



#MADE TOLAST



· 2017 REGISTRATION DOCUMENT ·

Including the annual financial report

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Elements of the Annual Financial Report are identified in the content using the symbol **AFR**

Elements linked to the Corporate Social Responsibility are identified in the content using the symbol **CSR**



Registration document

including the Annual Financial Report

2017



This is a free translation of the registration document. The French version of the registration document was filed with the Autorité des Marchés Financiers (AMF - French Financial Markets Authority) on March 21, 2018, pursuant to Article 212-13 of its General Regulations. This new version reflected the following change made to the previous French version : the composition of the Board of Directors following the Shareholder's Meeting of May 16, 2018 as presented in section 3.1.1.3. is completed as to mention François Bich and Mario Guevara whose mandates continue. It may be used in support of financial transactions only if accompanied by a prospectus approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

The registration document (in French) may be obtained as follows on the web site of the AMF (www.amf-France.org) and on the BIC corporate site (www.bicworld.com). A copy of this document can also be obtained, without charge, by calling Investor Relations of SOCIÉTÉ BIC, in France +33 1.45.19.52.26 or by sending a letter to SOCIÉTÉ BIC, 14 rue Jeanne d'Asnières, 92611 Clichy cedex (France)





**BRUNO BICH**

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

2017 was a challenging year, characterized by unprecedented levels of volatility. Our markets are changing rapidly in an increasingly competitive environment. Empowered by new technologies, consumers are more than ever looking for convenience and product customization.

As a long-term oriented company, we remain focused on our long-term growth potential while managing short-term headwinds. Since the beginning, our vision is to offer high-quality products, at the right price, for everyone, everywhere. We have strong values, and our people are the cornerstone of our philosophy "*Honor the Past, Invent the Future*".

Starting in May, my son Gonzalve and his teams will be in charge of inventing the BIC of the future. Indeed,

following the Annual General Meeting, the Board intends to nominate him Chief Executive Officer. He will be supported by Pierre Vareille, who will be appointed Chairman of the Board. Pierre is an experienced and respected professional who shares our vision and long-term view. He has a profound understanding of our company.

As for Gonzalve, he embodies the BIC values, our passion for products and our consumers. For the last 15 years, he has proven his commitment in various positions at BIC, demonstrating his strategic vision and operational skills. I, therefore, pass the baton with optimism, confident in the ability of our teams to manage current challenges, and confident in the future of our company.



