



#MADE TOLAST



• 2017 SUSTAINABLE DEVELOPMENT REPORT •
Extract from the Registration Document

PROFILE AND STRATEGY

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

- quality and value product positioning;
- a large and diversified product portfolio aimed at answering consumers' needs:
 - our classic products are functional, reliable and affordable, manufactured using the minimum raw materials, They are designed to serve a very precise function and they offer the best value for money with a good environmental performance,
 - our value-added products are aimed at answering the growing demand for more sophisticated goods,
 - our responsible products use alternative or recycled raw materials;
- innovation: in 2017, BIC realized 11% of its net sales through new products ⁽¹⁾;
- recognized brands:
 - BIC®, Tipp-Ex®, Wite-Out®, BIC® Kids, BIC® Matic, BIC® Ecolutions® (responsible products), Cello®, BIC Graphic;
- historical international footprint in both developed and developing markets:
 - BIC is present in more than 160 countries with a strong presence in developing markets, thanks notably to its quality products, accessible to as many people as possible,
 - BIC innovates with distribution adapted to the poorest populations;
- on-going and sustained productivity improvement policy:
 - the modernization and continuous rationalization of its production facilities allow BIC to maintain its worldwide competitiveness at the highest level and reduce its environmental footprint;
- a complete and solid international distribution network (stationery stores, office supplies companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets, E-commerce, etc.);
- a solid balance sheet and a clear use of cash strategy, including:
 - internal development, through focused capital expenditures,
 - external growth, through bolt-on strategic acquisitions in order to:
 - acquire a technology not yet held by the Group,
 - enter a new market segment,
 - enter a new geographic area;
 - regular shareholder remuneration.

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



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

GROUP LONG-TERM STRATEGIC PRIORITIES

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

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

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

Maintain a strong cash generation to:

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



*“ Honor the Past,
Invent the Future ,”*



PROFILE 2017

A WORLD LEADER IN THE CONSUMER GOODS MARKETS

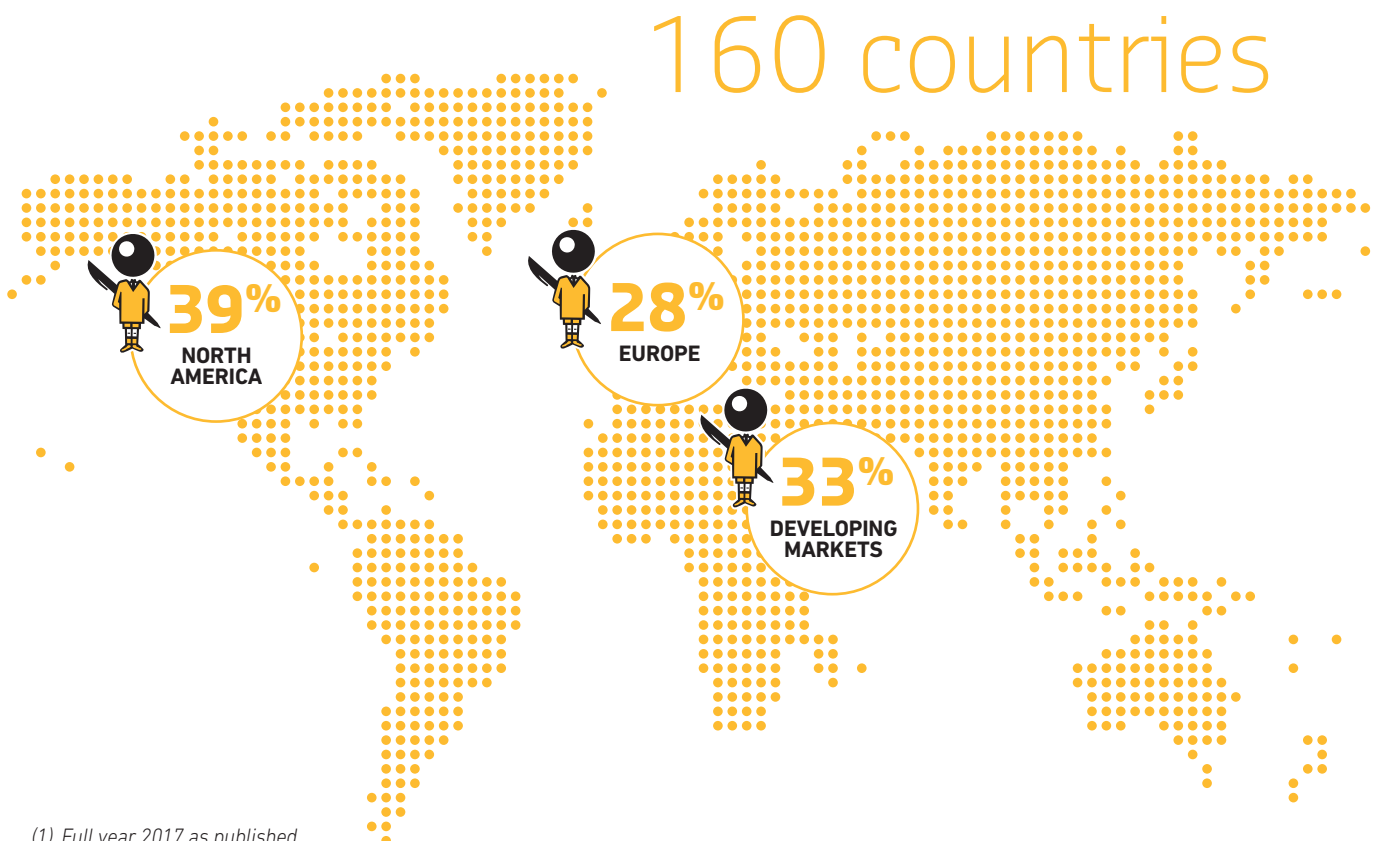
Over **70 years** of history

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

Recognized **brands**

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

Net Sales by geographies ⁽¹⁾



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

QUALITY PRODUCTS SOLD AT A FAIR PRICE AND CONTINUALLY IMPROVED

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

A UNIQUE INDUSTRIAL EXPERTIZE AND EFFECTIVE CONTROL OF MANUFACTURING COSTS

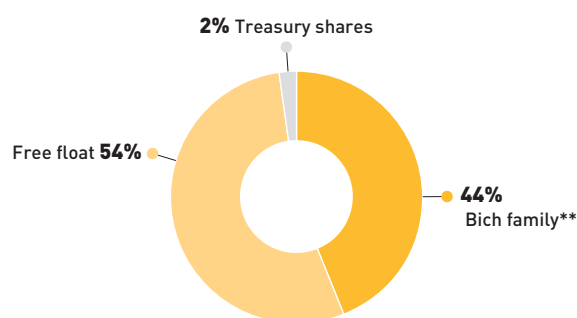
- 24 high performance factories (21 are located in developed countries according to the HDI indicator).
- 90% of net sales realized with products manufactured in our own factories*.

A HISTORICAL **SOCIALLY RESPONSIBLE** APPROACH

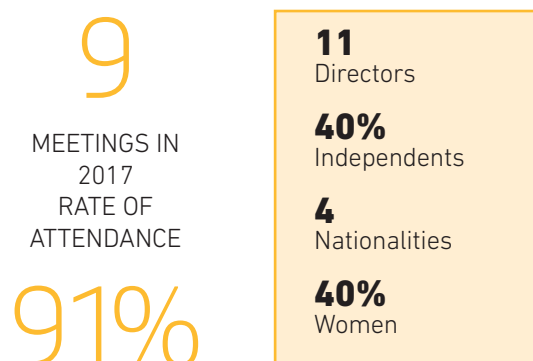
- A complete program for the training and development of its employees' skills and employability.
- A clear vision, a lasting philosophy and fundamental shared values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

Strong governance

SHAREHOLDING STRUCTURE



Board of Directors



* Excluding Cello Pens.

** Direct and indirect.







OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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2.1. The BIC Sustainable Development Program

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

2.1.1. FOUR STRATEGIC DIRECTIONS

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

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

2.1.2. BIC GROUP SUSTAINABLE DEVELOPMENT KEY ISSUES

2.1.2.1. Evaluation of the materiality of the issues

In 2014, BIC performed a study to review the importance of these stakes and the risks related to corporate social responsibility (CSR) through the creation of a materiality matrix, in particular for the purposes 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 require special attention by the Group;
- ensuring that the Group’s perception is consistent with that of its stakeholders.

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

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

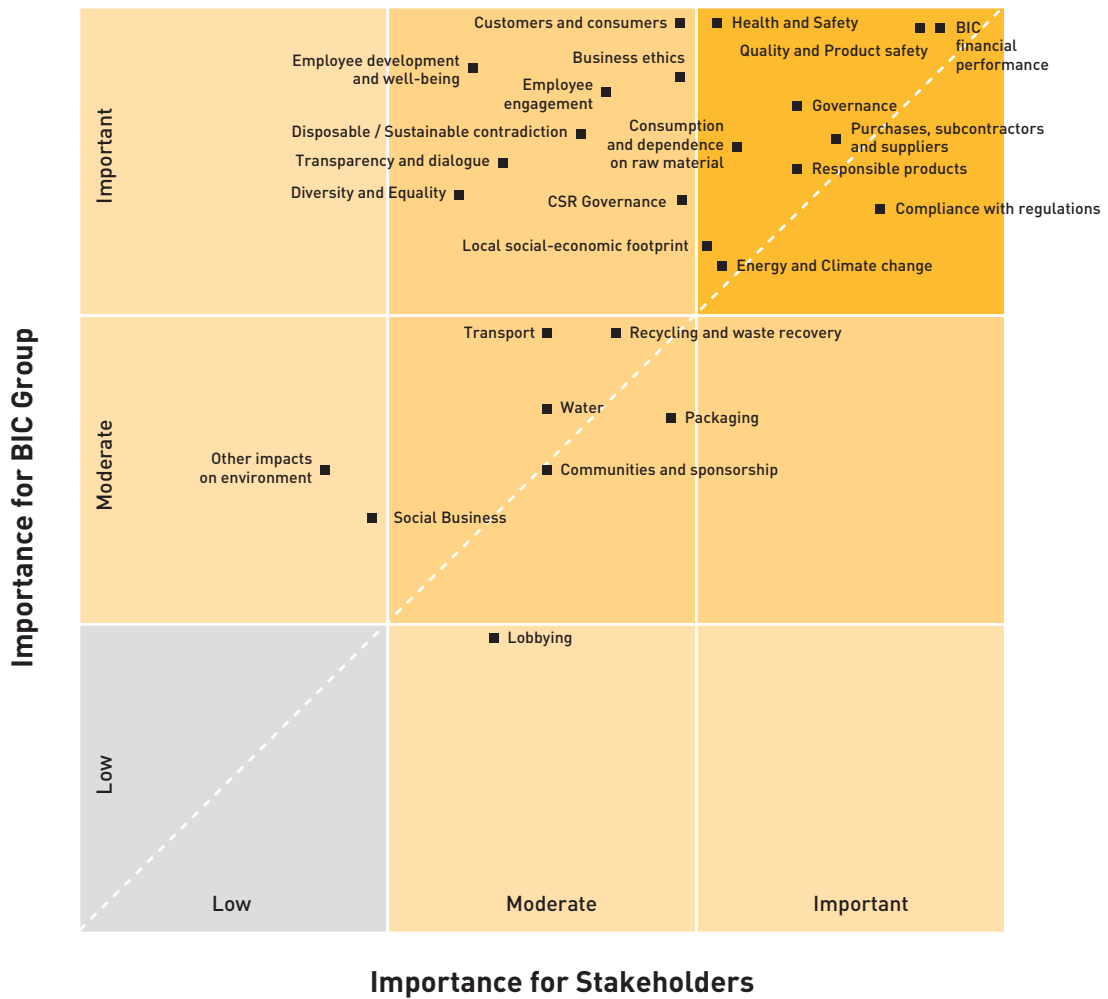




MATERIALITY MATRIX OF SUSTAINABILITY ISSUES

This materiality analysis confirmed the overall balance between the perception of BIC's material stakes by the Group and by the stakeholders. It also highlighted the fact that the BIC Sustainable Development Program covers the Group's key stakes.

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





→ PREPARING FOR FUTURE CHANGE

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. In addition, BIC's industrial know-how enables it to maintain competitive employment, especially in Europe. Its pragmatic economic model, adapted to the practical context of each geographic zone, allows the Group to seize the opportunities made possible by globalization.

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

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

Climate change and the rarefaction of raw materials, in particular fossil fuels and metals, will make it increasingly difficult to meet the needs of the world's growing populations. BIC has been preparing for this contingency for a long time. From the very beginning, it has championed the principle of using "just what's necessary" in the manufacturing of its products. The Group is constantly innovating to make more efficient use of materials in its products while improving energy efficiency and using more renewable energy sources in its factories, with the goal of eventually becoming a low-carbon industry.





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

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



 Sustainable Development Goals to which BIC is contributing

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

1. Eliminating poverty, by giving everyone access to simple, reliable products that meet basic needs (see page 59).

4. Providing quality education, through all the actions that the Company has taken to promote educational opportunities (see page 92).

8. Promoting economic and sustainable growth, in particular through the development of products and production modes that favor the efficient use of resources, including recycled materials (see pages: 53 to 57 and 65 to 70).

12. Establishing sustainable consumption and production modes, through the Company's eco-design program that offers consumers information to help them make their purchasing choices, and through its monitoring and compliance program, which ensures that the products it markets are safe and comply with health and environmental standards (see pages: 53, 58 and 60 to 61).

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

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






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





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

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

| Step | Stakes | Action plans |
|---|---|---|
| Purchasing  | The supply of raw materials that are used to make BIC® products <ul style="list-style-type: none"> • 46% of the Group's purchasing can be attributed to plastics • 9.2% of the plastics used by the Stationery category are recycled | <ul style="list-style-type: none"> • Reduce consumption of non-renewable raw materials • Promote the use of alternative materials (recycled or plant based) and participate in the emergence of the circular economy • Verify suppliers' compliance with environmental, social and governance standards |
| Production  | The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> • Millions of products sold every day worldwide | <ul style="list-style-type: none"> • Reduce water and energy consumption • Reduce CO₂ emissions • Reduce waste and increase the proportion of recycled waste • Reduce our impact on biodiversity • Maintain good working conditions for our employees • Ensure respect for Human Rights • Strive to develop employees' skills • Promote diversity in the Company |
| Distribution  | The shipping of BIC® products by transport service providers <ul style="list-style-type: none"> • 0.536 teqCO₂ per ton of freight | <ul style="list-style-type: none"> • Optimize shipments and distribution routes • Ensure responsible distribution adapted to local conditions |
| Usage  | The use of BIC® products (writing instruments, lighters, shavers, etc.) <ul style="list-style-type: none"> • More than 2 km for a BIC® Cristal® pen • Up to 3,000 lights for a BIC® Maxi lighter • Up to 17 shaves for a BIC® Flex 3 | <ul style="list-style-type: none"> • Guarantee long-lasting products (stationery, lighters, shavers, promotional products) • Ensure the quality and safety of products • Promote responsible consumption • Anticipate customer and consumer needs • Reduce packaging waste |
| End of life  | The disposal of BIC® products <ul style="list-style-type: none"> • Weight of a BIC® Cristal® ball pen: 5.9 g • Weight of a BIC® Maxi lighter: 21.8 g • Weight of a BIC® 3 shaver: 8.8 g | <ul style="list-style-type: none"> • Help reduce the overall quantity of waste produced • Investigate possible recovery and recycling solutions |





2.1.3. WRITING THE FUTURE, TOGETHER: A NEW AMBITION AND A NEW GROUP-WIDE COMMITMENT FOR 2025

In order to step up its efforts and take advantage of the transformation driver represented by sustainable development, BIC defined ambitious commitments in 2017 that will enable the Group to build long-term value for the benefit of all of its stakeholders.

The Group based the definition of these ambitions on the principles of its Sustainable Development Program: studying the materiality of the issues, incorporating long-term planetary issues as well as the

UN Sustainable Development Goals, and feedback from the management of the program from 2008 to 2016 using the BIC sustainable development Barometer (see box).

The method calls for a preliminary phase consisting of internal consultations with all of the major departments — categories, continents and functions — followed by a phase of co-defining the commitments with the active engagement of the Leadership Team.

→ NINE YEARS OF MANAGING THE PROGRAM WITH THE BIC SUSTAINABLE DEVELOPMENT BAROMETER

From 2008 through 2016, the BIC sustainable development Barometer was the key tool for the management of the Sustainable Development Program. Comprising 10 commitments, with dated and quantified goals for each, the Barometer provided an overview of the Group's performance and progress. For each edition of the Barometer, new goals were defined and the Group's performance was consolidated with an overall score and an itemized score for each commitment. During the period between 2008 and 2016, three editions of the Barometer allowed BIC to drive the implementation of its approach and make continuous progress.

The Group is now turning to 2025 commitments, which come into force in 2018.

The vision thus defined is expressed in the signature **Writing the Future, Together** and led by the BIC ambition for sustainability comprising five ambitious commitments. These commitments are aligned with the Group's strategy.

- **Fostering sustainable innovation in BIC® products:** by 2025, the environmental and/or societal footprint of BIC® products will be improved.
- **Acting against climate change:** by 2025, BIC will use 80% renewable electricity.
- **Committing to a safe work environment:** by 2025, BIC aims for zero accidents across all operations.
- **Proactively involving suppliers:** by 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing.
- **Improving lives through education:** by 2025, BIC will improve learning conditions for 250 million children globally.

At BIC, we believe in providing simple, innovative, reliable choices for everyone, everywhere, every time. And we believe in doing so responsibly - with the planet, society and future generations in mind.

Our approach to sustainability is deeply rooted in our values and is an integral part of our day-to-day operations. Staying true to our philosophy of honoring the past and inventing the future, we want our ongoing commitment to sustainable development to be long-lasting and far-reaching.

Our ambition is to ensure that we limit our impact on the planet and make a meaningful contribution to the lives of the people we employ and society in the long term, simply because it is the right thing to do.

We believe that improving our environmental and societal product footprint, acting against climate change, providing our employees with a safe workplace, making our supply chain more responsible and reinforcing our commitment to education, are key in shaping our business tomorrow so that we can write a sustainable future for all.

The next chapter of our sustainability journey starts here. With you. Today.





