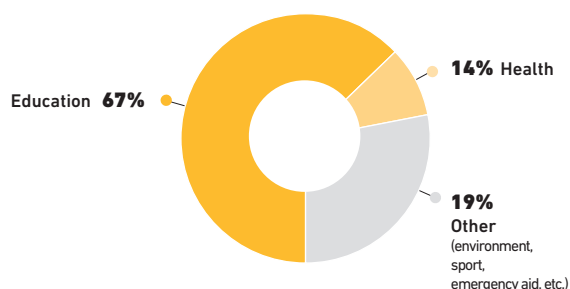
◆ Performance

→ **BIC Group objective is achieved: the contribution toward communities is more than 0.5% of pretax profit**

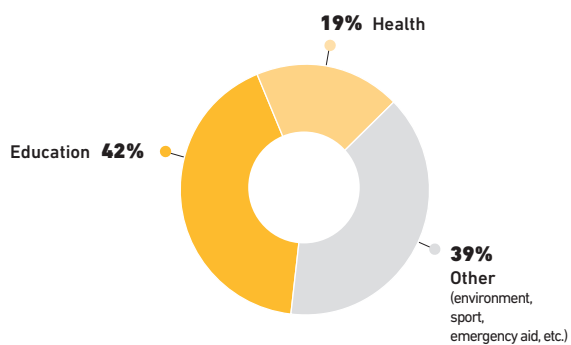
→ **206 philanthropic projects involving volunteer work, product donations and financial aid carried out in 2015 (all fields combined)**

In 2015, product donations and financial aid carried out worldwide have represented 2.7 million euros (internal valuation), primarily in education and health. These two sectors account for 61% of BIC's community activities in number, and represent 81% of their total estimated financial value.

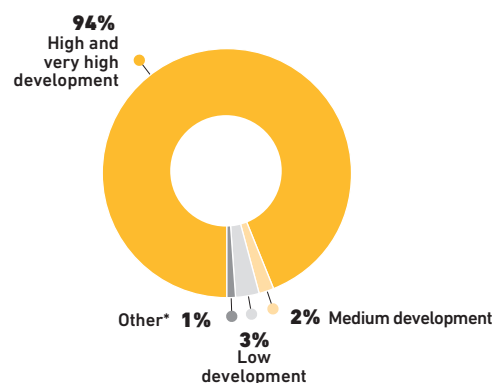
FINANCIAL BREAKDOWN OF ACTIVITIES - BIC GROUP - 2015



BREAKDOWN OF ACTIONS BY FIELD - BIC GROUP - 2015



DISTRIBUTION OF ACTIVITIES BY COUNTRY ACCORDING TO THE UNITED NATIONS HUMAN DEVELOPMENT INDEX (HDI) - 2015



* Countries not listed in the Human Development Index.





2.6. Milestones

2.6.1. EXTRA-FINANCIAL RATINGS

In 2015, BIC was once again listed on the following socially responsible investment Indexes:

- The FTSE4Good indexes;
- Ethibel Excellence Investment Register;
- Ethibel Pioneer Investment Register;
- Ethibel Sustainability Index (ESI), Excellence Europe;
- Euronext Vigeo – Eurozone 120;
- Stoxx Global ESG Leaders Index;

The Carbon Disclosure Project: For the seventh consecutive year, BIC retained its place on the CDLI (Carbon Disclosure Leadership Index). For 2015, the index lists 19 companies that achieved a score of 100 points out of 100. In terms of performance, BIC is one of 16 companies that earned a rating of A or A- (BIC's rating: 100 A-, improving from 96B to 100 A- between 2014 and 2015).

2.6.2. PRIZES

In 2015, BIC Group was honored once again for the transparency of its financial information by Labrador's *"Grands Prix de la Transparence Financière"* for French listed companies. BIC received first prize in the Consumer Goods category and now ranks fourth among the 120 French companies included in the SBF 120 index.

BIC also received Second Prize for Ethics and Risk Evaluation in the AGEFI *"Grands Prix de la Gouvernance"* corporate governance awards for 2015.

BIC Sustainable Development Director Christine Desbois was one of the three finalists in the Sustainable Development category for Usine Nouvelle's *"Trophée des Femmes de l'Industrie"* (Women in Industry Trophy).

BIC is also ranked in the Top 6 among Lyreco suppliers in terms of sustainable development (Lyreco Supplier Sustainability Assessment).

In Canada, BIC received the Outstanding Partner Award from the National Association of Convenience Distributors and the Canadian Convenience Store Association, honoring the Group's contribution to maintaining a sustainable distribution chain.

2.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1, to December 31, 2015.

2.6.3.1. Perimeter

Regarding the indicators that refer to Human Resources and communities, the reporting perimeter encompasses all permanent employees of all French and foreign operational units within the Group.

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

BIC Group's share in the capital of the seven Cello Pens entities went from 75% to 100% in December 2015. Cello Pens activities have not been included in the environmental, social and societal reporting for 2013 to 2015. 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.