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

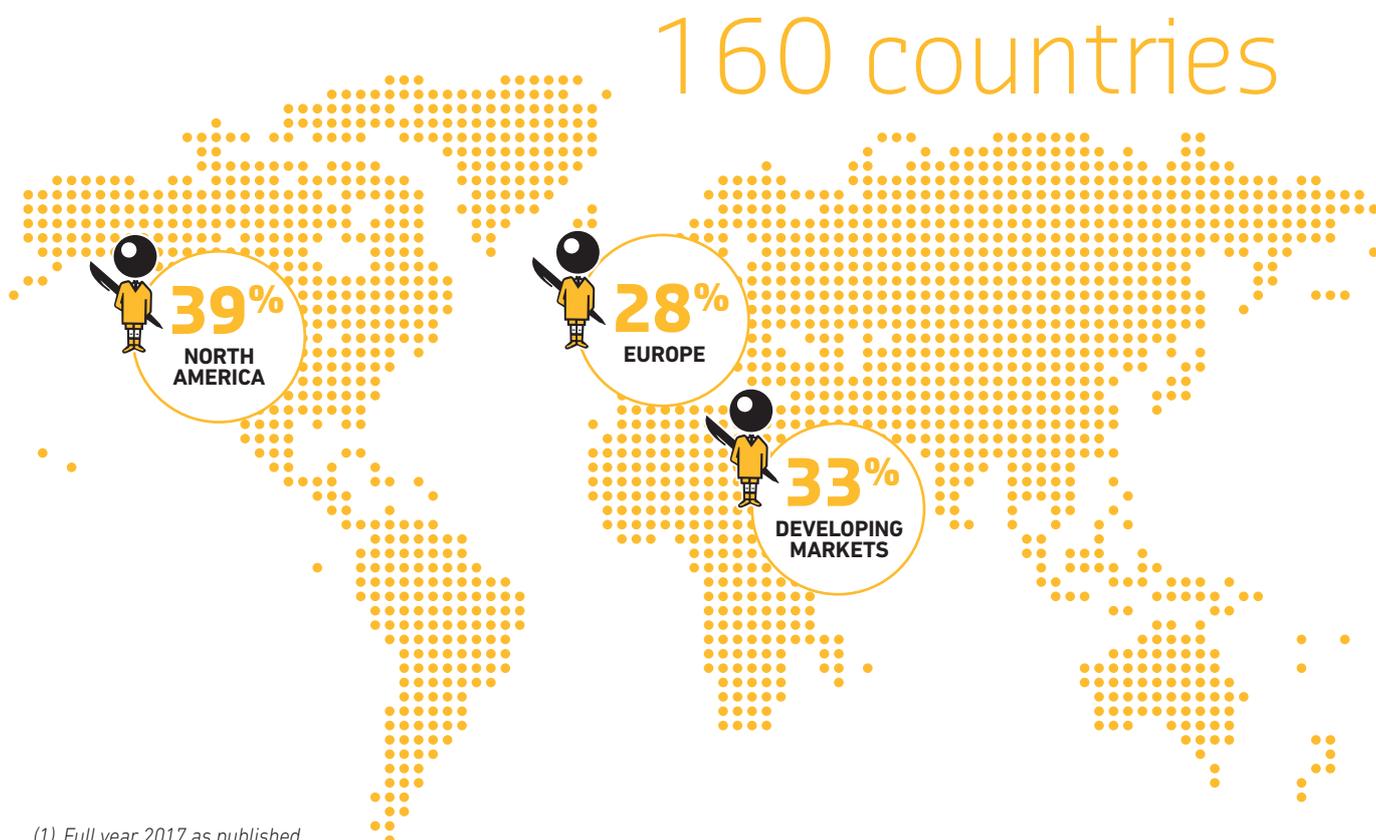
Over **70 years** of history

- 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⁾



(1) Full year 2017 as published.



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

QUALITY PRODUCTS SOLD AT A FAIR PRICE AND CONTINUALLY IMPROVED

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

A UNIQUE INDUSTRIAL EXPERTIZE

AND EFFECTIVE CONTROL OF MANUFACTURING COSTS

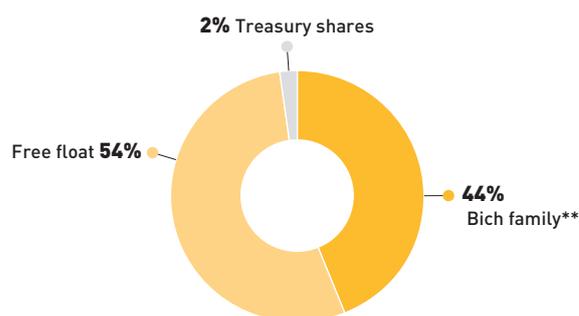
- 24 high performance factories (21 are located in developed countries according to the HDI indicator).
- 90% of net sales realized with products manufactured in our own factories*.

A HISTORICAL **SOCIALLY RESPONSIBLE** APPROACH

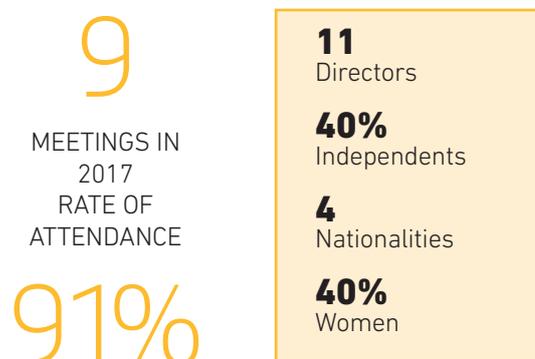
- A complete program for the training and development of its employees' skills and employability.
- A clear vision, a lasting philosophy and fundamental shared values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

Strong governance

SHAREHOLDING STRUCTURE



Board of Directors



* Excluding Cello Pens.