2.1.4. INTEGRATION OF SUSTAINABLE DEVELOPMENT INTO OUR ACTIVITIES

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

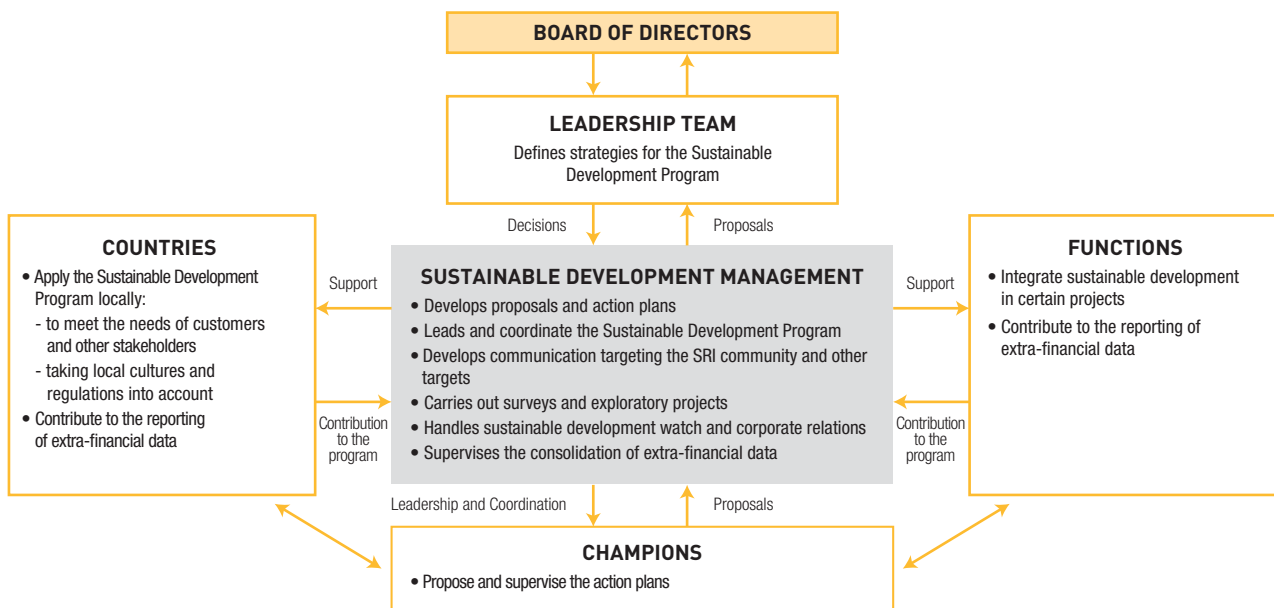
The issues of sustainable development are considered in the Company's decision-making process. Every meeting of the Leadership Team includes an update on recent progress in sustainable development. In 2017, the Leadership Team supervised the development of the "Writing the Future, Together" program and defined the Group's commitments for 2025.

The BIC Sustainable Development Program's goals and progress are presented at least once a year to the Board of Directors and at the Annual Shareholders' Meeting. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group. In 2017, a Nominations, Governance and Corporate Social Responsibility (CSR) committee was formed within the Board of Directors.

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

2.1.4.2. Our operational structure

Managing sustainable development is based on a continuous improvement approach that is deployed across the entire BIC Group. For the definition of the "Writing the Future, Together" program, "Champions" were designated for each topic in order to coordinate the tasks of defining the commitments. A new, dedicated organization is being introduced to enable the implementation of the roadmaps and achievement of the 2025 goals. Relying on the "Champions" and the active involvement of the Leadership Team, this new organization will reflect the "integrated" approach that BIC seeks to adopt in order to fulfill its commitments.





2.1.4.3. Our Policies

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

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

Since 2007, **the BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world (see also page 91).

The Group's Anti-Corruption Policy, defined in 2016, states that BIC Group will not tolerate bribery or corruption in any place where it operates, upholding its reputation for integrity (see page 91).

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 89).

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 60).

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 64).

The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to actively promote diversity (see also page 85).

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 87).

Defined in 2013, **the Responsible Communication Charter** formalizes BIC Group's integration of the Value of Responsibility in its communication. This charter applies to all communication undertaken by the Group around the world. (see also page 50).

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

2.1.4.4. BIC's employees: stakeholders in the approach

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

- An internal newsletter has been distributed to employees since April 2012. Published in six languages, the newsletter keeps all employees worldwide regularly up to date on the latest in sustainable development. Since October 2017, the newsletter has been translated into Hindi for the employees of Cello Pens in India;

- The Group's sites organize activities in line with local and national events. Examples include Sustainable Development Week in France, participation in the WWF's "Earth Hour" operation in Canada, and "Environment, Health and Safety Week" in Brazil;
- In recent years, proactive Green Teams have been formed in certain countries (such as Canada and the U.S.) to promote sustainable development among BIC employees. They raise awareness of "green habits," encourage their co-workers to set goals for improvement, monitor these objectives, encourage participation in environmental and social outreach programs, organize conferences with presentations by associations and experts in the field, etc.

Since 2013, all BIC employees are invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 76). 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 76).

2.1.4.5. Compliance with legislation on the duty of vigilance

In order to comply with the stipulations of French law no. 2017-399 of March 27, 2017 concerning the duty of vigilance, BIC Group has formed a working group bringing together representatives of five departments — Sustainable Development, Legal, Risks, Internal Control and Purchasing — to work on the establishment of a vigilance plan. A member of this working group is responsible for ensuring the steps are followed in accordance with the law.

The following sections present the policies and measures that the Group has implemented to help prevent infringements of human rights and basic freedoms, dangers to the health and safety of people and environmental damage, along with the corresponding mitigation and remediation measures. These will be detailed or enhanced from 2018.

◆ Risk mapping

Perimeter

To date, the Group started the work on a risk map and a vigilance plan as provided by the law on duty of vigilance.

This work notably relied on a supplier risk map based on a survey of suppliers and subcontractors made by the Group in 2013-2014 in order to integrate sustainable development criteria in its supply decisions.

BIC Group distinguishes four categories of suppliers:

- subcontractors (licensed manufacturers, contract manufacturers);
- suppliers of raw materials (plastics, metals, inks, packaging) and components for BIC® products;
- transport companies;
- service providers (utilities and other services).





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

Risk factors

At this stage, the risk mapping has involved identifying for each topic of the law (Human Rights, Fundamental freedoms, Health and Safety of people and Environment) the type of risks that are significant in BIC's activity (factories or offices) and its suppliers and subcontractors (geographic, operational or sector risk).

Identification of the most pertinent approaches for assessing risk criticality was initiated. These approaches, as they stand today, are listed in the following table. This effort will be pursued in greater depth in 2018.

| | Human Rights and Fundamental Freedoms | Health & Safety and Environment |
|-------------------------|--|---------------------------------|
| BIC Group factories | Geographic approach | Operational approach |
| BIC Group offices | | Geographic approach |
| Subcontractors | Geographic approach and operational approach | |
| Raw materials suppliers | Geographic approach and operational approach | |
| Transport companies | Geographic approach and sector approach | |
| Other service providers | Geographic approach | |

The geographic approach takes into account the risks associated with each country, primarily based on the indices published by NGOs like the International Federation for Human Rights (FIDH) and Freedom House.

The operational approach takes into account the intrinsic risks for each factory.

The sector approach takes into account the specific risks for the sector concerned (e.g. transport).

Risk assessment

Risks will be assessed as the result of the probability of occurrence and the severity of the potential impact in relation to the applicable risk factors.

◆ Organization and measures for the prevention of infringements of human rights and fundamental freedoms, dangers to the health and safety of people and environmental damage

Framework documents

The Group has compiled a body of documents to facilitate risk management. These documents are listed in Section 2.1.4.3

("Our Policies"). Those that address the topics covered by law and provide the basis for the BIC Group's vigilance plan are: the Code of Ethics, the BIC Group Anti-Corruption Policy, the BIC Group Code of Conduct, the Environment, Health & Safety (EH&S) Policy, the BIC Charter of Diversity and the Responsible Purchasing Charter.

Organization and measures implemented

At this stage, the work on the vigilance plan has involved identifying the policies and measures already implemented by the Group to manage and mitigate identified risks and record the gaps that should be filled in implementing the vigilance plan.

The tables present an overview of the current state. The page numbers in parentheses direct the reader to Chapter 2 of the Group's registration document, "Our environmental, social and societal responsibility," which gives a detailed presentation of the BIC Group's issues, policies, initiatives, accomplishments of the past year and performances in sustainable development. It covers the topics specifically covered by law.

HUMAN RIGHTS AND BASIC FREEDOMS - RISK MANAGEMENT METHODS AND MEASURES IMPLEMENTED

| | Policy | Risk management tools and organization | Mitigation and remediation measures |
|-------------------------|---------------------------------------|--|-------------------------------------|
| BIC Group factories | Code of Ethics (p.91) | Self-evaluations (p.90) | Hotline "BIC Speak-Up" (p.91) |
| | Code of Conduct (p.89) | | Social dialog (p.84) |
| BIC Group main offices | Code of Ethics (p.91) | Monitoring of HR indicators (p.74) | Hotline "BIC Speak-Up" (p.91) |
| | | | Social dialog (p.86) |
| Subcontractors | Code of Conduct (p.89) | Audit program (p.89) | Corrective action plans |
| Raw material suppliers | Responsible Purchasing Charter (p.87) | EcoVadis evaluations (p.88) | To be defined |
| Transport companies | Responsible Purchasing Charter (p.87) | Latin America: Signing of the BIC Code of Conduct (p.71) | To be defined |
| | | U.S.: Smartway certifications (p.71) | |
| Other service providers | Responsible Purchasing Charter (p.87) | To be defined | To be defined |





ENVIRONMENT AND HEALTH-SAFETY - RISK MANAGEMENT METHODS AND MEASURES IMPLEMENTED

| | Policy | Risk management tools and organization | Mitigation and remediation measures |
|-------------------------|---|--|--|
| BIC Group factories | Code of Ethics (p.91) EH&S Policy (p.64) Code of Conduct (p.89) | Environment, quality and OHSAS management systems (p.77) Monitoring of health-safety indicators (p.78) Monitoring of environmental indicators (p.65 to 69) EH&S self-evaluations (p.90) | BIC Sustainable Development Program for the reduction of energy use (p.66) and water use (p.65), plus waste management (p.68) Hotline "BIC Speak-Up" (p.91) |
| BIC Group main offices | Code of Ethics (p.91) | Regulatory audits Monitoring of environmental indicators (p.65 to 69) Monitoring of health-safety indicators (p.78) | Green IT section of the BIC sustainable development Program (p.73) Quality of Life at Work program (p.78) Hotline "BIC Speak-Up" (p.91) |
| Subcontractors | Code of Conduct (p.89) | Audit program (p.89) | Corrective action plans |
| Raw material suppliers | Responsible Purchasing Charter (p.87) | EcoVadis evaluations (p.88) | To be defined |
| Transport companies | Responsible Purchasing Charter (p.87) | Latin America: Signing of the BIC Code of Conduct (p.71) U.S.: Smartway Certifications (p.71) | To be defined |
| Other service providers | Responsible Purchasing Charter (p.87) | To be defined | To be defined |

The "BIC Speak-Up" hotline accessible to all BIC employees, allows any violation of the BIC Group anti-corruption Policy and Code of

Ethics to be reported. (see section 1.7.3.6 "Employees") and thereby offers an alert mechanism to report on risks covered by law.





2.1.5. INTERACTION WITH OUR STAKEHOLDERS

2.1.5.1. Sharing value with our stakeholders

◆ Challenges and approach

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

◆ Performance

DISTRIBUTION TO STAKEHOLDERS IN 2017*

| → CUSTOMER TURNOVER: 2,020.3 MILLION EUROS | | | | | | |
|---|--|--|---|--|--|---|
| Employees | Suppliers | Shareholders | Banks | Governments | Net investments | Communities |
| 524.6 million euros. Corresponding to payroll, bonuses and profit-sharing payments to employees. | 1,010.4 million euros. Corresponding to purchases of raw materials, consumables and bought-in services. | 161.0 million euros in ordinary dividends and 97.1 million euros for the repurchase of shares. | 6.1 million euros in net interest received. | 115.6 million euros, including 97.3 million euros paid around the world as corporate income tax and 18.3 million euros in other taxes. | 172.7 million euros, including 175.3 million euros for the acquisition of tangible and intangible fixed assets and 2.6 million euros received from the disposal of fixed assets. | 1.8 million euros in donations of funds and products to local communities (internal valuation). |

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

2.1.5.2. Responsible Communication

◆ Challenges

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

◆ Approach

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

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

- implement the necessary means, in terms of organization, processes and tools, for verifying all communications issued by the Group;

- make responsible use of its stakeholders' personal data, in compliance with the regulations;
- include environmental and social impacts 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.

→ **100% of the environmental claims that appear on the packaging, in the catalogs and on the websites for BIC® products are approved by the Legal Department**





2.1.5.3. The BIC Panel

◆ Challenges and approach

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

Each year, individual interviews were held to enable members of the panel to comment on the Company's strategy and practices, suggest

improvements that could contribute to the action plans, express expectations for the future and formulate opinions on the Group's Sustainable Development Program.

BIC Group wants to seize the opportunity offered by the new commitment program "Writing the Future, Together" to reassess the way it interacts with stakeholders. Reflection in this direction was initiated in 2017 and will continue in 2018. The panel members were therefore not consulted on this point in 2017.

→ CUSTOMER 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. Their questions concern environmental management policies, systems for collecting and recycling waste, environmental advantages and product labeling, compliance with product quality and safety regulations, the local origin of products, respect for human rights, etc.

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

In addition to responding to its customers' specific questionnaires on its CSR approach, BIC discusses all pertinent topics with them, including sustainable development issues, as part of its commercial relations. In certain cases these relations can take the form of partnerships. All the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program. BIC Group's eco-design approach (see page 55) and stringent product safety standards (see page 60) give its products an advantage to meet the current societal trends.

2.1.5.4. Responsible lobbying and participation in sector working groups

◆ Challenges

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

◆ Approach

Participation in sector dialog

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

BIC has no tradition of making public statements on major industrial or societal topics. However, the Group does participate in sector dialog 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 industry associations, and in some cases, has been for many years.

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

The Group's subsidiaries also cultivate direct relations with the national 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, SOCIÉTÉ BIC Chairman and CEO Bruno Bich, Chief Operating Officer Gonzalve Bich and BIC Executive Vice-President Marie-Aimée Bich-Dufour, along with the Category and Continent Directors, are responsible for steering and monitoring all lobbying actions on a regular basis.

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

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

Employee awareness

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

◆ Progress made in 2017

BIC Group lobbying activity in 2017 focused on pending regulations and standards concerning stationery products (EU directives and regulations: REACH, CLP, Toy Safety) and lighters (ISO 9994, Child Safety, CLP). The Group is also following the European Commission project to improve market oversight.

2.1.5.5. Dialog with the financial community

◆ Challenges

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

◆ Progress made in 2017

Throughout 2017, the dialog on the topic of sustainable development continued at various events, including:

- the Annual Shareholders' Meeting on May 10, 2017, at which the topic was presented to the Shareholders;
- the Oddo Mid-Cap Forum in January 2017 in Lyon, France, where BIC met, upon their request, with financial and extra-financial analysts and fund managers at individual or group meetings;
- the ESG/SRI meeting organized by Société Générale on November 7, 2017.

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





2.2. Responsibility concerning our products

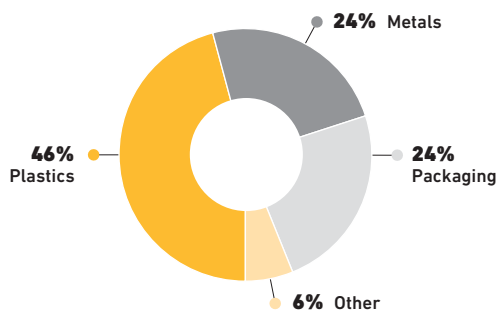
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this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

2.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

◆ Challenges

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

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2017



2.2.1.1. The three eco-design solutions developed by BIC

◆ Approach and progress made in 2017

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® ball pen, one of the Group's flagship products, exemplifies this approach. Even though its design already optimized the use of materials in 1950, the BIC® Cristal® ball pen continues to benefit from ongoing research to minimize the quantity of material used:

- It has a minimum writing length of more than 2 km;
- It uses only 2.9 grams of material per kilometer of writing, compared with 6.6 grams for a competing product with comparable characteristics.

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

For example, the BIC® Simply Soleil® shaver is designed to weigh as little as possible. Although it is hollow, its handle nonetheless ensures a high level of performance, quality and comfort in shaving. In 2017, the distribution of the BIC® Simply Soleil® shaver was expanded, mostly in France, and its presence on the shelf was highly visible with the launch of BIC® Miss Soleil®, a pack of eight units for France and Poland.





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→ 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 19 BIC® products has been granted this ecolabel**, including historical products like the BIC® Cristal® sold in boxes of 50 and the BIC® 4-Colors™ ballpoint pen, as well as the pens in the BIC® Ecolutions® line.

Integrating alternative materials

Research & Development

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

- **the use of existing innovative materials.** An inventory of innovative materials available for industrial use is kept up to date. From this list, engineers select materials that correspond to industrial and economic requirements with the objective of conducting feasibility tests. In the absence of a simple, economical solution to develop a material based on biological material from plants, recycled materials are chosen;
- **collaborative research** with suppliers to identify new materials (e.g. plant-based or recycled, etc.), new concepts or hybrid materials. Many materials are considered and then analyzed. These have included potato starch, sugarcane, plant fibers, woodchips, etc. 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 2017, 94 alternative materials had been tested, including 38 recycled plastics, 29 hybrid materials and 27 materials derived from renewable resources.

→ 94 alternative materials tested

Integrating alternative or recycled materials into stationery products

Since 2014, BIC has been conducting a research program to maximize the use of recycled and alternative materials in BIC® products. To achieve this, the research teams have identified all BIC® products whose design could be modified or adapted for production using alternative/recycled materials without sacrificing quality. The challenge is, first of all, to ensure a perennial source of such materials that meet the specifications and are available on the market, and secondly, to convert any products that lend themselves to this adaptation. Exemplifying this approach, the BIC® Ecolutions®

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

→ THE RECYBIC PROJECT RECOGNIZED BY ADEME

The RecyBIC project was launched in 2016 at the Boulogne site (France) with the goal of increasing production capacity for pencils in the Evolution® line using recycled materials (+ 100 million units). Submitted in response to an ADEME (French Environment and Energy Management Agency) call for proposals entitled ORPLAST (*Objectif Recyclage PLASTiques*), the project received a subsidy to fund the supply of recycled rather than virgin polystyrene, investment in the necessary equipment and further research. In early 2017, recycled polystyrene was purchased, and the equipment was put into production.

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

In 2017 BIC Sport continued its efforts to reduce the environmental footprint of its products and operations. The new technology TOUGH TEC, introduced in 2016 and developed to produce stand-up paddle (SUP) boards for beginners and schools, has been extended to windsurf boards, also for schools. It produces lighter, stronger boards than the DURA TEC technology using polyurethane foam. TOUGH TEC replaces this material with using a more recyclable polystyrene foam.

The Earth SUP and Earth Surf lines, made from paulownia wood and flax fiber, were once again expanded with the addition of several models in 2017. One of the Earth SUP models, the 12'6 Biscayne, had been awarded the 2016 "Étoile du Design" prize by *L'Observateur du design* for its environmentally-friendly design and production.

BIC at the heart of an innovation community

Over the years, BIC has cultivated more than 100 strategic partnerships in research and development with startups, companies at the forefront of innovation, universities, research institutes and external laboratories, playing a leading role in a community with which it pursues long-term prospective and development programs. For example, BIC Group works closely with a number of French startups, like Pilibio and Inofib, specializing respectively in the production of inks from microorganisms and in natural cellulose fibers. Since 2012, BIC Group has also been a member of *Matériaux Chimie, Chimie Verte* (formerly called MAUD), a competitiveness cluster based in Villeneuve-d'Ascq that backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and bio-sourced materials, high-efficiency processes and clean technologies.

To further its involvement in sustainable development, BIC has joined Bio-speed, a consortium bringing together multiple groups, including Danone, Faurecia, Lego, Michelin, L'Oreal and Quicksilver, for the purpose of accelerating the emergence of a biomass economy. Its goal is to reduce fossil fuel dependency and the environmental footprint of manufactured products by promoting the conversion of non-food biomass into polymers.





Developing refillable products

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

In the Stationery category, BIC continues to offer consumers refillable pens. For example, in 2016 BIC launched a complete line of refillable gel ink pens under the BIC® Gel-ocity® brand. The 4-Couleurs™ line has been expanded with the launch of the 4-Couleurs™ Fluo pens in 2016 and the 4-Couleurs™ 3+1 models in 2017, combining three ink colors and a mechanical pencil, all refillable. On the U.S. market, pen refills are available on a dedicated website www.shopbic.com. They are also available on the website www.bicworld.com, which links to a European e-commerce site offering the BIC® refill range.