2.6.3.2. Indicators

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

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

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



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

Concerning the reporting on greenhouse gas emissions, the conversion factors have been normalized based on those proposed annually by the International Energy Agency. The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the correspondence table for environmental and social indicators (page 77).

2.6.3.3. 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 products for everyone, everywhere, every time"), 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 Program).

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-labeled (NF Environnement, etc.).

This commitment is calculated on 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 on 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/kilometer.

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).





2.6.4. INDICATORS TABLE

Environmental indicators	Barometer	Unit	2013	2014	2015
Management systems of factories					
Factories with environmental and health & safety management systems (or with implementation under way)		%	99.7	89.0	89.0
BIC employees working in ISO 14001 certified factories (or engaged)		%	81.0	84.0	80.0
Energy consumption					
Annual energy consumption		Gigajoules	1,100,313	1,113,281	1,157,395
Annual energy consumption normalized to production	Barometer	Gigajoules per ton	12.68	12.22	12.16
Greenhouse gas (GHG) emissions					
Total amount of annual GHG emissions		tCO ₂ -e	93,679	94,375	98,855
• Direct GHG emissions		tCO ₂ -e	9,354	8,941	9,275
• Indirect GHG emissions		tCO ₂ -e	84,325	85,434	89,580
Total amount of annual GHG emissions normalized to production		tCO ₂ -e/ton	1.079	1.035	1.038
Water consumption					
Annual water consumption		m ³	606,884	568,084	551,968
Annual water consumption normalized to production	Barometer	m ³ /ton	6.99	6.23	5.80
Waste production					
Annual waste production		Tons	22,682	23,575	25,118
• Non-hazardous waste		Tons	20,314	20,744	22,036
• Hazardous waste		Tons	2,368	2,831	3,082
Annual production of waste normalized to production		Tons/tons	0.261	0.259	0.264
Annual production of non-recycled waste normalized to production	Barometer	Tons/tons	0.0794	0.0780	0.0830
Recovered waste		%	84	84	83
Transportation					
GHG emissions related to intra-company transport*		tCO ₂ -e/ton of products	0.592	0.662	0.633
Intra-company transport operated without air freight	Barometer	%	98.03	98.15	98.09
Products					
Products certified with the French <i>NF Environnement</i> ecolabel			22	22	22
Innovative responsible products launched	Barometer		n/a	2	4**
Products adapted to developing market created	Barometer		n/a	2	7**
Products that have at least one environmental benefit*	Barometer	%	49.9	49.6	50.0
Packaging					
BIC cardboard packaging from a certified and/or recycled source	Barometer	%	75.9	87.7	90.3
BIC plastic packaging PVC free	Barometer	%	70.6	78.2	83.1

* BIC Graphic (Advertising and Promotional Products) excluded.

** For 2014 and 2015



Social indicators	Barometer	Unit	2013	2014	2015
Group workforce					
Total workforce (full-time equivalent) – BIC Group			10,762	11,025	11,144
• Permanent employees			9,373	9,550	9,640
• Temporary workers			1,389	1,475	1,504
Voluntary turnover		%	7	8	8
Workforce by region					
Permanent workforce by geographical area					
• Europe		%	40.0	40.5	40.7
• North America		%	24.0	24.0	24.0
• Developing countries		%	36.0	35.5	35.3
Workforce by activity					
Permanent workforce by activity					
• Manufacturing and R&D		%	62	63	63
• Distribution, marketing et G&A		%	19	19	18
• Sales force and customer service		%	19	18	19
Training, career management and engagement					
Employees that have received one training		%	85	92	92
Number of training days		days	17,791	20,293	24,079
Number of training days per employee		days	1.89	2.21	2.70
Number of training hours per theme		hours	142,327	162,347	192,633
• Technical training		hours	101,762	100,837	132,782
• Leadership skills		hours	17,921	21,648	25,867
• BIC culture		hours	22,644	35,384	25,408
• Health & Wellbeing		hours	n/a	4,478	8,576
Internal promotion rate among managers (levels 3 to 6)					
• External recruitment		%	36	35	34
• Internal recruitment		%	64	65	66
Participation rates in surveys	Barometer	%	84	90.5	85.1
Internal development moves and promotion rate	Barometer	%	25	30.5	31.5
Diversity					
Percentage of women in management and workforce		%	45	46	46
• Board of Directors		%	30	30	30
• Leadership Team		%	10	18	20
• Managers (highest levels: 3 to 6)		%	28	29	29
Safety					
Incidence rate of workers' accidents in the factories (accidents with temporary or permanent incapacity)	Barometer	Number per million hours worked	8.43	6.67	6.28
Severity rate of workers' accidents in the factories (in days of temporary incapacity)	Barometer	Number per thousand hours worked	0.27	0.31	0.26
Absenteeism					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.4	1.5	1.5





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Societal indicators	Barometer	Unit	2013	2014	2015
Respect for Human Right in the workplace					
Net sales from BIC® products manufactured in its own factories		%	84.6	84.6	86.0
BIC permanent employees working in countries with no Human Rights risk ^(a)		%	80.0	80.4	81.0
BIC factories located in countries with no Human Rights risk ^(a)		%	84	83	86
Contract manufacturers located in countries with no Human Rights risk ^(a)		%	33	22	28
Contract manufacturers that have been audited using assessment tools that include a rating system and will be monitored on an ongoing basis	Barometer	%	-	26.8	75.7
Net sales in countries with no Human Rights risk ^(a)		%	87.3	87.4	88.3
Sponsorship					
Contribution to communities (percentage of the Group's pretax profit)		%	>0.5	0.49	>0.7

(a) Source: Freedom House.