** Direct and indirect.







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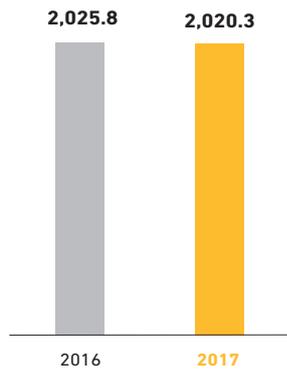




1.1. Key figures

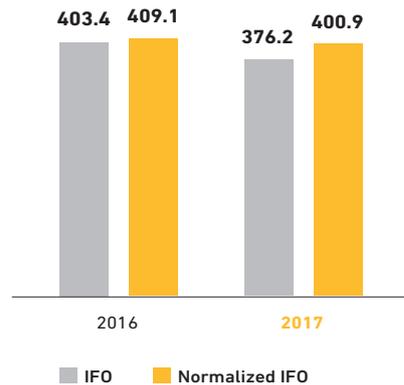
NET SALES

(in million euros)



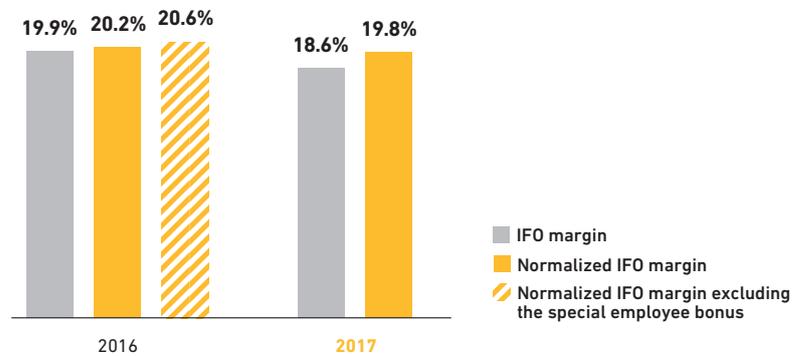
INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS ⁽¹⁾

(in million euros)



INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS MARGINS ⁽¹⁾

(% of net sales)

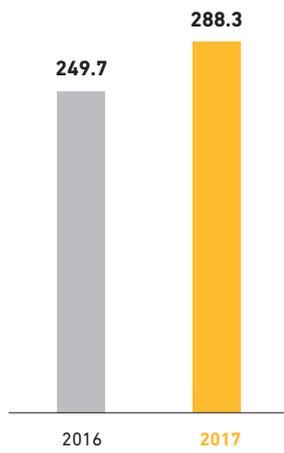


(1) See glossary § 8.9. In 2016, a special bonus was awarded to employees who were not granted shares under performance share plans.

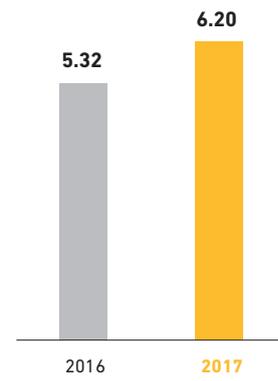


NET INCOME GROUP SHARE

(in million euros)

**EARNINGS PER SHARE GROUP SHARE**

(in euros)





GROUP PRESENTATION

SALES VOLUME TRENDS

<i>(in billion units)</i>	2016	2017
Stationery (Consumer – including Cello)	7.083	7.256
Lighters	1.579	1.591
Shavers	2.602	2.679