In the Shaver category, the BIC® Hybrid shaver is sold as a handle with four-to-six heads. The underside of the handle is also ribbed to reduce the use of plastic without altering the shaver's ergonomic characteristics, which are the same as those of a conventional handle. Because it comes with four-to-six heads, 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® Hybrid shaver is 28% less than that of a similar non-refillable BIC® model, like the BIC® Comfort 3® Action®. As this model is considered non-refillable by the customers, it is compared to a non-refillable model.

Following up on the success of the BIC® Hybrid line, in 2017 BIC launched the BIC® Flex 5 Hybrid shaver, a handle sold with four 5-blade heads, in North America and Northern Europe.

→ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

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

→ LAUNCH OF THE BIC SHAVE CLUB

In 2017, BIC Group launched the "BIC Shave Club" in France and in the United Kingdom. The first such service in France, it offers online subscriptions for refillable BIC® men's shavers. With their subscription, customers receive a free handle and thereafter monthly refills shipped directly to their homes. Meeting the current demand for direct sales and easier access to products, this new distribution mode makes optimal use of the potential of BIC's refillable shavers.

◆ Performance of the eco-design process

In 2017, the three BIC® products categories have sold at least 50% of products with at least one environmental benefit.

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

- Lightweight and long-lasting (writing instruments ≤ 3 g/km; correction products ≤ 1.8 g/m; lighters ≤ 8 g/1,000 flames; shavers ≤ 1 g/shave);
- Made from alternative materials (recycled, vegetable origin, etc.);
- Refillable;
- Eco-labeled (*NF Environnement*, etc.).

This indicator is calculated on the number of units and concerns the products of the three main categories (except PIMACO and Cello Pens activities).

◆ Perspectives

Pursuing its effort to reduce its use of materials, BIC Group is optimizing one of its flagship products launched in Latin America last year: the BIC® Flex 3. Without affecting its ease-of-use, this shaver's hollow handle will be made even lighter by reducing the quantity of rubber. This modification will also make the production lines more efficient, resulting in a 34% reduction in material and a 15.6% reduction in weight in comparison with the current BIC® Flex 3 shaver.

Following up on the success of its line of triple-blade hybrid shavers, which offer consumers high-quality shaving combined with environmental performance, the Group plans to pursue its development in 2018 with:

- expanded distribution of the Hybrid line to Latin America under the BIC® Comfort 3 Hybrid brand;
- the launch of a BIC® Flex 3 Hybrid shaver in a pack containing a handle and five heads, adapted to the North American market;
- the launch of the BIC® Soleil Bella Click, a four-blade women's shaver consisting of a lightweight hollow handle sold with four heads in North America.

As part of "Writing the Future, Together" BIC Group has made responsible products one of its five commitments : **"By 2025, the environmental and/or societal footprint of BIC® products will be improved."** The goal is to deploy a comprehensive eco-design process within each of the categories.

2.2.1.2. Tools to facilitate the eco-design process

Measuring products' environmental performance

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









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

BIC has embarked upon an environmentally responsible approach, and demonstrated that its founding principle of "just what's necessary" ⁽¹⁾ enables the Group not only to offer more affordable products, but also products that have less impact on the environment.

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS

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

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

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

→ **100% of new Stationery products are subject to eco-measurement**

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

Our LCA and eco-design tools

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

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

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

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

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

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

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

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

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

(2) Everybody can Design with Environmental Awareness.





→ LCA AT BIC

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

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

2.2.1.3. BIC Group's contribution to the circular economy

◆ Challenges

BIC Group is committed to eco-design, the efficient use of resources and waste reduction, with the aim of continuing to use a minimal amount of materials and to experiment with alternative, especially recycled, materials. BIC also seeks to understand all issues concerning the end of its products' life cycles, exploring their recyclability and experimenting with recycling systems.

◆ Approach and progress made in 2017

BIC initiates an innovative circular economy model

The first line of outdoor furniture made in France from recycled pens, Ubiocity™ was launched in October 2017 upon the initiative of BIC Group. It is the result of a successful collaboration between partners of an independent recycling channel that proposes a circular economy model unique in France.

With Ubiocity™, BIC is testing a long-term recycling channel that aims to:

- Fund the extension of the collection program for used pens (see below);
- Show citizens and schoolchildren the concrete results of their waste sorting: by collecting used pens, they participate in their transformation into benches, tree seats, etc., which are sold for use in city streets and schoolyards;
- Encourage post-consumer waste recycling, especially for plastics.

This experiment relies on two innovative partnerships:

BIC's partnership with TerraCycle for the collection of used writing instruments: since 2011, the BIC-TerraCycle program has been offering the collection and recycling of used writing instruments in Europe. A pioneer in this field, the program allows users of these products to organize at their consumption sites the collection of all types of writing instruments, whether BIC® branded or not, to be recycled. For each instrument collected, one euro cent is donated to a charity or non-profit association of the organizer's choice or, in the case of schools, directly to the school to finance an educational project. As of the end of 2017, more than 25 million pens had been

collected and €400,000 in donations made. This program enables BIC Group to gain a better understanding of the way its products are used by consumers and to promote the sorting of waste.

A partnership with Govaplast and Plas Eco for the design, manufacture and distribution of Ubiocity™ products. Used pens collected by the BIC-TerraCycle program are sorted and shredded by a recycler. The plastics selected for the production of outdoor furniture are shipped to Govaplast, which converts them into recycled plastic boards. The boards are in turn shipped to Plas Eco, which designs, manufactures, distributes and markets the products of the Ubiocity™ line. France's first line of outdoor furniture made from recycled pens, Ubiocity™ offers seven models: benches and standing seats for secondary and high schools, benches and educational planters for schools, picnic tables and tree seats. Made entirely from recycled plastic, these products are themselves recyclable, resistant to rot, ultraviolet radiation and graffiti as well as very durable (guaranteed 10 years). They thus offer a smaller environmental footprint than virgin plastic along with excellent value in use and very low maintenance costs.

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

Waste prevention and management at BIC factories and other sites

More than 79% of the waste in BIC factories is recycled or reused in other ways (see page 69). For more than 13 years now, the waste tracking indicators have shown a constant reduction in the proportion of non-recycled waste per ton of production (-23% between 2004 and 2017). In 2017, BIC set the goal of "zero waste to landfill in our industrial facilities" by 2025.

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

Approach for the sustainable use of resources

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

- The three-part approach to eco-design: economy of materials, integrating alternative materials and developing refillable products, described on pages 53 to 57;
- The RecyBIC project to increase the production capacity for pencils in the Evolution® line using recycled materials (see page 54);
- The approach for reducing the environmental footprint of the Group's packaging through the use of certified or recycled fibers, described on page 62;
- The approach for reducing water consumption and the numerous water-saving actions implemented in the factories every year, described on page 65;





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Responsibility concerning our products

- The approach for reducing energy consumption and the numerous energy-saving actions implemented in the factories every year, described on page 67;
- The use of renewable electricity, specified in a BIC Group commitment for 2025 as part of the "Writing the Future, Together" program (see page 45).

→ **9.2% of the plastics (by quantity) used in the Stationery category are recycled ⁽¹⁾**

BIC remains vigilant about the issue of soil protection even though it is not a major issue for the Group. Soil use conditions and the measures undertaken for soil protection are explained on page 70.

◆ Perspectives

Pursuing its learning curve in the circular economy, in the coming years BIC Group will continue to collect used writing instruments in partnership with TerraCycle, and the commercial performance of the Ubicity™ line will be monitored to continue improving the model.

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 51), BIC has observed that the demand for "products offering the best environmental or social qualities" is not significantly higher

among the consumers on its markets. Nonetheless, the Group seeks to promote responsible consumption through its product range and consumer information.

◆ Approach

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

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

All the products that use recycled materials display the Moebius strip symbol as well as information to help consumers make their purchasing decisions. Some BIC® products are *NF Environnement* certified, while others supply information on their environmental and social qualities (eco-values) to help consumers choose products that meet their expectations. The most appropriate approach is chosen for each continent or category. 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. In the Lighter category, the packaging for the BIC® Maxi, the world's bestselling lighter, mentions the number of flames ("Up to 3,000 lights" or "Up to 2x more lights") and the website www.mybiclighter.com includes a section on performance.



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 section 2.1.5.2 "Responsible Communication").

In France, BIC is a member of the ADEME-Quantis platform and participates in the joint effort now underway on environmental labeling of products. To this end, in 2012 the Group launched a test score posting in the form of a dedicated website ⁽²⁾ that shows the ecological footprint of the BIC® Flex 3 and BIC® Flexi Lady shavers and proposes eco-habits that allow consumers to help reduce the footprint.

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

(1) *Cello Pens* excluded

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





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

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

→ **19 BIC® writing instruments received the French ecolabel NF Environnement (NF 400)**

◆ **Perspectives**

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

2.2.2.2. Making our products affordable to all

◆ **Challenges**

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

In 2017, 34% of the Group's turnover came from these growth markets.

◆ **Approach**

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

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

Creating products for growth markets. Between 2014 and 2016, eight products for growth markets, most of which were in emerging countries, were launched. In 2016, the BIC® Cristal® Ultra Fine pen was launched in Nigeria, with a fine tip that meets local consumer preferences.

Adapting BIC® products to the buying power of emerging countries, to meet basic needs of the population with quality products. For its launch in Nigeria, the design and production of the BIC® Cristal® Ultra Fine pen was adapted to ensure compatibility with the local monetary system and buying power.

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

Offering the best functionality at the best price. In emerging countries, where the optimization of the quality-price ratio is of great importance for low-income populations, BIC sets its pricing policies in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds. For example, in 2017, BIC Group launched a new BIC® Soleil® Sensitive shaver developed especially for the South American markets. Building on the know-how that it has acquired for meeting the needs of North American consumers, BIC adapted this product to offer high-quality shaving at a lower cost.

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

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

◆ **Challenges**

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

◆ **Approach**

BIC Group created the position of BOP and Social Business Director in 2016, and then in 2017 it defined its roadmap for 2025. First, the meaning of the term "BOP" within the BIC Group was clarified in order to be able to provide precise responses for the target populations. Then the possible strategies were analyzed to define an action plan. To this end, an internal qualitative study was conducted among the Group's key employees. It showed that apart from a few niches, BIC® products are mostly well-suited for the widest possible public, and that BIC employees are convinced that inclusive distribution is a useful leverage point for meeting the needs of consumers at the bottom of the pyramid. The Group plans to launch nine financially viable inclusive distribution projects, with the aim of identifying three to be maintained over the long term.





◆ **Perspectives**

In 2018, the Group will launch three inclusive distribution pilot projects in different countries. Goals will be defined for each project in terms of both economic viability and social impact, in order to implement a system for marketing profitable, and therefore long-term, products.

2.2.3. PRODUCT SAFETY

◆ **Challenges**

BIC Group seeks to offer safe products that meet all standards and consumer expectations. This entails the integration of consumers' health and safety concerns in the design and production of its products. Consumers want to be assured that the products they buy are free of certain substances and safe for their health and the environment. BIC Group also strives to strictly comply with all regulations and the increasingly stringent, constantly evolving restrictions concerning product usage and chemical substances.

◆ **Approach**

The topics of product safety and the protection of consumer health are of strategic importance for the Group. With the primary goal of offering safe, standard-compliant products, BIC Group integrates regulatory compliance and risk management concerning product safety into its strategy through a body of documents defining its commitment, and through strict processes conceived to ensure that it markets only safe, compliant products. As a result, each day, BIC

supplies millions of products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements.

The policies for product safety

The **Product Safety Policy**, introduced in 2001, specifies the 10 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 qualification testing;
- a global approach, resulting in products that often exceed the safety requirements of local markets;
- expecting BIC suppliers to comply with safety standards;
- incorporating safety considerations from the earliest stages of product design, including toxicological evaluations and tests to assess the products' potential physical and chemical hazards;
- the anticipation of product safety requirements through active regulatory monitoring at national and international levels, in close cooperation with industry associations that share their members' expertise with the appropriate authorities;
- the integration of innovations in product safety processes;
- building awareness among all stakeholders about safety and the appropriate use of BIC® products;
- carefully reviewing all incidents involving the safety of BIC® products;
- appropriate measures for product recall in the case of an incident;
- the implementation of this Policy by a Product Safety Department.

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

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

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

Regulatory monitoring and compliance

BIC Group has a comprehensive monitoring system based on formalized regulatory watch procedures in addition to internal and external resources – in particular, the product safety teams' specific knowledge of BIC® products, their components and the materials used. In 2017, the monitoring system was extended to include non-official

lists defined by NGOs. The means of interaction between the product safety teams and other teams were also expanded to improve the category teams' knowledge of regulatory developments in the medium term (two to five years), as well as potential consequences, substitutions to be made, marketing plans, etc. The BIC Group, as a member or Executive Committee member of numerous sectoral





organizations and industry associations,⁽¹⁾ actively participates in regulatory watch and interactions with local regulatory authorities, an important activity for staying abreast of new requirements.

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

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

- BIC Group's commitment to ensure that its products comply with regulations and are safe for health and the environment (see above);
- monitoring by dedicated regulatory watch teams (see above);
- a product safety qualification process for all products before they are launched in the market (see below).

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

Systematic testing and evaluation programs

Before they arrive on the market, all BIC® products, including modified products, must pass a full program of safety qualification tests. These tests and evaluations make it possible to assess potential hazards and to identify the chemical substances present, evaluate their risk level, verify their compliance with standards, and identify any adaptations of the formulas or substitutions that might be needed to reduce risks.

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, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of the Commission's 2006 decision on lighters. As a result, the Commission opened an infringement procedure against the Netherlands. In March 2012 and then in July 2014, the country was served formal notice to explain its failure. The procedure remains pending.

→ COMPLIANCE WITH THE REACH REGULATION

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

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has preregistered 168 substances for six of its legal entities. In compliance with the law, initial registration has been completed for the substances that needed it, and the teams involved have begun the procedures for registering the remaining substances before the final deadline in 2018.

◆ Progress made in 2017

In 2017, training operations were organized for production managers and technicians regarding the evolution of regulations and the resulting adaptations of the Group's processes. Clarifying the purpose of these adaptations, the sessions were conceived to help BIC operatives in their implementation. A total of 32 managers (in charge of operations, technical supervision, products, quality, purchasing and R&D, project managers and factory Directors) at the Samer, Boulogne and Conté factories in France benefited from this training.

Training sessions focusing on the inventories of chemical substance in various countries (REACH in Europe, TSCA in the U.S., NICNAS in Australia, etc.) were continued in 2017.

Lastly, more than 314 products were tested in independent laboratories.

◆ Perspectives

In the coming years, the Group will continue to adapt its working methods and means to maintain its own standards and level of compliance concerning product safety. BIC will continue to expand its regulatory watch activities to remain ready to adapt its processes, products and formulas as needed. The Group also plans to continue developing and extending its product safety training.

(1) In particular, the BIC Group is a member of EWIMA (European Writing Instrument Manufacturers Association), WIMA (Writing Instrument Manufacturers Association), ACMI (Art & Creative Materials Institute), TIE (Toy Industries of Europe), EFLM (European Federation of Lighter Manufacturers), and the Fédération des Entreprises de la Beauté in France.





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 2017

Historically, BIC promotes selling products without consumer packaging or in value packs. In Europe, 71% of writing products are packaged in boxes, trays or pouches of at least 10 products (80% in North America), 81% of lighters are sold in trays of at least 50 (72% in North America) and 67% of shavers are marketed in pouches of five, 10 or more (49% in North America).

BIC Group Packaging Community

The "Packaging Community" oversees the Group's packaging strategy, specifically through the three priorities described below. To that end, it unites packaging experts from around the world in a network that meets in person once per year.

Three priorities for reducing the impact of our packaging

Priority #1: Selecting responsible packaging materials

With the aim of reducing its environmental footprint resulting from the production of packaging, the Group has set two goals, one on cardboard packaging and one on plastic packaging:

- maintaining the level of 90% of BIC's cardboard packaging coming from certified and/or recycled sources;
- targeting the level of 90% of BIC's plastic packaging being PVC-free.

Certified and/or recycled sourcing for cardboard packaging

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

As of January 2014, the Group has reached its previously defined goal of having 90% of its packaging come from certified sources and/or containing more than 50% recycled fibers. At the end of 2017, the Group's rate was 94.88% overall. This result reflects the efforts made on several continents and in some factories to select suppliers that are engaged in a long-term responsible approach.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago for the factories in Europe (more than 99% PVC-free packaging). In the U.S., 99% of the packaging is now PVC-free. The elimination of PVC packaging is also well advanced 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.





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

BIC Group actively seeks to reduce the weight and volume of its packaging through multiple targeted actions around the world in accordance with local distribution models. For example, in the U.S. in 2017, BIC continued its participation in Walmart’s “Packaging Scorecard” program, which puts the focus on seven “Rs” for progress: Remove, Reduce, Reuse, Recycle, Renew (use renewable materials), Revenue (look for savings), and Read (educate consumers).

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

The packaging center in Charlotte (U.S.) has reduced the weight of its plastic pouches for certain shavers by 12.5% as well as the cardboard packaging for certain writing instruments. Another example: the ready-to-use lighter trays no longer use inners, thus reducing the weight of the packaging. In addition, for North America and Oceania, the BIC® Soleil line packaging has been optimized for better visibility on the shelf while reducing the quantity of plastic. This modification has made it possible to reduce the use of plastic by 20% and optimize shipping costs and the related CO₂ emissions (by about 15%).

In Europe, in 2017 the Sered packaging site in Slovakia eliminated some inners, increasing the capacity of its blister packs from 20 to 30 products per outer.

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. The site is now focusing on the reduction of waste due to packaging obsolescence. As a result, 60% of the site’s blister packs, instead of being prefabricated, are now manufactured directly on the production lines, thus reducing production and packaging waste for the shipping of blister packs.

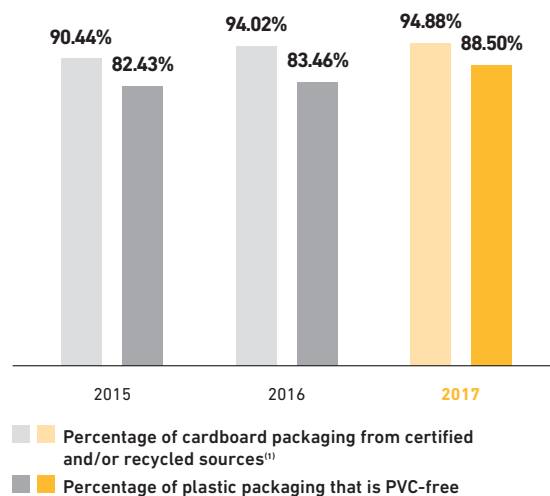
This result has been achieved through packaging design and working with suppliers to minimize waste and provide outlets for recycling paperboard and plastic packaging components; and lastly by using non-recyclable waste for energy recuperation.

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

In Europe, a complete redesign of displays has reduced the quantity of waste from product separators by half (for a saving of 1.1 tons of cardboard).

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

◆ Performance



These indicators cover 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, displays, etc. It is calculated on material weight.

◆ Perspectives

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. The Charlotte packaging center will continue to reduce packaging obsolescence by increasing the share of blister packs manufactured directly on the production lines by 80%.

(1) Cello Pens excluded





2.3. Environmental responsibility concerning our operations

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

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

2.3.1. OUR FACTORIES

◆ Challenges

To manufacture its products, BIC uses raw materials (plastics, inks, paperboard, metals, etc.), consumes resources (water, energy) and produces waste. The Group is aware of the environmental impact of its production activity and is committed to minimizing it. While the need for raw materials is determined mainly by the design of the products (see section 2.2.1. Our products' environmental performance, page 53), the factories that manufacture BIC® products assume the important responsibilities of optimizing their water and energy consumption, as well as reducing greenhouse gas (GHG) emissions and waste production.