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

ERNST & YOUNG et Associés

SOCIÉTÉ BIC

Year ended December 31, 2015

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC⁽¹⁾, 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 2015, presented in chapter 2 of the reference document including the management, 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 December 2015 (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 four people between October 2015 and February 2016 for an estimated duration of twelve weeks.

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

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 2015.

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

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook a dozen of interviews with the people responsible for the preparation of the CSR Information in various departments, namely Sustainable Development, Human Resources, Safety at the workplace, Eco-design, Product safety and Business ethics, the people in charge of the data collection process and, if applicable, with the people responsible for internal control processes and risk management, in order to:

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

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.

(1) Scope available at www.cofrac.fr

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





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

- 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;
- At the level of the representative entities that we selected⁽²⁾, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented 21%

of the workforce as at 31 December 2015, 15% of the annual production (in tons), 14% of energy consumption, 9% of water consumption and 12% of waste generation.

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:

Regarding social indicators, improvements have been made on reporting methods and local contributors have been trained to the definitions of the indicators. However, the internal control system failed to detect many disparities, which have been corrected.

Paris-La Défense, 1st March 2016

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier,
Partner, Cleantech & Sustainability

Bruno Perrin
Partner

(1) Quantitative information :

Products: number of innovative responsible products launched in 2015, number of products created in 2015 for developing markets, share of BIC® products with at least one environmental benefit, production of finished and semi-finished products, score for commitments 1, 2 and 3 within the BIC Sustainable Development Barometer;

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

Safety: accident incidence and severity rate and score for commitment 7 within the BIC Sustainable Development Barometer;

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

Human resources: participation rates to the Values in Action survey and to the Employee survey, internal developmental moves and promotion rate, workforce as of 31 December 2015, percentage of women in workforce, recruitment and terminations, absenteeism rate, number of training hours, score for commitments 9 and 10 within the BIC Sustainable Development Barometer.

Qualitative information:

Implementation of the BIC Sustainable Development Barometer, general policies for Human Resources, environment and safety at the workplace, eco-design solutions, products safety, well-being and employee development and business ethics.

(2) BIC Mexico (Mexico), BIC Graphic Red Wing (United States), BIC Graphic Europe and BIC Iberia (Spain).



2.6.6 CROSS REFERENCE TABLE FOR ENVIRONMENTAL AND SOCIAL INDICATORS

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

Contents	Article 225 § 5 of the French Commercial Code	GRI ⁽¹⁾	CDSB Framework for reporting environmental information & natural capital ⁽²⁾	Principles of the Global Compact	OECD ⁽³⁾ general policies	Page
1. Profile		G4-3, G4-4, G4-17, G4-5, G4-6, G4-7, G4-8, G4-9	REQ-07		6, 10	2 to 5
2.1 The BIC Sustainable Development Program	3.b, c	G4-2, G4-45, G4-47, G4-56, G4-15, G4-24, G4-26, G4-27, G4-PR5, G4-EC1, G4-8, G4-27, G4-PR5, G4-16, S05	P1, P2, P7, REQ-01, REQ-02, REQ-03	1 to 10	1, 5	9 to 21
2.2 Responsibility concerning our products	3.d	G4-PR1, G4-EN27	P5, P6, REQ-04, REQ-05	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	22 to 33
2.3 Environmental responsibility concerning our operations	2.a, b, c, d, e	G4-EC2, G4-EN1, G4-EN3, G4-EN4, G4-EN5, G4-EN7, G4-EN6, G4-EN8, G4-EN12, EN14, G4-EN15, G4-EN16, G4-EN19, G4-EN23, G4-EN29, G4-EN30, G4-EN31	P4, P5, P6, REQ-01, REQ-02, REQ-04, REQ-05	7, 8 and 9	12	34 to 45
2.4 Our social responsibility to the employees	1.a, b, c, d, e, f, g	G4-10, G4-LA1, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12		1, 3 and 6	2, 10	46 to 60
2.5 Our societal responsibility	3.a, c, d, e	G4-S03, G4-HR10, G4-HR5, G4-HR6, G4-EC8		1, 2, 4, 5, 10	4, 8, 14	61 to 69
2.6. Milestones		G4-13, G4-28, G4-30, G4-20, G4-21, G4-22, G4-23, G4-32, G4-33	P1, P2, P4, P6, REQ-04, REQ-05, REQ-07, REQ-08, REQ-09, REQ-10, REQ-11, REQ-12		1, 2, 3, 7, 9, 13	70 to 77

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

(2) CDSB: Climate Disclosure Standards Board.

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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY







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