PRODUCTION VOLUME TRENDS

<i>(in billion units)</i>	2016	2017
Stationery (Consumer)	4.921	4.882
Lighters	1.654	1.645
Shavers	2.621	2.707

NET SALES BY GEOGRAPHICAL AREA

<i>(in million euros)</i>	FY 2016	FY 2017	Change as reported	Change on a comparative basis
Group				
Net Sales	2,025.8	2,020.3	(0.3)%	+1.4%
Europe				
Net Sales	544.8	559.3	+2.7%	+4.9%
North America				
Net Sales	812.0	783.5	(3.5)%	(1.7)%
Developing markets				
Net Sales	668.9	677.4	+1.3%	+2.2%

MAIN INCOME STATEMENT INFORMATION

<i>Condensed profit and loss account (in million euros)</i>	FY 2016	FY 2017	Change as reported	Change on a comparative basis
Net Sales	2,025.8	2,020.3	(0.3)%	+1.4%
Cost of goods	960.5	972.7		
Gross Profit	1,065.3	1,047.6		
Administrative & other operating expenses	661.9	671.4		
Income from operations	403.4	376.2		
Finance revenue/costs	4.8	21.8		
Income before tax	408.2	398.1		
Income tax expense	(122.7)	(103.0)		
Net Income From Continuing Operations	285.5	295.1		
Net Income From Discontinued Operations	(35.8)	(6.7)		
NET INCOME GROUP SHARE	249.7	288.3		
Earnings Per Share From Continuing Operations (in euros)	6.09	6.35		
Earnings Per Share From Discontinued Operations (in euros)	(0.77)	(0.15)		
Earnings per share Group share (in euros)	5.32	6.20		
Average number of shares outstanding (net of treasury shares)	46,898,827	46,475,249		



MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	2016	2017
Shareholders' equity	1,792.6	1,703.9
Current borrowings and bank overdrafts	49.6	4.9
Non-current borrowings	1.4	0.2
Cash and cash equivalents – Assets	243.8	188.6
Other current financial assets and derivative instruments	31.1	45.0
Net cash position^(a)	222.2	204.9
Goodwill and intangible assets	372.7	350.6
TOTAL BALANCE SHEET	2,573.7	2,352.6

NB: SOCIÉTÉ BIC did not request any rating from any credit ratings agency nor, to the best of its knowledge, has it been the object of any unsolicited rating by any credit ratings agency.

(a) See Glossary § 8.9.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2016	2017
Cash flow from operations	417.2	411.3
(Increase)/Decrease in net working capital	(62.8)	(9.5)
Other operating cash flows	(55.7)	(21.2)
Net cash from operating activities from continuing operations	276.2	374.5
Net Cash from operating activities from discontinued operations	22.5	6.1
Net cash from operating activities ^(a)	298.7	380.6
Net Cash from investing activities from continuing operations	(127.2)	(108.4)
Net Cash from investing activities from discontinued operations	(5.3)	(3.4)
Net cash from investing activities	(132.5)	(111.8)
Net Cash from financing activities from continuing operations	(291.5)	(273.1)
Net Cash from financing activities from discontinued operations	(48.0)	(2.3)
Net cash from financing activities	(339.5)	(275.4)
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts	(173.2)	(6.6)
Closing cash and cash equivalents	217.4	187.0

(a) See Glossary § 8.9.





1.2. History

1950

- In 1944, Marcel Bich buys a factory in Clichy, France, and sets up business with his partner, Édouard Buffard, to produce parts for writing instruments. In 1950, after improving the ballpoint pen originally invented by Hungarian Laslo Biro, he decides to launch this revolutionary new product on the French market. He names the pen "pointe BIC®", in a shortened, easy-to-remember version of his own name.

1953

- Marcel Bich and Édouard Buffard create SOCIÉTÉ BIC to manufacture and distribute BIC® ballpoint pens.

1954

- Expansion in Italy.