◆ Approach

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

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

The EH&S Policy is deployed at all production sites. Since 2010, this Policy applies to all BIC Group factories.

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

2.3.1.1. Management systems

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

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

Within the framework of the management systems, an in-depth review of all aspects of the site's activities and environmental impacts (water, air, soil, noise, etc.) is performed and action plans are defined to limit these environmental impacts. Simple improvement targets are set for the factories to contribute to BIC's overall environmental performance while meeting their own specific challenges (production, resources, geographic location, etc.).

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

For example, in France, the two SEVESO plants have emergency procedure protocols (*Plan d'Opération Interne* and *Plan Particulier d'Intervention*), and a major hazard prevention policy (*Politique de Prévention des Accidents Majeurs*). They have also implemented a Safety Management System.





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

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

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

◆ Progress made in 2017

Once again in 2017, the management systems of BIC Sport (France) were recognized as a best practice and the subsidiary earned the renewal of its GOLD level Ecoride label. Ecoride is an initiative of the board sports association EuroSIMA Cluster (in partnership with ADEME Aquitaine). This label highlights the high-level commitment of BIC Sport.

Beyond the accounting of its own environmental impacts, BIC Group also considers the impacts of its supply chain. Since 2014, the Workplace Conditions Assessment (WCA) platform for auditing subcontractors' working conditions (see page 89) has included a comprehensive questionnaire on environmental performance, accounting for 21% of the total number of questions posed. Of the 31 suppliers who were active and audited in 2017, 13 suppliers had deficiencies relating to the environment. A total of 24 deficiencies were identified, 42% of which were minor and 58% moderate.

In 2017, BIC Iberia (Spain), BIC Graphic Europe (Spain) and BIC Violex (Greece) renewed their registration to ISO 14001, bringing BIC's total to 13 factories registered to this environmental standard.

In addition, in 2017, BIC Group plants completed or implemented 53 projects to manage environmental risks or improve the environmental performance of the sites.

◆ Performance

In 2017, the implementation rate for BIC management systems at BIC factories is 82% complete for the environment and 86% complete for health and safety. These rates for management system implementation vary every year as plants join or leave the scope and others make progress, but rates remain consistently high.

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

2.3.1.2. Reducing the impact of our industrial buildings

◆ Performance

Following the granting of LEED (Leadership in Energy and Environmental Design) certification of the BIC Bizerte factory in

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

In 2017, BIC Violex initiated the process for obtaining BREEAM (Building Research Establishment Environmental Assessment Method) certification for one of its buildings.

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

Reducing water consumption

◆ Progress made in 2017 and performance

Water consumption per ton of production increased by 8.3% between 2016 and 2017. Total water consumption increased by 7.9% over the same period while production decreased by 0.4%. This is due to changes in scope in 2017 with the closing of BIC Graphic operations in the U.S. and the integration of Cello Pens activities. At constant perimeter between 2016 and 2017, there is a decrease in water consumption per ton of production by 12.9%.

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

- for BIC Group's purposes, "water consumption" is understood to mean total water withdrawal. A portion of the factory withdrawal is not consumed or evaporated during their operations, but it is treated and discharged. The fact that the Group measures water withdrawal ensures that all uses and dispositions of water are included;
- a portion of water consumption, for building maintenance or watering for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high levels 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 97 for additional information.

In 2017, nine 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 (13%), reported a 41% decrease in its ratio, mostly due to a decrease in groundwater consumption (-38% between 2016 and 2017) through connecting machinery to air-cooled systems.



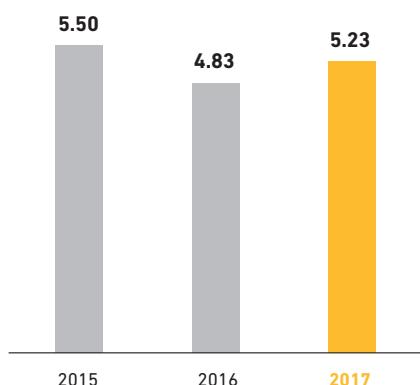


OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

Some improvements have also been reported by BIMA 83 (France), BIC Technologies (France), BIC Iberia (Spain), BIC Graphic Europe (Spain), BIC Violex (Greece), BIC CORPORATION - Gaffney (U.S.), BIC Charlotte Packaging (U.S.), BIC Shavers Mexico (Mexico) and BIC Amazonia (Brazil). These plants, which represent 31% of the Group's water consumption, and 28% of the production of finished and semi-finished products, have improved their ratio of water consumption per ton of production by 10% overall.

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



Assessing the scarcity of water resources at factories

In 2017, BIC Group consumed 520,331 cubic meters of water worldwide. However, in addition to the volumes consumed, it is essential to consider where this consumption takes place. It can occur in so-called "water stress" zones where water is a scarce resource. The uneven distribution of water across the planet and limited access to it, may give rise to severe political and social tensions.

In 2014, to identify priority action zones, BIC Group sought to determine the degree of scarcity of water at its factories (excluding Cello Pens). 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 (excluding Cello Pens, which was not included in the study) are located in water stress zones: one (in the Picardy region of France) in a medium stress area and four (in South Africa and Spain) in areas of water scarcity. The strain on the water supply in these zones is due to a combination of high population density and limited water resources.

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

2.3.1.4. Reducing greenhouse gas emissions to limit the contribution to climate change

◆ Progress made in 2017 and performance

Fighting climate change is an integral part of BIC's Sustainable Development Program. In 2017, in parallel with the "One Planet Summit," held on December 12, BIC Group signed the French Business Pledge, joining 89 other French companies in a vow to fight climate change.

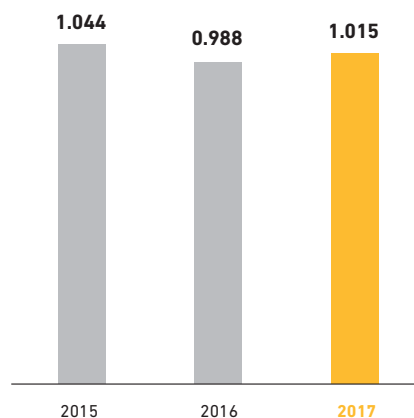
In addition, for the tenth year, BIC Group provided information to the Carbon Disclosure Project (CDP). In 2017, BIC obtained an A- rating, placing it in the CDP's "Leadership Level," designating companies that are making an outstanding contribution to the fight against climate change. BIC Group is also ranked in the "Leadership Level" for the additional "Supplier" module, which the Group joined at the request of some of its customers. The main risks regarding climate change are presented in Chapter 1 of the registration document.

In 2017, BIC Group quantified the direct and indirect emissions of GHG from its manufacturing plants (scopes 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2017 was estimated at 8,434 teqCO₂, *i.e.* a 4.6% decrease compared to 2016;
- **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 2017 was estimated at 92,409 teqCO₂, *i.e.* an increase of 3% compared to 2016.

The total amount of direct and indirect GHG emissions was thus estimated to be 100,842 teqCO₂ in 2017. Given that production decreased by 0.4% between 2016 and 2017, the ratio of direct and indirect GHG normalized to the Group's production has increased by 2.8%. At constant perimeter between 2016 and 2017, there was a decrease in total emissions normalized to the Group's production of 1.8%.

ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (SCOPES 1 AND 2) NORMALIZED TO PRODUCTION - IN TONS OF CO₂ EQUIVALENT/TON - BIC FACTORIES





To reduce these emissions, the Group is making a dual effort to optimize energy consumption and to use more energy from renewable sources.

Optimizing energy consumption

Many factories forge partnerships with their suppliers to explore all options for reducing electrical consumption.

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

Energy consumption per ton of production decreased between 2016 and 2017 (-0.3%), resulting from a continuous effort to improve efficiency, led by BIC Group factories.

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

- a portion of energy consumption, for building heating or lighting for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high levels 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 97 as additional information.

Nine sites improved their ratio of energy consumption per ton of production in 2017.

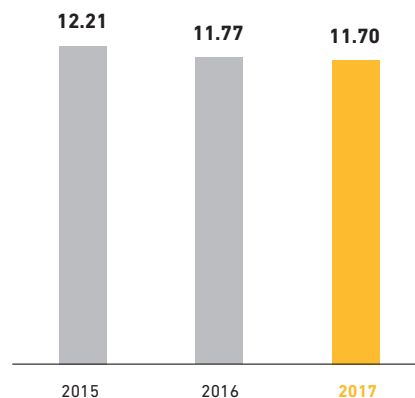
BIC Écriture 2000 (France), BIMA 83 (France), Conté-Boulogne (France), B.J.75 (France), BIC Graphic Europe (Spain), BIC South Africa (South Africa), BIC Mexico (Mexico), BIC Shavers Mexico (Mexico) and BIC Ecuador (Ecuador), representing 34% of the Group's energy consumption and 43% of the production of finished and semi-finished products, have improved their energy efficiency by 7%. For example, BIC Écriture 2000 (France) achieved a 6% reduction in its energy consumption per ton of production thanks to the implementation of automation for the regulation of cooling systems and new LED lighting.

Energy efficiency programs at Group sites also included employee awareness, replacement of production equipment, heating or cooling systems and lighting with more energy efficient units.

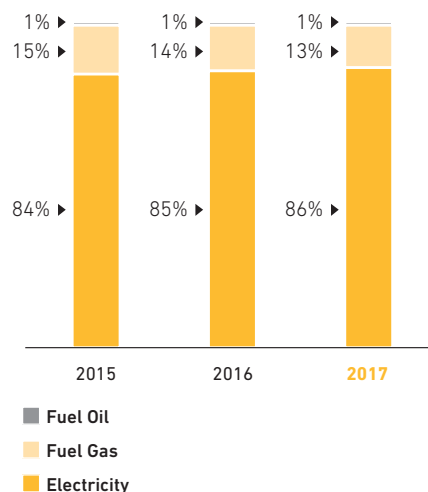
The new Conté-Samer (France) building, inaugurated in 2017, integrates equipment that enables energy savings: improved building insulation, heat pumps and cold heat recovery units as well as natural or LED lighting.

BIC plants completed or implemented 20 projects targeted specifically at energy savings during 2017.

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



BREAKDOWN OF BIC FACTORIES ENERGY CONSUMPTION



The use of renewable energy

The use of renewable energy has enabled the Group to promote the development of these energy sources while reducing its market-based indirect emissions (scope 2) ⁽¹⁾.

BIC Group continues to seek and seize opportunities to promote renewable energy sources, depending on local contexts.

Since 2012, BIC has purchased renewable wind energy certificates (U.S. RECs) for 100% of the grid electricity used by BIC's two Connecticut (U.S.) locations: the U.S. headquarters and a factory. A portion of this certificate purchase concerns the electricity consumption of BIC CORPORATION in Milford (U.S.), included in the environmental reporting. Lighters manufactured in the U.S. are produced using renewable electricity.

(1) There are two ways to account for indirect (scope 2) emissions: a location-based method reflecting the average electricity mix of grids in each country in which energy consumption occurs, and a market-based method reflecting emissions from electricity that companies have actually bought.





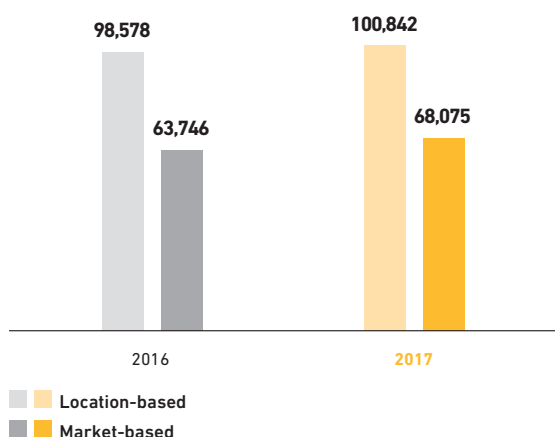
OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

In addition, in 2017, as in 2016, the BIC Violex site in Greece purchased guarantee of origin (GoO) certificates that cover its entire electricity consumption with renewable energy. This proactive approach by one of BIC's largest energy-consuming sites exemplifies the investments made every year to improve energy efficiency, as well as the Group's commitment to reduce the impact of its electricity consumption.

Therefore, in 2017, the Group owns renewable energy certificates (U.S. REC; GoO) for 23% of the Group's electricity consumption. This electricity consumption, with an average electricity mix for each country, corresponds to 38% of the Group's indirect location-based greenhouse gas emissions.

ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (SCOPES 1 AND 2) LOCATION-BASED AND MARKET-BASED - IN TONS OF CO₂ EQUIVALENT/TON - BIC FACTORIES



Measuring and limiting the impact on climate change of other main causes of greenhouse gas emissions

The 2016 study of the main causes of greenhouse gas emissions related to BIC Group's operations and consumption of goods and services (covering factories and offices, excluding Cello Pens) was based on a carbon footprint study of the Clichy headquarters (France) and two factories (BIC Amazonia in Brazil and BIC Rasoirs in France) using the ADEME Bilan Carbone® method. The study demonstrated that in addition to direct emissions (scope 1) and indirect emissions (scope 2), the main sources of other indirect (scope 3) emissions are: the purchase of products and services, upstream and downstream transport, and product end of life. Direct (scope 1) and indirect (scope 2) emissions plus these three main causes of scope 3 emissions account for nearly 80% of the Group's total GHG emissions.

For these three causes of indirect (scope 3) emissions, the Group is implementing procedures to limit its footprint through: eco-design (see page 53), the optimization of shipping by limiting the weight of its products, the reduction of air freight, the optimization of shipping routes, including selection of its locations (see page 70), as well as adoption of a circular economy approach (see page 57).

(1) Cello Pens excluded

In 2017, BIC Group did additional work to introduce reporting on emissions associated with "purchasing of raw materials", evaluated at 354,000 teqCO₂⁽¹⁾.

In addition, upstream shipping, which corresponds here to intra-company transport, has been evaluated at 67,000 teqCO₂.

◆ Perspectives

The Group will continue its efforts in 2018 to expand reporting on the Group's main causes of GHG emissions.

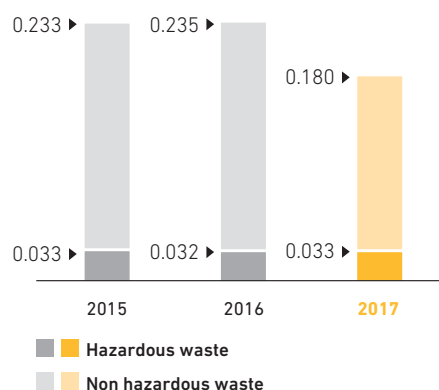
As part of "Writing the Future, Together" BIC Group has made the fight against climate change one of its five commitments: **"By 2025, BIC will use 80% renewable electricity."** The Group is seeking to reduce its greenhouse gas emissions by purchasing renewable energy and will also study the potential production of renewable electricity on-site. It is part of a long-term vision to operate on 100% renewable electricity. It supplements the Group's continued efforts on energy consumption reduction and energy efficiency to limit its emissions.

2.3.1.5. Reducing waste production

◆ Progress made in 2017 and performance

In 2017, BIC Group reported a decrease (-20%) in the amount of waste generated per ton of production compared to 2016. This variation results from a decrease in the ratio of non-hazardous waste generated per ton of production (-23.2%), which represents almost 85% of the waste generated by the Group, and from an increase in the ratio of hazardous waste (+3.7%). At constant perimeter between 2016 and 2017, there was a decrease in waste generated per ton of production of 2.2%. BIC plants completed or implemented nine programs targeted specifically at waste reduction during 2017.

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





Hazardous waste

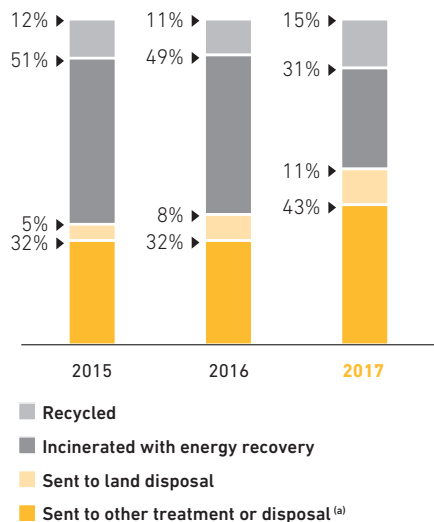
In 2017, BIC Group registered a 3.7% increase in hazardous waste generated per ton of production compared to 2016. This increase is mainly due to an improvement in the monitoring of waste and the end of an internal treatment process that shifts some waste from non-hazardous to hazardous. However, nine sites improved their ratio of hazardous waste generated per ton of production in 2017.

BIC Mexico (Mexico) reported a 17% decrease in its ratio of hazardous waste per ton of production, following a reduction of waste production in the cartridge area, reduced maintenance operations (that generate waste) and the internal reuse of certain wastes (barrels).

Improvements were also reported by BIC Écriture 2000 (France), Conté-Boulogne (France), BIC Graphic Europe (Spain), BIC CORPORATION – Gaffney (U.S.), BIC CORPORATION – Milford (U.S.), BIC Charlotte Distribution (U.S.), BIC Bizerte (Tunisia), BIC Shavers Mexico (Mexico) and BIC Ecuador (Ecuador). These factories, which represent 23% of the Group's annual production of finished and semi-finished products, reported an 18% decrease overall in their ratio of hazardous waste generated per ton of production.

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

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



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

Non-hazardous waste

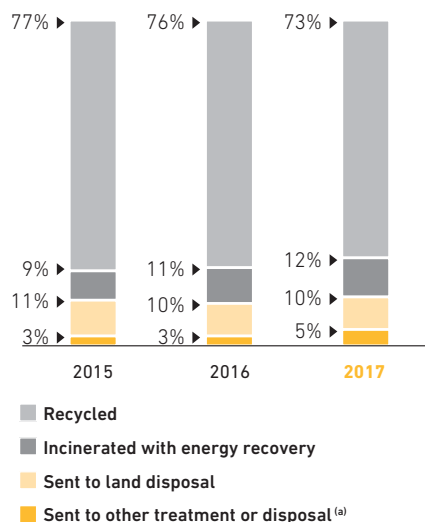
In 2017, BIC Group's ratio of non-hazardous waste generated per ton of production decreased by 23.2% compared with 2016. At constant perimeter between 2016 and 2017, there was a decrease in non-hazardous waste generated per ton of production of 3.6%.

11 factories improved their ratio of non-hazardous waste generated per ton of production between 2016 and 2017.

Improvements were reported by BIC Écriture 2000 (France), Conté-Boulogne (France), B.J.75 (France), BIC Rasoirs (France), BIC Sport (France), BIC CORPORATION – Gaffney (U.S.), BIC CORPORATION – Milford (U.S.), BIC South Africa (South Africa), BIC Mexico (Mexico), BIC Shavers Mexico (Mexico) and BIC Amazonia (Brazil). These factories, which represent 65% of the Group's annual production of finished and semi-finished products, reported a 10% decrease overall in their ratio of non-hazardous waste generated per ton of production.

For instance, BIC CORPORATION – Gaffney (U.S.) and BIC Shavers Mexico (Mexico) maintained their efforts to reduce plastic waste. BIC CORPORATION – Gaffney (U.S.) acts at the source in the molding operations, and also by regrinding and re-using some of the plastic scrap on-site. For BIC Shavers Mexico (Mexico), the plant acquired new machines for molding and assembling, enabling production of more pieces without generating additional scrap.

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



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

Waste recycling and land disposal

Between 2016 and 2017, the percentage of non-recycled waste normalized to tons of production decreased by 11.8%. However, at constant perimeter between 2016 and 2017, there was a 2.1% decrease.

Efforts in plants for recycling continued. In 2017, BIC CORPORATION – Milford (U.S.) located another wood recycler to recycle more pallets, thus reducing the amount of wood incinerated, and BIC Amazonia (Brazil) now recycles soiled containers that were previously incinerated.

In 2017, studies were initiated to identify the reasons for the land disposal of certain types of waste by the Group's factories. Four factories had no waste to land disposal: BIC Écriture 2000 (France), BIMA 83 (France), BIC CORPORATION – Milford (U.S.) et BIC Charlotte Distribution (U.S.).





2.3.1.6. Reducing other forms of environmental impact

Impact on biodiversity

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

To evaluate this impact, BIC relies on a "site approach". An initial cartographic analysis of the physical surroundings of each BIC⁽¹⁾ factory has been carried out in 2011 to identify sensitive zones and prioritize the factory's risks of impacting their particular local biodiversity. The majority of BIC's factories are in non-sensitive (in most cases industrial) zones, and neither their land use, nor their operations, pose any evident risk to their surroundings.

In 2017, BIC continued to survey the actions undertaken at all its industrial sites to protect biodiversity. In places where there are specific obligations, the management systems address the problem and enable follow-up.

Air, water and soil release that seriously affect the environment

The nature of BIC Group's manufacturing operations, primarily the molding and assembly of plastic products and printing of products, has a relatively low local environmental impact compared with other manufacturing sectors. Nevertheless, the BIC Sustainable Development Program, based on the EH&S Policy (see page 64), requires each site to measure, evaluate and reduce every significant form of environmental impact.

Conditions for use of soil

In Europe and the U.S., where most of the Group's sites are located, whenever an industrial site is closed, BIC ensures that plant decommissioning is performed in accordance with local laws and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of pollution at European plants used over many years demonstrate that the Group's business does not have a significant impact on soil and subsoil. In 2017 a study was performed on the site of BIC Écriture 2000 (France).

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

Noise and odor impact

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

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

2.3.2. OUR TRANSPORTATION ACTIVITIES

◆ Challenges

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

BIC engages in two types of transport for its products:

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

Due to the environmental and financial impact of air freight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 1.4% of the total tonnage shipped, air freight is the transport method that generates the most GHG: in 2017 it represented 55.7% of the Group's total emissions from transport.

◆ Approach and progress made in 2017

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

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

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

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

To concentrate the Group's efforts on the reduction of air freight, BIC pays close attention to the proportion of this type of transport, with the goal of continuing to keep it below 2.3% for intra-company transport. In 2017, BIC achieved a performance of 1.9%⁽²⁾.

Raising awareness and controlling emissions

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

Since 2014, the "Transport Community" has been working closely with the categories (Stationery, Lighters, Shavers) and a steering working group tasked with identifying solutions to achieve significant and long-term reductions in air freight. In 2017, the Transport Community continued to consult with experts and work in cooperation with customers. Transport companies that are committed to sustainable development are also regularly consulted.

(1) Cello Pens is not in the scope of this study

(2) Cello Pens excluded





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

The specific monitoring of air transport was introduced in 2014, with quarterly reports to the management teams in each zone. With this regular monitoring, the Transport Community is focused on this issue at the highest managerial levels. A detailed analysis of these reports has allowed the Transport Community to identify worldwide flows and to define three key actions for their optimization. A call for tenders has been launched as a result of this analysis, prioritizing cost and flow optimization while clearly incorporating sustainable development criteria.

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

Optimizing shipments and routes

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

A great many actions were undertaken in 2017 to optimize shipping and routing:

- In Brazil, the distribution center opened in 2016 in the northeastern part of the country has made it possible to replace road transport by coastal shipping. Today, 20% of the products sold to consumers in this region are shipped by water, thus reducing the delivery time by 38% and avoiding the emission of 350 tons of CO₂ per year;
- In 2017, nearly 85% of all imports to Mexico arriving by sea were then shipped by rail from the port of Veracruz to the Mexican warehouse, avoiding the emission of 250 teqCO₂;
- The ECP co-packing center in Slovakia has introduced intermodal transport for its exchanges with Turkey, thus reducing shipping costs by 27%, GHG emissions by 33% and fuel consumption by 63%;
- Tests are underway on the use of intermodal transport as an alternative to air freight for urgent shipments between China and Europe.

Selecting responsible carriers

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

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

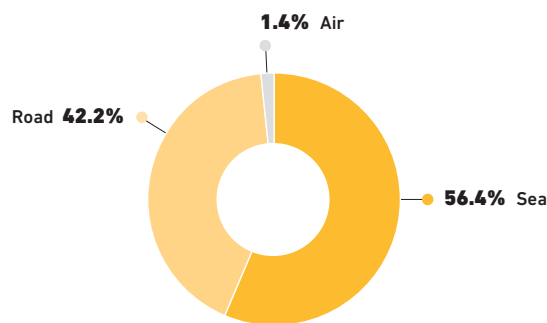
To encourage its transport service providers to adopt responsible practices, BIC has incorporated the reduction of GHG emissions in its criteria for selecting carriers.

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

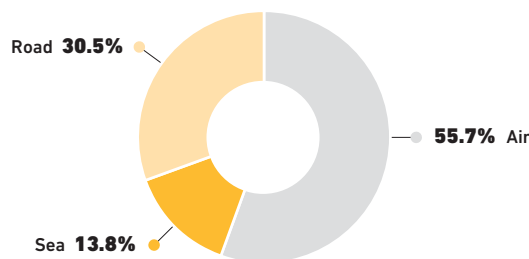
◆ Performance

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

BREAKDOWN OF TONNAGE SHIPPED BY MODE OF TRANSPORT - AS % OF TOTAL



BREAKDOWN OF GHG EMISSIONS BY MODE OF TRANSPORT - AS % OF TOTAL

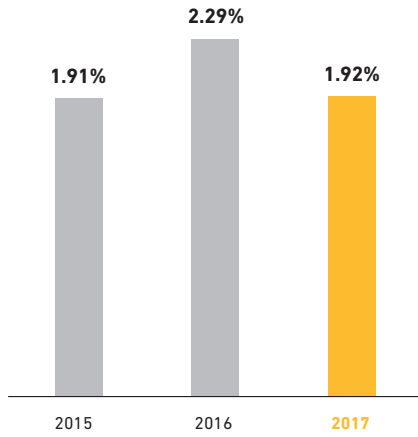




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

SHARE OF AIR FREIGHT AS % OF TOTAL (IN TONS/KILOMETERS)



◆ Perspectives

In 2018, the programs that are already underway will be continued and others will be launched, in particular in Brazil, with the introduction of multimodal (sea and rail) shipping from Manaus to the Uberlandia distribution center (southeast region) and the grouping of the São Paulo distribution and packaging centers at a single site.





2.3.3. OUR SALES AND SUPPORT ACTIVITIES

◆ Challenges

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

◆ Approach and progress made in 2017

Since 2014, BIC has implemented KPI reporting for its three main offices: Clichy (France), Shelton (U.S.), and Cajamar (Brazil). In 2017, the energy consumption for these BIC offices operations was 0.67 GJ/m². This represents a nearly 4% performance improvement between 2016 and 2017, mostly due to the renewal of the computer equipment (including data centers with more efficient and less numerous devices) in Clichy and the closing of BIC Graphic operations in Cajamar.

The greenhouse gas emissions attributed to energy consumption of the headquarters represented around 1,838 teqCO₂, including 1,635 teqCO₂ of indirect emissions and 204 teqCO₂ of direct emissions. The Shelton location purchased renewable energy certificates covering 100% of its electricity consumption.

In 2017, water consumption increased (+18%) to 21,932 m³, or approximately 22.4 m³/workstation occupied. This is related in particular to climatic conditions in Shelton, which required more use of air conditioning.

Paper consumption, the main raw material consumption for any office facility, amounted to 19.4 tons, or 20 kg/workstation occupied.

Waste production was 234 tons, which represented a decrease of 31% compared to 2016, due in particular to the closing of BIC Graphic operations in Cajamar. The Shelton headquarters sends 100% of waste to recovery (recycled or incinerated with energy recovery). All three sites have a dedicated program to responsibly manage end of life for computer equipment.

To minimize food waste, the Cajamar office raises awareness and mobilizes operational teams to adopt best practices that minimize food waste production.

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

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

Company vehicles

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

Since 2014, the Clichy headquarters is equipped with four recharging stations for electric vehicles. Visitors to the site can

recharge their electric cars and BIC employees may use a corporate electric car for professional and personal purposes.

Green IT

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

Throughout Group subsidiaries, various Green IT initiatives were implemented in the last few years. The number of IT servers used worldwide has been significantly reduced using virtualization: this leads to important energy savings while providing similar IT performance and services. The virtualization of the Group's internal and external servers has now reached the optimal level of about 80%. This gradual conversion has made it possible to reduce the number of machines and to use increasingly efficient equipment, thus reducing the amount of energy needed for cooling.

In 2017, the Group finalized the implementation of its "Software as a Service" strategy: the applications shared by users Group-wide are installed in the "cloud," *i.e.* on virtual servers that are externalized and therefore mutualized. With this system, the applications are configured for automatic standby and to improve ergonomics. Only useful software functions are activated to minimize the energy consumption resulting from their use. To guarantee data security, service providers with ISO 27001 certification are chosen for externalized "cloud" storage.

The call for tenders issued for the Group in 2017 for the renewal of the workstations incorporated two sustainable development guidelines: the quality of the suppliers' sustainable development approach and the energy efficiency of the equipment. The difference in energy consumption between the old and new workstations is estimated at 20%.

The "Skype for Business" tool offers internal chat, videoconferencing and a Live meeting function that allows several employees to view a document on their own screens as it is being discussed or modified by the meeting administrator. The system enables employees who work in multiple locations to reduce their travel and to work faster. Since 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer are now equipped with "Skype for business", bringing the total number of users to more than 4,000. In addition, all the Group's meeting rooms are now equipped with videoconferencing systems of varying levels of sophistication depending on each room's capacity and use. For example, since 2009 the Group's Sustainable Development Team has used multi-site live meetings to unite its 25 members at seven sites (Clichy and Redon in France, Athens in Greece, Shelton in the U.S., Toronto in Canada, Johannesburg in South Africa and São Paulo in Brazil). 2017 was devoted to optimizing the reliability of the videoconference systems, an indispensable condition for ensuring maximum usage. The goal of a 100% service rate was reached.

◆ Perspectives

Migration to the cloud will continue in the coming years, with the goal of maximizing cloud usage by 2020. The virtualization of servers in the U.S. will be further optimized in 2018, and this effort will continue in the years to come.





2.4. Our social responsibility to our employees

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

2.4.1. THE WORKFORCE

For the year ending December 31, 2017, BIC Group had 14,934 permanent employees and 3,913 temporary staff.

The BIC workforce, Cello Pens excluded, totaled 7,938 permanent and 1,467 temporary employees located in 52 countries around the world.

The seven legal entities of Cello Pens, which joined BIC Group in 2013, had 6,996 permanent employees and 2,446 temporary staff present on December 31, 2017.

The following sections describe the profile and changes in BIC's workforce in 2017, Cello Pens excluded.

2.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

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

| Workforce by region | Dec. 2015 | Dec. 2016 | Dec. 2017 | Variation 2017/2016 |
|------------------------------|---------------|---------------|--------------|---------------------|
| Europe | 3,928 | 4,144 | 4,014 | -3.1% |
| North America | 2,317 | 2,345 | 803 | -65.8% |
| Developing markets | 3,395 | 3,367 | 3,121 | -7.3% |
| TOTAL PERMANENT STAFF | 9,640 | 9,856 | 7,938 | -19.5% |
| Temporary staff | 1,504 | 1,579 | 1,467 | -7.1% |
| TOTAL | 11,144 | 11,435 | 9,405 | -17.8% |

In 2017, permanent employees decreased by -19.5% or 1,918 employees.

This essentially reflects the decrease of headcount in BIC Graphic activities (1,908 fewer employees between December 2016 – (2,214 employees) and December 2017 (306 employees)). In 2018, Graphic activities are present in Europe only.

In all other BIC subsidiaries, headcount is stable.

Permanent employees (with a permanent employment contract) accounted for 84% of the Group's total workforce. Temporary workers accounted for 16% of the Group's total workforce, split

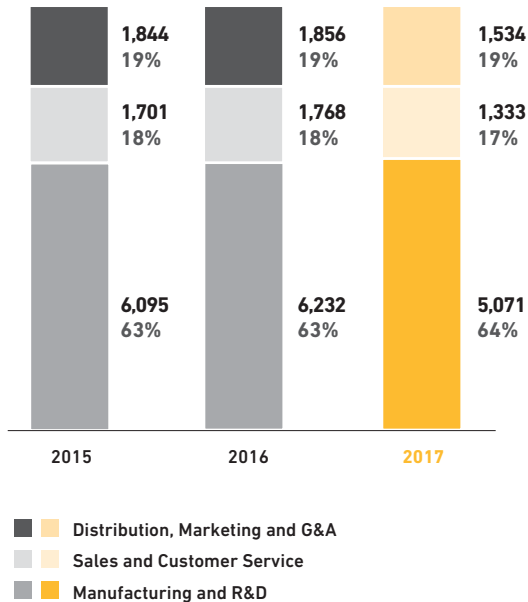
across temporary staff, fixed-period contracts and school and university interns. As of December 31, 2017, the number of temporary workers was lower than December 31, 2016 by 112 (1,467 vs. 1,579). In BIC Graphic activities, following the sale and restructuring, the number of temporary workers decreased from 211 to 13, while in the rest of the BIC Group, the number of temporary workers increased from 1,365 to 1,454.

Temporary workers are employed in manufacturing (89% of temporary staff), sales support (2%) and distribution and administration (9%), essentially due to the highly seasonal nature of BIC's activities.





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

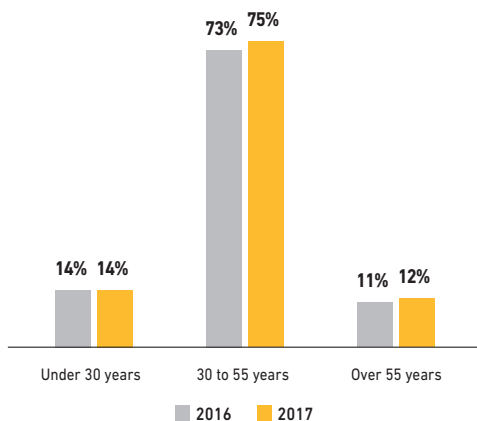


The workforce, across each activity, has remained constant in recent years, reflecting the stability of BIC's system of organization.

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

2.4.1.2. Breakdown of the workforce by age

All ages are represented in BIC.



2.4.1.3. Breakdown of the workforce by category

Permanent headcount by category (excluding Cello Pens)

| | December 2015 | December 2016 | December 2017 | Variation 2017/2016 |
|--------------|---------------|---------------|---------------|---------------------|
| Managers | 2,680 (28%) | 2,830 (29%) | 2,560 (32%) | -9.6% |
| Non-managers | 6,960 (72%) | 7,026 (71%) | 5,378 (68%) | -23.5% |

Managers accounted for 32% of permanent Group employees in 2017. For BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for the achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, or a customer or supplier portfolio.

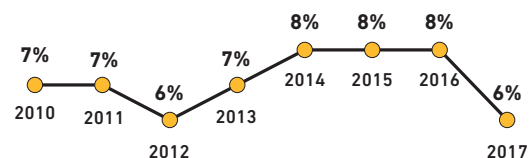
2.4.1.4. Recruitment and terminations (excluding Cello Pens)

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

The Group recruited 298 external candidates for management positions, and 574 for worker and staff positions, a 37% decrease compared with 2016. In 2017 the external recruitment rate was 11% for managers and 8% for other employees.

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

VOLUNTARY TURNOVER - PERMANENT WORKFORCE



Voluntary turnover in the Group, excluding Cello Pens, was 6%, representing 569 resignations and retirements. For the perimeter excluding BIC Graphic, voluntary turnover was 7.2%. In 2017, the highest voluntary turnover in the Group took place in Asia (16%) and Oceania (18%). For several years, Europe has a low voluntary turnover (5.2%) 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.

For the perimeter excluding BIC Graphic, the Group carried out 314 terminations in 2017, 69% of which took place in Latin America, specifically in Mexico (84) and Brazil (93). BIC has seen rapid growth in both countries, resulting in the adjustment of the workforce. Within this context, many reorganizations are ongoing and have generated job eliminations and the dismissals of profiles not adapted to the changes.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

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.

As part of the operation to transfer BIC Graphic activities initiated in February 2016, BIC Group committed to communicating with all stakeholders in a consistent, transparent manner and in accordance with applicable regulations. Multiple communication formats were created and delivered throughout the BIC Graphic locations in question to keep employees regularly up to date on the process. All employees of BIC Graphic in the U.S. and Canada were rehired by the new owner under the same contractual conditions (salaries and benefits). In Asia, a severance plan was established for about 15 employees who were not rehired by the new owner.

2.4.1.5. Breakdown of the workforce of Cello Pens

In 2017 Cello Pens had 6,996 permanent employees as follows:

- manufacturing: 6,379 (91%);
- sales: 449 (6%);
- distribution, marketing & administration: 168 (2%).

Managers (163) accounted for around 2% of permanent employees of Cello Pens.

Women (4,589) accounted for 66% of permanent employees.

The number of temporary workers was 2,246.

2.4.2. SHARING OUR VALUES, LISTENING TO OUR EMPLOYEES

◆ Challenges

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

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

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

◆ Approach

Since 2005, surveys on engagement and adherence to values have been used to measure the difference between the values as they are defined in the communication tools and as they are truly experienced by employees in the workplace, as well as the employees' engagement and related factors like working conditions, individual recognition, independence, career opportunities and management effectiveness.

Accompanying this survey, the "Values in Action Awards" are conferred on team members, nominated by their co-workers, who embody and excel in certain BIC values in the workplace. To date, over 1,400 team members have been recognized within this program, which started in 2006.

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

◆ Performance and progress made

The Engagement and Adherence to Values Survey

The 2016 Engagement and Adherence to Values Survey covered 9,980 employees (permanent and temporary employees under contract). The participation rate was high and steady at 83.1%. 78% of the replies were completed online, compared with 48% in 2014.

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

Measured for the first time in 2016, the Communication Index is one of the main factors in employee engagement. The overall score of 68% for this index indicates that the Group's managers communicate effectively with their teams.

In 2016, BIC's strongest points for increasing engagement and adherence to the Group's values were: a sense of pride in belonging to the Group, a good understanding of the goals, and the feeling among employees of having the independence they need to do their job well. The survey also revealed areas for improvement, primarily concerning the employees' perception of their development opportunities, recognition and compensation for their performance, the opportunity for all employees to find fulfillment in their work, stress management and the Group's capacity to recruit the right people to prepare for its future.

The engagement of its employees is a key asset that BIC seeks to maintain. To that end, the Group's managers are offered specially developed tools and coaching to help them define local action plans in response to the survey results. These actions plans are defined by each entity, based on its results. For example, BIC Iberia instituted a system to solicit employees' suggestions, with rewards for the best ideas for improving methods and processes. Training plans for high-potential employees have been bolstered and possibilities for offering non-financial recognition are being studied. The Lighters category has also established a nine-point action plan, including the reduction of overtime hours, easier access to employee assistance programs and the organization of regular team updates.