1956

- Early ventures in the Brazilian market.

1957

- Development in the United Kingdom and the Sterling zone.

1958

- Acquisition of Waterman Pen company in the U.S. The North American market is developed along with the Africa and Middle-East regions.

1969

- Launch of Promotional Products via the writing instrument segment.

November 15, 1972

- SOCIÉTÉ BIC is listed on the Paris Stock Exchange.

1973

- BIC diversifies its product portfolio and launches the BIC® lighter with an adjustable flame. Its reliability and quality make it an immediate success.

1975

- BIC pioneers the "one-piece shaver".

1981

- The Group diversifies into the leisure industry with its subsidiary, BIC Sport, specializing in windsurf Boards.

1992

- To broaden its range of stationery products, BIC purchases Wite-Out®, the U.S. correction products brand.

1997

- Purchase of Tipp-Ex®, the leading European correction products brand, and Sheaffer®, a high-end brand of writing instruments.

2004

- Acquisition of BIC's Japanese distributor, Kosaido Shoji.
- BIC moves into a new stationery market segment: refillable school fountain pens, with the acquisition of French-based Stypen®.

2006

- The acquisition of PIMACO, Brazil's leading manufacturer and distributor of adhesive labels broadens BIC's stationery product offering in Latin America.

2007

- The acquisition of Atchison Products Inc., a U.S.-based supplier of imprinted promotional bags is a major addition to the Group's Promotional Products business.

2008

- November: opening of a new Shaver packaging facility in Mexico.
- December: acquisition of Antalis Promotional Products (Sequana Group), a European promotional products distributor.

2009

- January: BIC finalizes an agreement with the Indian Cello group to acquire 40% of the Cello Writing Instrument business (conducted by seven different entities), for 7.9 billion Indian rupees.
- March: BIC's acquisition of 40% of six Cello group entities (out of seven) is completed for a sum of 3.8 billion Indian rupees.
- June: acquisition of Norwood Promotional Products, a U.S. leader in calendars and promotional goods.

2010

- January: Cello management offers to terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirms its intention to ensure their implementation. On August 4, 2010, BIC announces that it is initiating arbitration proceedings to enforce these agreements, *i.e.*, completion of the acquisition of 40% of one remaining entity.
- June: divestiture of BIC Graphic funeral products business for a total amount of 17.3 million euros.



2011

- First-half: disposals of PIMACO B to B division in Brazil and REVA peg-making business in Australia for 7.6 million euros.
- April: acquisition of Sologear LLC, maker of FlameDisk®, for 1.0 million euros.
- November: acquisition of the assets of Angstrom Power Incorporated, a company specialized in portable fuel cell technology for 13.5 million euros.

2012

- February: disposal by DAPE 74 (a BIC subsidiary specialized in selling to tobacco shops in France – consolidated in the “Other Consumer Products” category) of its phone card distribution business to SPF for 0.8 million euros.
- February: acquisition of a site in Tunisia for the construction of a writing instrument facility to expand the Group’s manufacturing footprint and meet consumer demand in this region more effectively.
- February: expansion of the Shaver packaging facility in Mexico.
- February: the BIC Group receives a favorable court decision from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% of the shares in the seventh and last Cello Pens & Stationery (CPS) entity as per the definitive agreements signed on January 21, 2009.
- September: launch of BIC® Education (in collaboration with Intel), an educational solution for elementary schools, combining handwriting and digital technology.

2013

- May: BIC and Cello jointly file an agreement with the Bombay High Court to allow the BIC Group to acquire 40% of the seventh (and last remaining) Stationery entity of Cello group. After reviewing the filing, the Court renders the agreement enforceable.
- September: BIC announces the closing of the acquisition of 40% of the seventh (and last) Cello group stationery entity for a total amount of 3.7 billion Indian rupees (43.3 million euros)⁽¹⁾. On September 27, 2013, the Group announces the completion of the purchase of shares pursuant to the call option exercised on September 17, increasing its stake in Cello Pens’ seven entities from 40% to 55% for an amount of 2.9 billion Indian rupees (35.2 million euros)⁽²⁾.
- October: the BIC Group acquires land in Nantong, China (130 km North of Shanghai) to build a Lighter production facility. Total investment is estimated approximately 14 million euros.
- December: BIC discontinues the activity of Sologear, maker of FlameDisk®, acquired in April 2011.