The sustainable development Survey

In February 2016, BIC conducted its third survey on the Group's Sustainable Development Program, this time involving all employees, both permanent and temporary, with a work e-mail address. The participation rate rose sharply, reaching 49% (up from 40% in 2013 and 39% in 2011). The percentage of employees who describe themselves as concerned or highly concerned by sustainable development remains very high at 80% (86% in 2013 and 2011). For 99% of the respondents, the BIC Sustainable Development Program is essential (77%) or important (22%), a result that remains stable in comparison with 2013. Also of note, 94% of the respondents believe that sustainable development generates added value for BIC. Lastly, 60% feel that the Group should be more ambitious in this area. BIC Group took these findings into account when defining the new goals for its Sustainable Development Program to 2025.





◆ Perspectives

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

2.4.3. HEALTH/SAFETY IN THE WORKPLACE

◆ Challenges

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

The information presented in this chapter on health and safety concerns all of the BIC Group's factories.

◆ Approach

BIC adopts a Health & Safety program that allows it to guarantee a working environment that protects its employees' physical integrity. In keeping with its **Environment, Health & Safety (EH&S) Policy**, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites.

The Group deploys **safety management systems** at its production sites. Each site has an EH&S manager in charge of the deployment of the EH&S Policy and follow-up of programs for reducing the employees' health and safety risks, under the responsibility of the Industrial Directors. **The self-assessments of compliance with the Code of Conduct** bolster this system. These self-assessments are based on a questionnaire prepared and analyzed by independent Auditors. The organization of work in BIC's factories complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization.

In the Stationery category, which has the largest number of factories within the Group, a category EH&S manager oversees and promotes the deployment of the process. A Health & Safety program, inspired by the "Vision Zero" approach developed by the International Social Security Association,⁽¹⁾ defines the health-safety-well-being roadmap based on the ISSA's Seven Golden Rules: take leadership – demonstrate commitment; identify hazards – control risks; define targets – develop programs; ensure a safe and healthy system – be well-organized; ensure safety and health in machines, equipment

and workplaces; improve qualifications – develop competence; invest in people-motivate by participation.

In the Shavers category, since 2011 three of the four factories have earned triple certification for their development and deployment of the EH&S Policy: Safety (OHSAS 18001), Quality (ISO 9001) and Environment (ISO 14001).

At the Group's main headquarters in Clichy (France) and the offices in Shelton (U.S.) and São Paulo (Brazil), a system for reporting the incidence and severity of workers' accidents has been implemented. The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention at these offices.

◆ Progress made in 2017

In 2017, the Stationery category implemented its EH&S reference system with:

- the training of EH&S managers in internal auditing according to the new EH&S reference system and the launch of crossed audits;
- the extension of the "Manage Safely" training program, with 127 managers trained since its launch in 2016 in France, Mexico and Tunisia;
- the launch of "Safety Talks," monthly open discussion sessions between managers and their teams that bring them together to identify hazardous situations and select one or two for correction. Backed by awareness posters in the factories, in 2017 the Safety Talks focused on raising awareness of safety rules;
- the deployment of an e-learning module on safety practices at the workstation targeting all factory employees;
- the launch of a pilot training session on machine safety (knowledge of BIC standards, assessment of risks for a given machine) at the factories in Johannesburg, Bizerte and Mexico;
- lastly, the responsibilities of the EH&S managers were studied to identify the tools they need to reorient their actions toward initiatives that promote health-safety (*i.e.* instead of reporting).

Every year, various types of initiatives are also implemented in the Group's factories and sites. A few examples from 2017:

The BIMA (France) factory focused on the reduction of materials handling by modifying its processes and installing new machines. A "Back Health Day" was held, giving the site's employees an opportunity to have their spines analyzed in 3D, followed by advice from a physical therapist. A daily ritual of muscle warm-ups was also introduced.

In Manaus (Brazil), a digital solution using a simple barcode scan enables the rapid, thorough inspection of safety equipment.

In Mexico City, inventory days were held to mobilize all employees around safety. 817 people were trained in the STOP method developed by DuPont. The orientation process for newly hired employees covers a 90-day period, with safety updates after 30, 60 and 90 days.

(1) The International Social Security Association (ISSA) is an international organization uniting social security administrations and institutions around the world.





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

◆ **Performance**

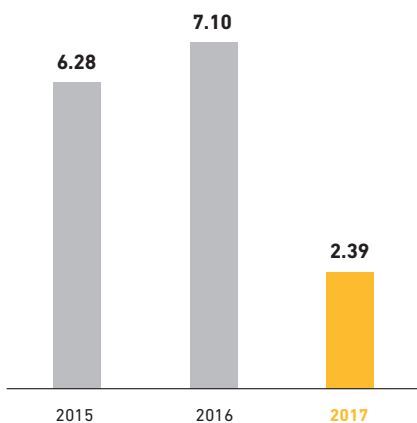
In 2017, health and safety management systems were operational at 91% of BIC's sites.

In the factories, accidents resulting in lost work time for BIC employees are mainly caused by the handling of materials and machines. The frequency and severity rates evolved considerably in 2017, due to changes in the perimeter, a lower number of accidents and the implementation of action plans at certain sites. In 2017, compared with 2016, the accident frequency rate fell from 8.34 to 4.90. Similarly, the severity rate dropped slightly, from 0.27 to 0.26. In addition, 13 sites reported no accidents with lost work time in 2017.

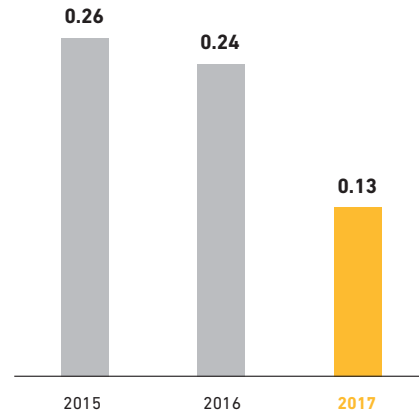
Most of the occupational diseases, which so far have only been monitored in France, are related to musculoskeletal disorders.

In 2017, the Group experienced five injuries with more than one lost workday (excluding commuting injuries) at its three main offices, representing a frequency rate of 2.94 and a severity rate of 0.12.

INCIDENCE RATE: NUMBER OF ACCIDENTS LEADING TO LOSS OF WORK TIME – BIC FACTORIES– PER MILLION HOURS WORKED – PERMANENT WORKFORCE



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



◆ **Perspectives**

As part of "Writing the Future, Together" the BIC Group has made Health & Safety one of its five commitments : **"By 2025, BIC aims for zero accidents across all operations."** This ambition integrates the dimensions of safety, health, and well-being at work, at every level with the goal of achieving zero sick leave days due to on-site accidents for everyone who works for the BIC Group. It is based on further intensification of the Group's safety policies and culture across all its operations and includes the implementation of specific local actions.

2.4.4. HEALTH AND WELL-BEING IN THE WORKPLACE

◆ **Challenges**

For BIC Group, employee health and well-being is also a matter of reducing the incidence of work-related diseases, primarily musculoskeletal disorders and psychosocial risks (PSR) such as stress. BIC keeps a close watch on these issues and constantly strives to reduce all 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 goals and a global strategy for improving quality of life in the workplace, continues to be developed at many sites. As part of this worldwide program, action plans have been defined and implemented locally based on past initiatives deployed in various countries. Through this program, BIC seeks to promote wellness at work in the interest of its employees and their engagement. In this way, the Group will help limit the effects of professional or personal stress on its employees' health.





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

The efforts focus on four main areas:

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

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

◆ Progress made in 2017: health and well-being

2017 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 focus, through the "You First by BIC" initiative, on all aspects of employee health and well-being: physical, psychological and financial. In 2017, the "Well-being Committees" and the health and lifestyle coaches continued to offer their services at all U.S. sites. The employees who worked with coaches, representing 63% of the total population, reduced their Body Mass Index (BMI) by 91% more than those who did not engage with a coach. 2018 will be a transitional year, with a move from 1:1 coaching sessions to group initiatives focusing on the healthcare conditions that are impacting a majority of the population concerned.

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

Prevention/awareness campaigns in Latin America

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

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

Launched in February 2017, a well-being program now offers BIC employees in Costa Rica, Honduras, Guatemala and Nicaragua a series of initiatives promoting a healthy lifestyle and physical activity. It includes after-work exercise and yoga classes as well as monthly awareness sessions on nutrition. Screening campaigns are also conducted in each of those countries on Health Day in November.

In Colombia, the week of September 11-15 was dedicated to health, with medical checkups, screening campaigns and information on preventive health services.

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. 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. In 2017, educators were offered a refresher training course and videos about sexually transmitted diseases were shared with all employees. On World AIDS Day, like every year, an awareness campaign was carried out with the goal of reaching all employees.

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

Reducing physical stress on the job in France

In compliance with new regulations, analysis of potentially strenuous working conditions was conducted at all sites. One key point is the reduction in the number of jobs associated with strenuous conditions. The "job strain account" has been adopted, integrating 12 criteria defined by law.

Developing the social protection systems available to BIC employees

In 2017, 79% of all BIC employees in the United States were covered by health insurance linked to a "health care savings account" (HSA) that enables them to invest tax-exempt funds to cover healthcare expenses. Members can also receive financial benefits by participating in initiatives to improve their health.

In 2017, the BIC Bizerte factory in Tunisia worked on the implementation of a healthcare and disability insurance program for all employees and their beneficiaries. Available as of January 1, 2018, the program is optional and includes an employer contribution as an incentive.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

Health and well-being in the United States

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

◆ Perspectives in health and well-being

In 2018, a new consultation with insurers and intermediaries in the sector will be an opportunity to extend the current system to include screening campaigns in several countries, to be implemented in 2019.

◆ Progress made in 2017: 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 "Manager@BIC" and "Leader@BIC" training modules, created to help managers deal effectively with the challenges they face as team leaders, increasingly incorporate the aspect of well-being at work as well as stress management in their programs. The "Manager@BIC" module was launched in 2017 in Greece, where 17 managers benefited from the training.

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

◆ Progress made in 2017: employee services

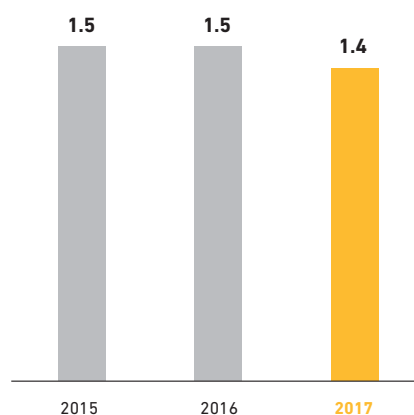
An Employee Assistance Program (EAP) has been in operation in the United States (at BIC CORPORATION) and in France (the PASS program) for several years, and since 2016 in the Asia-Pacific zone. Set up for the benefit of BIC employees and their families, this service offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals.

In 2017, an EAP was launched in Latin America for employees of the BIC Consumer Products business, offering assistance services in legal, financial, medical and psychological matters.

◆ Performance

In France, BIC had recorded 38 recognized cases of occupational diseases by the end of 2017.

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



Absenteeism (excluding on-site accidents and maternity) remained low with a Group average of 1.4% in 2017, similar to 2013, and compared with 1.5% in 2014, 2015 and 2016.

The total absenteeism rate (including on-site accidents and maternity) is also low and stable, at around 2% during the last four years (2.4% in 2017).

◆ Perspectives

In France, the communication on the 24/7 hotline will be updated in 2018. A project to offer social and administrative support services to the employees of the Clichy (France) headquarters is also under study, along with the introduction of meetings on preventive health topics in partnership with the occupational health physician.

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





2.4.5. EMPLOYEE DEVELOPMENT

◆ Challenges

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

Employee development is a crucial issue, in that it facilitates:

- achievement of the economic goals set by the various BIC entities;
- definition of internal succession plans to ensure the continuity of the Group's activities;
- raising the level of its employees' skills and expertise;
- maintaining an above-average market level of engagement.
- Development of the internal and external employability of every man and woman who works for BIC.

◆ Approach

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

To achieve its commitment to employee development, 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 available by all teams. It is for example used to structure BIC tools like the Taleo system and the People Acceleration Plan, etc.

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

◆ Progress made in 2017

Numerous actions were undertaken in 2016 and continued in 2017 to encourage the use of the 70/20/10 model. Some examples are given below.

Learning from new professional experiences ("70")

Talent Frameworks roll-out

The roll-out of the Talent Frameworks and their adoption by all employees remain the cornerstone of BIC Group's managerial culture. In 2017, the rollout of BIC's Talent Frameworks continued with the launch of a digital training course for new employees. The Talent Frameworks will be updated in 2018 to include a more comprehensive view of acquisition.

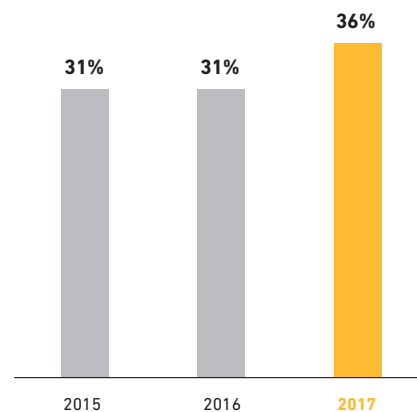
Job mobility and succession plans

The "People in Play" sessions, launched in 2014 at the Leadership Team level and designed to facilitate the mobility process, were continued in 2017. 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. Open positions are shared globally by the Human Resources teams in an effort to make optimal use of the available talents.

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 was continued in 2017, offering an opportunity to clarify the criteria for identifying successors, offering even greater transparency, and to define individualized action plans.

◆ Performance

INTERNAL DEVELOPMENT MOVES AND PROMOTION RATE



This indicator measures the number of manager and non-manager positions filled internally, compared with the total number of positions filled within the Group over the same period. It includes promotions (level change) and developments (change of position, geographic zone or entity).

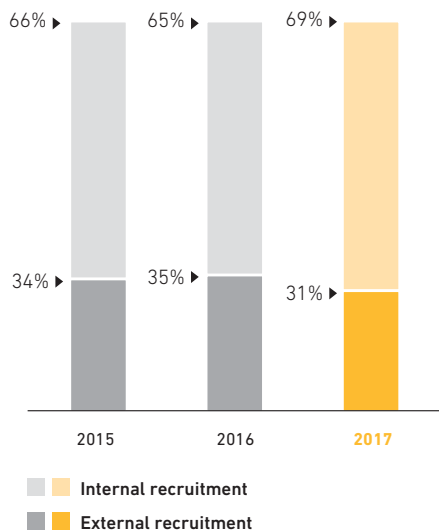




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

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



In 2017, the internal promotion rate was 69% for the four top manager levels. This rate has been between 64% and 66% from 2013. For all managers' categories, the internal promotion rate was 51% in 2017, while it had remained stable for several years at 45%.

Learning from others ("20")

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

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

In 2017, the BIC Group rolled out a mentoring program conceived to promote employees' development, increase knowledge sharing, drive performance, expand networks and build talent retention. Launched for the benefit of the top 50 high-potential managers in line for key positions within the Group, the program matched them with Leadership Team members and other managers for a one-year mentoring assignment. An extensive toolkit was designed and provided to all participants to optimize the mentoring relationship.

In 2017, the "Executive Coaching" program was also made available to managers to help them recognize ways to improve the effectiveness of their performance and their impact in the business. Managers learn to identify business and/or relationship goals, and then develop strategies and action plans to achieve those goals.

Learning from training ("10")

The programs developed by BIC University

With plants and sales teams in 53 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. This is the main mission of BIC University. Created in 1998, BIC University is a network of company training centers focused on developing team members' potential and promoting BIC Group's culture. Since

its creation, BIC University has developed numerous training programs that serve as vehicles for developing the core competencies that must be shared by everyone in the Group.

The management curriculum is now complete and available everywhere in various forms: in-person training, webinars, e-learning modules, simulation exercises, etc. It allows trainees to assimilate the BIC managerial culture and learn how to use the Group's specific tools for building a team and developing its individual members (Talent Frameworks). The curriculum comprises four key modules, created for BIC in collaboration with its own employees and an outside service provider:

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

In 2017, the learner@BIC program was completely overhauled to integrate feedback since its implementation two years ago. In addition, a new program called "ProChange" was launched to bolster the culture of project management and change management throughout the BIC Group, including all teams, functions and continents.

Increasing BIC University's impact

BIC continues to invest in its organizational capacities to make BIC University's training available to everyone everywhere. The four-phase deployment strategy defined for BIC University in late 2015 was pursued in 2017. A few examples of progress made:

"BIC U everywhere for everyone": in 2017, the implementation of BIC University in Latin America continued with the identification of a BIC U contact in each country in the region, the development of internal and external resources (training for trainers and selection of external service providers) and greater visibility of BIC U through BICUonline.

"BIC U aligned with business priorities": 2017 marked the launch of several new programs: the "English Learner@BIC" workshop, in which participants define goals and concrete action plans for achieving them; the "ProChange" program for bolstering the BIC culture of change management; and the "Managing Safely" program conceived to help reduce the number of workers' accidents in the Stationery category.

"Quality first": In 2017, 68% of the programs were evaluated by employees (using the ForMetris tool) as offering "better quality" or "much better than average quality," confirming the ForMetris level of the past several years.

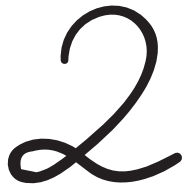
"BIC U remains a melting pot for BIC": the ProChange program, for example, uses a BIC toolkit developed by internal experts from all categories and all continents.

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.

The financial curriculum, which provides fundamental training in the concepts and tools specific to BIC Group, was revised in 2016 and made available worldwide, with a particular focus on South America.



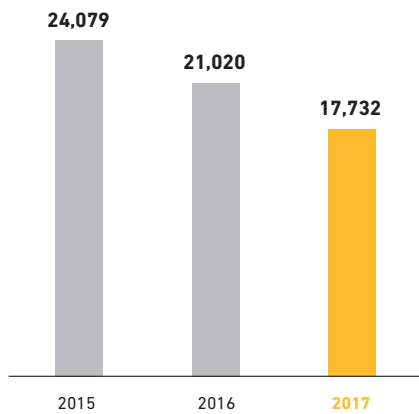


For the past several years the Group has been trying to perpetuate its key technical skills. For example, in Tarragona (Spain), the Lighter category is recruiting new employees through apprenticeship programs in partnership with two schools. In France, the "Training for Industrial Professional" (TIP) program trains young people in the technical functions of mechanics, tool setting and plastics technology, for which there is a shortage on the labor market. Since 2016, 11 apprentices have been recruited as part of this program in those three categories, and six trainees have completed their training in Tarragona (Spain) and Violex (Greece). In Manaus, BIC University enables employees to receive training and earn certification.

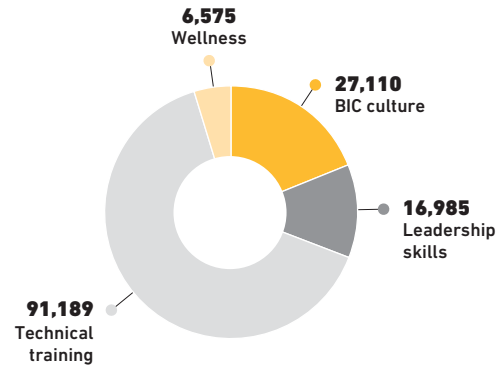
◆ **Performance**

In 2017, 5,864 employees received training (or 75% of headcount present on December 31, 2017) with an average of three days per employee.

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



NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2017 - PERMANENT AND TEMPORARY WORKFORCE



◆ **Perspectives**

In 2018, BIC Group plans to launch the "Performance Management" training program worldwide.

3,200 employees will be trained in H1. In addition, the Group will continue to deploy its training for managers (Recruiter@BIC, Manager@BIC, Learner@BIC, Leader@BIC) as well as the ProChange program.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

2.4.6. THE REMUNERATION SYSTEM

◆ Challenges and approach

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

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

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

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

In 2017, variable remuneration relating to performance represented an average of 15% of fixed remuneration for Group employees (excluding Cello Pens).

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

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

◆ Performance

Within the Group (excluding Cello Pens), the average annual cost (including payroll taxes) of each employee totaled 58,300 euros in 2017, stable *versus* 2016, at actual exchange rates.

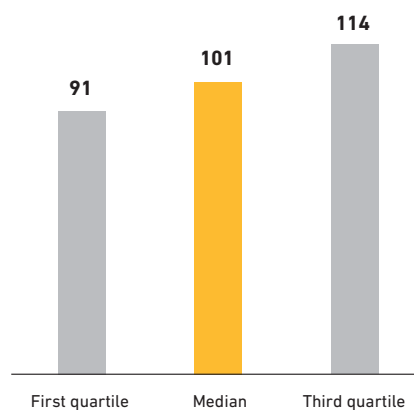
Analysis using constant exchange rates shows a 1% decrease compared with 2016. Overall, this variance in the average annual cost of each employee is due to:

- a 3.5% increase in average fixed remuneration;
- a 25% decrease in variable remuneration compared to 2016, partly due to the payment of a special bonus in 2016 to all employees who are not eligible to performance share grants; This special bonus was not paid in 2017.
- a 1% increase in payroll taxes and other benefits.

Information on Senior Management remuneration is provided on pages 129 to 148.

An analysis of the external competitiveness of BIC managers' base salaries is conducted on a regular basis in about 50 countries. This competitiveness analysis conducted at end-2017 shows that, on average, BIC managers' base salaries are positioned at their local market median.

COMPARISON OF MANAGERS' SALARIES WITH THE MARKET - STATISTICAL BREAKDOWN OF COMPARISON RATIOS (IN 2017)



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





2.4.7. PROMOTING DIVERSITY

◆ Challenges

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

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

◆ Approach

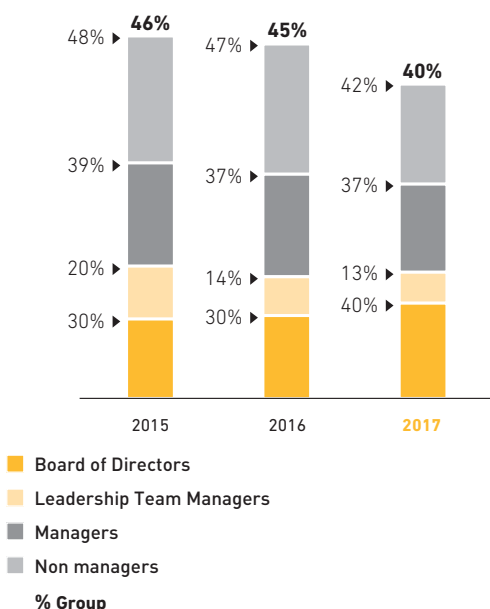
The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all the Group's entities worldwide and has been translated into the main languages spoken in the Group.

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

◆ Progress made in 2017 and performance

Male/female equality

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



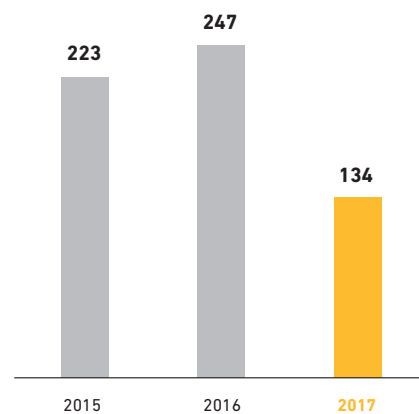
In 2017, women accounted for 40% of permanent employees in the Group. They accounted for 36% of the workforce in Europe, 42% in North America, 45% in Latin America and Asia, 47% in Middle East - Africa and 50% in Oceania. Compared to 2016, the highest variance is in North America due to the sale of Graphic activities, where the proportion of women in the headcount was particularly high. In North America, women accounted for 53% of permanent employees in 2016 and 42% in 2017.

Disabled employees

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

The commitment of BIC in favor of diversity is reflected particularly by local training and employment assistance for disabled workers.

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



In 2017, disabled workers at the Group's largest sites totaled 134 (excluding indirect jobs associated with outsourcing). They numbered 52 in Europe (similar to 2016), 26 in North America (138 in 2016, of which 111 in Graphic activities), 50 in Latin America and 6 in the rest of world (Middle East, Africa and Oceania).

Intergenerational equity

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

In this context, BIC seeks to promote:

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





The professional integration of minorities

In France, BIC became a member of the association *Nos Quartiers ont des Talents* ("Our Neighborhoods Have Talent") and its mentorship program in April 2012. Founded in 2005, this non-profit organization helps young graduates from disadvantaged neighborhoods to find work. Its mentorship program mobilizes managers of member companies to coach young graduates during their job search. At the Clichy headquarters site, 14 managers participate in the program. 151 young graduates have been mentored since the beginning of the partnership and five are currently in the program. Through the program, 78 young graduates were hired between 2012 and the end of 2017.

◆ Perspectives

In 2017, to cultivate even greater diversity, BIC formed a working group comprising employees from the various categories and geographic zones. The group also reflects the Company's diversity, uniting different nationalities, age groups, responsibility levels, genders, etc. Charged with the mission of promoting and encouraging diversity and inclusion, this working group will set goals and define an action plan for the entire Group during 2018.

2.4.8. SOCIAL DIALOG

◆ Challenges

BIC Group strives to use all the means available to engage in dialog with its employees. In this spirit, it sets up the initiatives on listening to employees mentioned on page 76. 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 a subject of prior dialog, and the employees and their representatives are kept informed to ensure optimal communication.

◆ Progress made in 2017

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

The following table gives a few examples of such agreements.

| Perimeter | Topic |
|---------------------|--|
| Spain – BIC Iberia | Negotiation of the entire contract concerning working conditions. |
| Spain – BIC Graphic | Signing of an agreement on the redundancy plan. |
| United States | Signing of a three-year agreement with the United Steelworkers union that will improve employees' financial conditions while giving the company greater flexibility. |

◆ Performance

The audit conducted in 2014 showed that at the end of the year, 63% of Group 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.

In addition to regular meetings between management and employees to identify possible improvements or employees' expectations, there are specific and original ways for employees to raise any concerns that they might have, such as suggestion boxes placed on sites, or, once a month, inviting 10 employees, selected at random, to have lunch with the site's Director or HR manager. In Brazil and Mexico, dialog is also encouraged through the "Canal Abuerto" suggestion boxes: employees can submit anonymous, sealed requests to which the management teams respond every week.

◆ Perspectives

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

The 2014 study on employee representation and coverage will be updated in the near future.





2.5. Our societal responsibility

In September 2015, the United Nations adopted a new Sustainable Development Program comprising 17 worldwide goals for combating poverty, inequality and injustice. These goals emphasize the crucial role of universal access to education and hygiene. The Group strives to meet these challenges through its local economic presence, with about four million points of sale offering BIC® products worldwide, and through its global presence: BIC manufactures and distributes its products in 160 countries, supplying the most developed marketplaces as well as some of the most impoverished ones (see page 59).

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

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

2.5.1. FULFILLING OUR RESPONSIBILITY ACROSS OUR ENTIRE VALUE CHAIN

2.5.1.1. Responsible purchasing and sustainable relations with suppliers

◆ Challenges

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

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

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

The challenges concerning Human Rights are discussed in section 2.5.1.2 "Ensuring respect for Human Rights in the workplace" (page 89).

◆ Approach and progress made in 2017

The Responsible Purchasing Charter

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

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





Cartography of suppliers, subcontractors and service providers

To apply its Responsible Purchasing Charter, BIC has developed three risk management programs: compliance with the Code of Conduct (see page 89), audit programs (see page 89) and ESG evaluations by EcoVadis (see below).

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

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

Evaluation of suppliers' ESG performance and collaboration for continuous improvement

Since 2011, BIC has assessed its raw materials suppliers according to environmental, social and governance (ESG) criteria with the help of the EcoVadis firm, to evaluate those that pose risks. 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 terms of sustainable development. The supplier is rated in each area and given an overall score with a maximum of 100.

These assessment campaigns focus on strategic raw materials purchasing categories: Plastics, Metals, Packaging (France and Greece) and Inks. In all, 301 strategic suppliers have been registered on the platform, and 174 of them have responded to the questionnaire. The average score is 48 out of 100, which is higher than the EcoVadis average of 42. Among the suppliers that have been reassessed, 63% have improved their score.

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

The "Packaging Community" also works with its suppliers in a similar way. In particular, paper and cardboard packaging suppliers are encouraged to obtain SFI, FSC or PEFC certification or to supply packaging containing recycled materials (see page 62).

Ensuring perennial supplies

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

◆ Performance

- **48: Average score of the strategic suppliers assessed by EcoVadis according to sustainable development criteria**
- **50% of BIC's suppliers have been working with the Group for more than 10 years**

◆ Perspectives

As part of "Writing the Future, Together" BIC Group has made responsible purchasing one of its five commitments : **"By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing."** BIC will identify its "strategic suppliers" according to criteria relating to innovation, finance, and security.





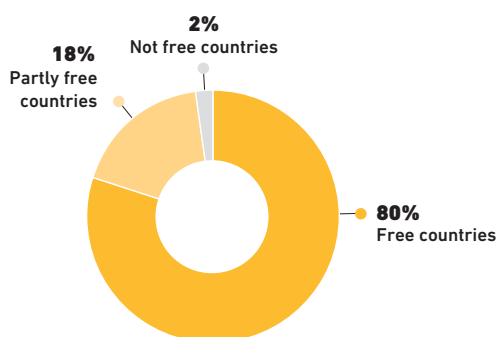
2.5.1.2. Ensuring respect for Human Rights in the workplace

◆ Challenges

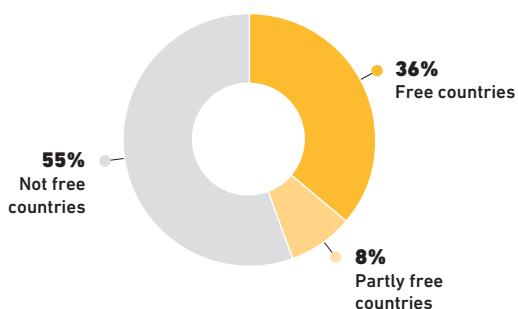
BIC's reliance on contract manufacturing is relatively low. Overall, 90% of the Group's net sales are generated by products made in its own factories. 85% of these factories are located in countries with no Human Rights risk according to Freedom House. ⁽¹⁾

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

PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2017 – BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2017 – BIC GROUP



◆ Approach

An approach guided by the BIC Group Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented a **Code of Conduct**. This document comprises a set of professional and social principles derived from the standards of the

International Labor Organization (ILO). The Group is committed to upholding socially responsible behavior in all its operations. The principles in this document are applied at all production facilities, whether owned by the Group or operated by contract manufacturers, and BIC conducts audits to ensure its implementation.

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

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

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

The social audit program

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

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

(1) Source: "Freedom in the World 2017", a study by the non-governmental organization Freedom House.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Our societal responsibility

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

All contract manufacturers are audited over a two-year cycle, during which improvement programs will be implemented based on deficiencies identified during the assessment.

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

- **Self-assessments** have been conducted by all BIC factories since 2006. The responses are analyzed by independent auditors. Each factory Director is required to implement a corrective action plan in cooperation with the Human Resources Department.

→ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS:

1. The BIC contract manufacturer signs the BIC Group Code of Conduct.
2. An independent external monitoring agency 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 two years.

→ SA 8000 CERTIFICATION FOR THE BIC AMAZONIA FACTORY

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

Social audits in the Advertising and Promotional Products business

SEDEX platform and SMETA audits

BIC Graphic Europe joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a not-for-profit organization dedicated to driving improvements in responsible and ethical business practices along the supply chain. Being a member of SEDEX provides the added benefit of having a confidential platform for sharing social compliance audit reports and related information and participation in working groups. The SEDEX Members Ethical Trade Audits (SMETA) standard combines several reputable standardization programs including the ILO Convention, ETI (Ethical Trading Initiative) Base Code, SA 8000 and ISO 14001. An audit was conducted to SMETA standards in 2017 on the Tarragona (Spain) facilities.

◆ Progress made in 2017

In 2017, 26 Consumer Products contract manufacturers were audited, representing 33%, along with five Advertising and Promotional Products (BIC Graphic) contract manufacturers, representing 6% in high risk countries. The Consumer Products audits conducted in 2017 revealed 22 major, 156 moderate and 168 minor deficiencies, and 25 corrective action plans were implemented. The four biggest areas of deficiency were found in management systems and working hours:

1. The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements, but they are not all being properly implemented. 23%
2. The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements, but they are not all being properly implemented. 20%
3. The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements, but they are not all being properly implemented. 17%
4. Total overtime hours exceeds allowable limits under applicable law or agreement. 13%

◆ Performance

In 2017, 40% of contract manufacturers were audited; other manufacturers were audited in 2016 or will be in 2018 according to the two-years audit cycle. The rating system measures the level of performance of each contract manufacturer based on the social indicators of the BIC Group Code of Conduct.

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





2.5.1.3. Ethics and the fight against corruption

◆ Challenges

BIC generates 36% of its sales in countries where the risk of corruption is considered high or very high (Brazil, Mexico, India, Italy and Argentina) and 62% in countries with a medium or low risk of corruption according to Transparency International, including France, the United States and Spain.

◆ Approach

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

Since 2007, the BIC Group 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. The objective is to build and sustain an authentic corporate culture of integrity, honesty and fairness. The Code of Ethics comprises:

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

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

Since 2016, the BIC Group Anti-Corruption Policy has defined the appropriate conduct mandatory for all BIC personnel, including employees, Directors and administrators, and for all parties acting on the Group's behalf: subsidiaries, affiliate companies, partners under contract, wholesalers, consultants... The Policy describes how business must be conducted with third parties to protect against corrupt practices and avoid their occurrence. BIC Group does not tolerate any kind of corruption or bribery and has made a commitment to fight corruption in all of its forms. The Anti-Corruption Policy covers the following topics:

- interactions with government officials, private entities and persons who are not government officials;
- gifts, corporate gifts and sponsorship;
- relations with stakeholders;
- donations, contributions to communities and political parties;
- conflicts of interest;
- monitoring, record keeping and reporting of any breaches of anti-corruption laws.

◆ Progress made in 2017

Due to the complex nature of the various local and international anti-corruption/anti-bribery laws, BIC conducted a global compliance risk assessment in 2017 to identify, quantify and mitigate potential relevant risks to the business. Conducted by an

independent Auditor, this global risk assessment focused on anti-bribery and corruption to understand employee perceptions, attitudes and behaviors that affect the operating environment, and to assess key organizational compliance initiatives.

In parallel with this risk assessment, BIC began bolstering its global anti-corruption compliance program by updating its Code of Ethics and conducting training on the Code of Ethics and mandatory training on the Anti-Corruption Policy, in-person for all managers globally and *via* e-learning for all employees in North America, Europe and Latin America.

The Group has also launched an anonymous and confidential reporting system called "BIC Speak Up," accessible by telephone and internet to all current and former BIC employees 24 hours a day and available in more than 200 languages. A small number of reports were raised in 2017.

Anti-harassment training has also been made available to employees in the U.S. and Latin America. In the coming years further training will be extended to cover additional aspects of compliance.

◆ Perspectives

The Group plans to extend its e-learning training programs to Asia Pacific and Cello. An evaluation of the risks related to third parties is also planned, and the Group will continue to review and strengthen its Anti-Corruption and Ethics program every year.

2.5.2. SUPPORTING THE LOCAL ECONOMY AND PROMOTING SOLIDARITY

2.5.2.1. Generating and maintaining jobs

◆ Approach

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

Every time it starts operations in a new region, BIC's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 87 expatriated employees today (1.09% of permanent employees). BIC thus contributes directly to local economies by generating jobs.

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

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





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

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

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

Since 2004, Brazil has opened its economy to more foreign investment and improved its economic and transportation infrastructures. As a result, the findings of this study would no doubt be somewhat different today, but Manaus remains a remote, isolated site.

2.5.2.2. Promoting quality education for all

◆ Challenges

The UN sustainable development Goal no. 4 is "to ensure inclusive and equitable quality education and to promote lifelong learning opportunities for all." It underscores the two key challenges concerning education, namely:

- **Access to education.** Today, 12% of all school-age children do not have access to primary or secondary education;
- **Equality in education.** Today, educational opportunities depend on the children's place of residence, gender and the parents' socioeconomic status. 250 million children worldwide are unable to acquire a sufficient level of basic educational skills (reading, writing, and counting).

◆ Approach and progress made in 2017

Through its activities of designing, manufacturing and distributing writing instruments, BIC Group has long been involved in the promotion of education. Firmly convinced that education is crucial for the development of free will and independence, and to combat poverty, BIC has in particular been an active advocate of writing by hand, even before its importance in the structuring of children's thought processes was proven.

The Group acts through three channels:

- actions undertaken by the **BIC Corporate Foundation**;
- **philanthropic** actions (donations of products, funding and skills) undertaken by local entities for the benefit of their communities (detailed in section 2.5.2.3 below);
- **coaching** actions to help improve learning conditions, including awareness of the benefits of writing by hand in the learning and memorization processes.

Further bolstering its commitment to promoting education, in 2017 BIC Group created the position of Education Commitment Director, in order to consolidate its historical approach and step up its involvement.

The BIC Corporate Foundation

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

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

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

The Foundation's accomplishments in its two first years of operation include:

- the funding of a school on the banks the Brahmaputra River in northern Bangladesh, with six classes benefiting 180 pupils;
- the funding of three *AFEV* regional bases in France, aiding the association's local involvement in Brest, Reims and Bordeaux, in addition to its historical partnership;
- the signing of a partnership with *Solidarités International* for an educational program on the protection of water resources in a water stress zone;
- the contribution of funds to match Group employees' donations to a "BIC Citizens in Action" program backing a project by the NGO Life Project 4 Youth to build an educational center in India;
- the launch of an internal call for projects among BIC Group subsidiaries. The six winning projects, selected by a panel of 11 people representing various categories, continents and functions, will receive support from the BIC Corporate Foundation.

Awareness and coaching actions

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

- the launch and development of the BIC® Kids range, created in cooperation with psychomotor specialists, ergonomists and teachers specifically to help prepare children to learn handwriting, in particular the proper way to hold and use writing instruments;





- the enrichment of the BIC® Kids website in Europe, which comprises two spaces, one for children and the other for teachers, offering fun and creative learning activities designed by educators;
- initiatives in schools in a number of countries (e.g. South Africa, Cameroon, Egypt, Spain, Morocco, Nigeria, the Philippines, etc.) such as: building awareness of the importance of education and writing, the production of written materials or workshops to offer teachers resources that they can use in class.

◆ Perspectives

As part of "Writing the Future, Together" BIC Group has made education one of its five commitments: **"By 2025, BIC will improve learning conditions for 250 million children globally."** BIC aims to help children succeed in their education by providing improved learning conditions and promoting the developmental benefits of handwriting.

2.5.2.3. Philanthropic actions by BIC Group and its subsidiaries

◆ Approach

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

BIC Citizens in Action

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

At the global level, this shared commitment between the employees and the BIC Corporate Foundation takes the form of a matching fund campaign: the employees are mobilized through fundraising drives and the Group matches the amount of money collected. All BIC subsidiaries around the world participate in these campaigns. In 2017, 120,000 euros was raised in this way, and BIC teamed up with the NGO LP4Y (Life Project 4 Youth) to support a project called "A New Center, A New Start" with the goal of creating a youth center in Chhattisgarh, India. It will offer high-quality training to develop young people's social and professional skills, along with sessions to build awareness of sustainable development, and will be an economic development driver for the region. The center hopes to help 600 young people between 2017 and 2020.

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

Major philanthropic actions and charity products to promote education

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

In 2017, BIC South Africa renewed its large-scale "Buy a Pen, Donate a Pen" charity products campaign. South Africa is a country that faces enormous educational challenges: more than 2 million of its citizens are illiterate and its unemployment rate exceeds 27%. For this campaign, for each product purchased, BIC South Africa donates one pen to the NGO READ Educational Trust, which distributes them to underprivileged children. As in previous years, the operation was a huge success, with 1.3 million pens once again donated, bringing the overall total to 7.3 million pens in six years.

In Europe, for the eighth consecutive year, the *Kit Scolaire* operation, to which BIC contributes through the French NGO *Dons Solidaires*, met with great success. In all, 114 associations received shipments and distributed the products to 30,000 underprivileged children at the beginning of summer vacation and the start of the school year. This year again, BIC gave its employees the opportunity to help assemble the *Kit Scolaire* school kits (the volunteers take a half-day of leave and the Group matches their donation by offering them the other half of the day with pay).

In 2015, BIC Cello initiated a partnership with IIMPACT, a non-profit organization whose primary mission is providing access to education for underprivileged girls in India. This large-scale community program has already impacted the lives of more than 1,600 girls by offering them primary education. On May 2, 2017, BIC Cello announced the opening of 15 new learning centers across the Uttarakhand region of India, bringing the total number of centers to 55.

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

In the U.S., Enactus is an international not-for-profit organization that supports students' leadership development and social responsibility by bringing together the power of business and education. Leading universities from around the world identify impactful, socially responsible initiatives at the local and international level that positively impact the lives of thousands of people around the world. In 2017, BIC renewed its support through financial and product donations to sponsor three events: the U.S. National Exposition in St. Louis, the Canada National Exposition and the Enactus World Cup in Toronto. BIC Brazil also financially supports Enactus for project evaluation.

BIC Group supported the project "*Rentrée Solidaire*" in Ziguinchor, Senegal through products donation. This project consisted of providing a primary school with computer equipment as well as school supplies like notebooks, pens, pencils, chalk, etc. for the pupils. The association has thus reached its goal of contributing to the scholastic achievement of children in underprivileged areas.

Examples of philanthropic actions by BIC Group subsidiaries in 2017

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

After the 2017 earthquakes in Mexico, BIC Mexico mobilized quickly to provide support for the communities in need, donating shavers to the Red Cross as well as writing products for the benefit of schools and children.

For the past several years, BIC employees in Greece have taken action through the annual MediBIC operation, which renovates medical dispensaries in remote regions of the country, usually in villages. Each project includes the renovation of the village's health center, including the building, furniture and supply of medical instruments, to provide the local population with a complete medical





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infrastructure. In 2017, the operation mobilized an organizational team of 10 members plus 11 volunteers who helped with the day-long installation.

In the United States, after the devastating Hurricanes Harvey, Irma and Maria, BIC conducted a fundraising campaign among employees. The funds thus raised were matched by the Group and donated to the American Red Cross, which provides shelter, food and counseling for the victims of natural disasters. In all, 11,423 euros (13,430 USD) was donated to the Red Cross to support its disaster relief efforts. BIC also made an additional donation of 100,000 shavers that were used in the shelters by people displaced by the hurricanes.

In Canada, BIC Inc. team members once again participated in a variety of events throughout the year to fundraise for the Children’s Breakfast Club, including sports events, charity lunches, product sales, etc. In 2017, the team raised a total of \$5,494 CAD. BIC employees also donated their time to help serve breakfast to children at four local schools, and writing products were handed out to all of the young members of the Children’s Breakfast Club.

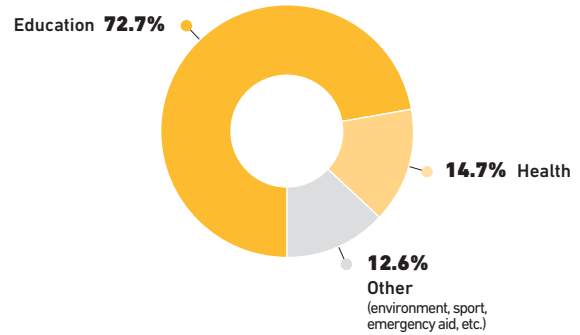
◆ Performance

In 2017, product donations and financial aid worldwide represented 1.8 million euros (internal valuation), primarily in education and health. These two sectors represent 80% of BIC’s community activities in number and 87% in financial value.

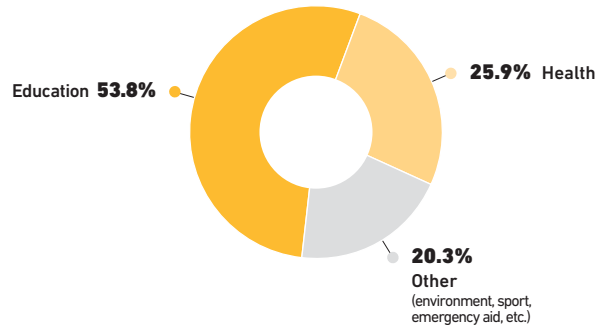
→ **BIC Group objective achieved: the contribution toward communities is more than 0.50% of pretax profit**

→ **157 philanthropic projects involving volunteer work, product donations and financial aid carried out worldwide in 2017 (all fields combined)**

FINANCIAL BREAKDOWN OF ACTIONS – BIC GROUP – 2017



BREAKDOWN OF ACTIONS BY FIELD – BIC GROUP – 2017





2.6. Milestones

2.6.1. EXTRA-FINANCIAL RATINGS

In 2017, BIC was once again listed on the following socially responsible investment indexes:

- The 2017 CDP A List (see page 66);
- The 2017 CDP Supplier A List;
- The Euronext Vigeo index: Europe 120;
- The Euronext Vigeo index: Eurozone 120;
- The FTSE4Good Index;
- The Ethibel Pioneer and Ethibel Excellence Investment Registers;
- The Ethibel Sustainability Index (ESI) Excellence Europe;
- The STOXX Global ESG Leaders Index.

2.6.2. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1 to December 31, 2017.

2.6.2.1. Perimeter

Regarding the indicators that refer to human resources, the reporting perimeter encompasses all permanent employees of all French and foreign operational units within the Group, with the exception of information on training and the disabled, for which temporary employees are included. The activities of Cello Pens have not been included in the reporting perimeter for these indicators. In 2016, the BIC Group initiated a process to be able to publish specific data for India taken from the Human Resources Key Performance Indicators (HR KPI) starting in December 2018.

The indicators that refer to environment and health and safety only concern the operations that have a significant impact, namely the industrial activities owned by the Group. These indicators therefore concern BIC 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.

Two major points should be emphasized this year:

- The exclusion of the BIC Graphic factories in the U.S. following the sale of these operations in 2017. However, the corresponding data on health-safety and the environment are included for 2015 and 2016.
- The eight Cello Pens factories in India are included in the Environment and Health & Safety consolidation perimeter, as a result of the efforts initiated in 2014. The activities of Cello Pens are not included in the reporting perimeter for these indicators for 2015 and 2016. These activities are also not included in the reporting on the Group's environmental and health & safety programs.

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

2.6.2.2. Indicators

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

The inventory of activities for the benefit of 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 give preference to the use of 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. Unless otherwise indicated, the indirect emissions correspond to scope 2 emissions using a location-based approach.

In addition, to ensure transparency, some indicators have been more specifically detailed below:

Percentage of BIC® products with at least one environmental benefit

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

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

This indicator is calculated on the number of units and concerns the products of the three main categories (excluding PIMACO and Cello Pens activities).

Percentage of responsible materials for packaging

This indicator 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 and concerns the products of the three main categories (excluding PIMACO and Cello Pens activities).





Percentage of air freight

The scope of this indicator is the inter-site shipping, *i.e.* all the factory to factory and factory to warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental). It is expressed in tons/kilometer and concerns all Group activities except Cello Pens.

Percentage of contract manufacturers being audited

The indicator 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). This indicator concerns all Group activities except Cello Pens.

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 313).





2.6.3. INDICATORS TABLE

| Environmental indicators | Unit | 2015 | 2016 | 2017 |
|--|-------------------------|-----------|-----------|-----------|
| Management systems of factories | | | | |
| Factories with environmental and health & safety management systems (or with implementation under way) | % | 89.0 | 91.5 | 84.0 |
| Energy consumption | | | | |
| Annual energy consumption | Gigajoules | 1,154,083 | 1,170,999 | 1,162,496 |
| Share of electricity of renewable origin | % | 5 | 23 | 23 |
| Annual energy consumption normalized to production | Gigajoules per ton | 12.21 | 11.73 | 11.70 |
| Greenhouse Gas (GHG) emissions | | | | |
| Total amount of annual GHG emissions | tCO ₂ eq | 98,641 | 98,578 | 100,842 |
| • Direct GHG emissions | tCO ₂ eq | 9,061 | 8,836 | 8,434 |
| • Indirect GHG emissions | tCO ₂ eq | 89,580 | 89,742 | 92,409 |
| Total amount of annual GHG emissions GES (market based) | tCO ₂ eq | - | 63,746 | 68,075 |
| Total amount of annual GHG emissions normalized to production | tCO ₂ eq/ton | 1.044 | 0.998 | 1.015 |
| GHG emissions related to raw material purchase | tCO ₂ eq | | | 354,000 |
| GHG emissions related to intra-company transport* | tCO ₂ eq | | | 67,000 |
| Water consumption | | | | |
| Annual water consumption | m ³ | 519,912 | 482,452 | 520,331 |
| Annual water consumption normalized to production | m ³ per ton | 5.50 | 4.83 | 5.24 |
| Waste production | | | | |
| Annual waste production | Tons | 25,130 | 26,605 | 21,179 |
| • Non-hazardous waste | Tons | 22,017 | 23,450 | 17,924 |
| • Hazardous waste | Tons | 3,113 | 3,154 | 3,255 |
| Annual production of waste normalized to production | Tons/tons | 0.266 | 0.267 | 0.213 |
| Annual production of non-recycled waste normalized to production | Tons/tons | 0.084 | 0.086 | 0.076 |
| Recovered waste (recycled or incinerated with energy recovery) | % | 83 | 83 | 79 |
| Transportation | | | | |
| GHG emissions related to intra-company transport* | tCO ₂ eq/ton | 0.633 | 0.768 | 0.536 |
| Intra-company transport operated without air freight | % | 98.09 | 97.71 | 98.08 |
| Products | | | | |
| Number of products certified with the French <i>NF Environnement</i> ecolabel | | 22 | 22 | 19 |
| Number of products that have at least one environmental benefit** | % | 50.0 | 50.0 | 50.0 |
| Packaging | | | | |
| BIC cardboard packaging from a certified and/or recycled source | % | 90.44 | 94.02 | 94.88 |
| BIC plastic packaging PVC free | % | 82.43 | 83.46 | 88.50 |
| Other Indicators | | | | |
| Expenses for preventing consequences of the business on the environment ^(a) | Million euros | 4.8 | 6.1 | 4.3 |
| Provisions and guarantees for environmental risks ^(b) | Million euros | 0 | 0 | 0 |
| Compensation paid during the fiscal year under court order | Million euros | 0 | 0 | 0 |

* Excluding BIC Graphic (Advertising and Promotional Products).

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

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

(b) Guarantees received regarding the environment are listed in Note 26 "Off-balance sheet commitments: sureties, deposits and guarantees" to the consolidated financial statements for the year.





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| Social indicators | Unit | 2015 | 2016 | 2017 |
|--|------------------------------|---------|---------|---------|
| Group workforce (excluding Cello Pens) | | | | |
| Total workforce (full-time equivalent) | | 11,144 | 11,435 | 9,405 |
| • Permanent employees | | 9,640 | 9,856 | 7,938 |
| • Temporary workers | | 1,504 | 1,578 | 1,467 |
| Voluntary turnover | % | 8 | 8 | 6 |
| Permanent workforce by region | | | | |
| Permanent workforce by geographical area | | | | |
| • Europe | % | 40.7 | 42.0 | 50.6 |
| • North America | % | 24.0 | 23.8 | 10.1 |
| • Developing countries | % | 35.3 | 34.2 | 39.3 |
| Permanent workforce by activity | | | | |
| Percentage of permanent workforce by activity | | | | |
| • Manufacturing and R&D | % | 63 | 63 | 64 |
| • Distribution, marketing et G&A | % | 18 | 18 | 19 |
| • Sales force and customer service | % | 19 | 19 | 17 |
| Training, career management and engagement | | | | |
| Percentage of employees that have received training | % | 92 | 95 | 75 |
| Number of training days | days | 24,079 | 21,020 | 17,732 |
| Number of training days per employee | days | 2.7 | 2.1 | 2.2 |
| Number of training hours per theme | hours | 192,633 | 168,163 | 141,859 |
| • Technical training | hours | 132,782 | 120,732 | 91,189 |
| • Leadership skills | hours | 25,867 | 18,498 | 16,985 |
| • BIC culture | hours | 25,408 | 22,730 | 27,110 |
| • Health & Wellbeing | hours | 8,576 | 6,203 | 6,575 |
| Internal promotion rate among managers (highest levels: 3 to 6) | | | | |
| • External recruitment | % | 34 | 35 | 31 |
| • Internal recruitment | % | 66 | 65 | 69 |
| Participation rate in surveys | % | 85.1 | 83.1 | NA |
| Internal development moves and promotion rate | % | 31.5 | 30.8 | 36.2 |
| Diversity | | | | |
| Percentage of women in management and workforce | | | | |
| • Board of Directors | % | 30 | 30 | 40 |
| • Leadership Team | % | 20 | 14 | 13 |
| • Managers (highest levels: 3 to 6) | % | 29 | 30 | 29 |
| Safety | | | | |
| Incidence rate of workers' accidents in the factories (accidents with temporary or permanent incapacity) | Number/million hours worked | 6.28 | 7.10 | 2.39 |
| Severity rate of workers' accidents in the factories (in days of temporary incapacity) | Number/thousand hours worked | 0.26 | 0.24 | 0.13 |
| Absenteeism | | | | |
| Absenteeism rate (excluding on-site accidents and maternity) | % | 1.5 | 1.5 | 1.4 |





| Societal indicators | Unit | 2015 | 2016 | 2017 |
|---|------|------|------|------|
| Respect for Human Right in the workplace | | | | |
| Net sales from BIC® products manufactured in its own factories | % | 86.0 | 90.0 | 90.0 |
| BIC permanent employees working in countries with no Human Rights risk ^(a) | % | 81.0 | 82.0 | 80.0 |
| BIC factories located in countries with no Human Rights risk ^(a) | % | 86 | 89 | 91 |
| Contract manufacturers located in countries with no Human Rights risk ^(a) | % | 28 | 20 | 36 |
| Net sales in countries with no Human Rights risk ^(a) | % | 88.3 | 88.1 | 84.9 |
| Sponsorship | | | | |
| Contribution to communities (percentage of the Group's pretax profit) | % | >0.7 | >0.5 | >0.5 |

(a) Source: Freedom House.





2.6.4. 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, 2017

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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 December 31, 2017, presented in chapter 2 of the registration document including the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the Company for environmental, health and safety, and human resources information, in their versions dated of January 2017 (hereafter referred to as the "Criteria"), and of which a summary is included in chapter 2 of the registration document.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11-3 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 according with the Criteria.

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of December 9, 2016 (anticorruption).

(1) Scope available at www.cofrac.fr

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

Our verification work mobilized the skills of six people between September 2017 and March 2018 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 May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000⁽²⁾.

1. Attestation of presence of CSR Information

Nature and scope of the work

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

We 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 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 2.6.2 "Perimeter and selection of indicators" of the registration document, notably the one concerning the exclusion of Cello Pens activities for the social information for the exercise 2017.

Conclusion

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 individuals responsible for the CSR information preparation in the departments in charge of the data collection process and, if applicable, with the individuals 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 clarity, 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.

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

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

documentation. The sample selected therefore represented, on average, 24% of the workforce as at December 31, 2017, 44% of the annual production (in metric tons), 39% of energy consumption and 36% of waste generation, that were considered as representative characteristics of the environmental and social domains.

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

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

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

Conclusion

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

Paris La Défense, February 27th, 2018

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier
Partner, Cleantech & Sustainability

Bruno Perrin
Partner

(1) Quantitative information:

Products and Packaging: share of BIC® products with at least one environmental benefit, share of recycled plastic consumed (Stationery category), percentage of cardboard packaging from a certified and/or recycled source consumed and percentage of plastic packaging PVC-free;
Environment: production of finished and semi-finished products ; water consumption per ton of production (for Cello Pens only), energy consumption per ton of production, share of renewable electricity, direct and indirect emissions of greenhouse gases, greenhouse gases emissions related to upstream transport, greenhouse gases emissions related to the purchase of raw materials, share of upstream transport operated without air freight, annual production of non-recycled waste per ton of production, hazardous and non-hazardous waste generation, share of waste sent to landfill;

Safety: accident frequency and severity rate;

Human resources: workforce as of December 31, 2016, percentage of women in workforce, recruitment and terminations, number of training days per employee, absenteeism rate.

Qualitative information:

Eco-design and circular economy strategy, responsible purchasing policy and supplier assessments, significant greenhouse gas emissions generated by the Company's activities, including the use of the goods and services it produces (Article 173 of the Energy Transition Law).

(2) On all the quantitative indicators: BJ75 (France), BIC Viorex (Greece), BIC Bizerte (Tunisia) and BIC South Africa (South Africa); on environment and health and safety indicators: centralized audit of the eight Cello Pens sites (India) and the headquarter of Clichy (France).





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Milestones



8.8. Cross reference table for environmental and social indicators

For each section of the registration document, the following table gives the corresponding GRI⁽¹⁾ indicators, the principles of the United Nations Global Compact⁽²⁾ and the general policies of the OECD Guidelines⁽³⁾.

| Contents of the registration document | Article 225-105-1 of the French Commercial Code | GRI ⁽¹⁾ | CDSB Framework for reporting environmental information & natural capital ⁽²⁾ | Principles of the Global Compact | OECD ⁽³⁾ general principles | Page |
|--|---|--|---|----------------------------------|--|------------|
| 1. Group presentation | | G4-3, G4-4, G4-17, G4-5, G4-6, G4-7, G4-8, G4-9 | REQ-07 | | 6, 10 | 9 to 40 |
| 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 | 40 to 52 |
| 2.2 Responsibility concerning our products | 3.c, d | G4-PR1, G4-EN27 | P5, P6, REQ-04, REQ-05 | 8 and 9 | 2, 3, 7, 8, 10, 12, 13, 14 | 53 to 63 |
| 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 | 64 to 73 |
| 2.4 Our social responsibility to our employees | 1.a, b, c, d, e, f, g | G4-10, G4-11, G4-LA1, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12 | | 1, 3 and 6 | 2, 4, 10 | 74 to 86 |
| 2.5 Our societal responsibility | 3.a, c, d, e | G4-S03, G4-HR10, G4-HR5, G4-HR6, G4-EC8 | | 1, 2, 4, 5, 10 | 4, 8, 13, 14 | 87 to 94 |
| 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 | 95 to 102 |
| 3. Corporate governance | | G4-34, G4-38, G4-39, G4-51, G4-41, G4-44 | REQ-03 | | | 103 to 148 |

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

(2) CDSB: Climate Disclosure Standards Boards.

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



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