2014

- March: Cello group exercises its put option, allowing it to sell 20% of Cello Pens to the BIC Group.
- July: BIC Group increases its stake in Cello Pens seven entities from 55% to 75% for an amount of 4.3 billion Indian rupees (approx. 53 million euros)⁽³⁾.
- November: BIC announces the sale of Sheaffer®, BIC’s Fine Writing Instrument business, to AT Cross.
- The BIC Group decides to significantly reduce its investment in portable fuel cell R&D and actively explores strategic alternatives for the purpose of monetizing its fuel cell technology business.

2015

- April: BIC’s Portable fuel cell technology business is sold to Intelligent Energy for 14 million euros.
- October: BIC outlines a five-year investment plan to modernize its industrial facilities in the North of France (Pas-de-Calais). The project includes a 12 million euros investment to expand the Samer production facility.
- December: Cello group sells its remaining stake in Cello Pens to BIC for an amount of 5.4 billion Indian rupees (approximately 74 million euros)⁽⁴⁾, increasing BIC’s stake in Cello Pens to 100%.

2016

- February:
 - acknowledging Chief Executive Officer Mario Guevara’s decision to retire in May 2016, the Board of Directors decides to combine the Chairman and Chief Executive Officer functions and to appoint Bruno Bich as Chairman and Chief Executive Officer,
 - considering the recent changes in the competitive landscape of the Promotional Products Industry, the Board decides to initiate a review of strategic alternatives for BIC Graphic,
 - the Stationery facility in Shanghai (China) is closed down and its production transferred to other BIC Stationery sites.

2017

- June: Following the Asset and Share Purchase Agreement signed on June 6, 2017, BIC Graphic North America and Asian Sourcing operations were sold to H.I.G. Capital on June 30, 2017.
- October: BIC’s Indian subsidiary BIC Cello (India), acquired land and buildings for the construction of a new writing instrument facility in Vapi (Gujarat state). Total investment in this project is estimated at around 28 million euros through December 2018 including the purchase of land and buildings for approximately 18 million euros in 2017. This investment will enhance the Group’s manufacturing footprint in India and enable it to meet consumer demand more effectively in this rapidly-growing market. This new facility is expected to be operational by the end of 2018.
- October: BIC inaugurates its new writing instruments’ facility in SAMER (France).

(1) 84.53 INR = 1 EUR (September 13, 2013; ECB reference rate).

(2) 83.80 INR = 1 EUR (September 26, 2013; ECB reference rate).

(3) 81.17 INR = 1 EUR (July 04, 2014; ECB reference rate).

(4) 72.69 INR = 1 EUR (December 08, 2015; ECB Reference rate).





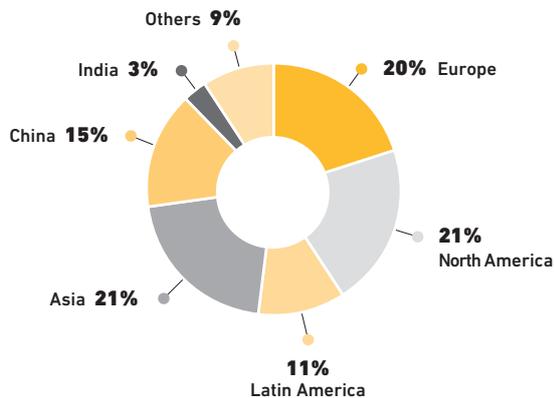
1.3. Business presentation

Stationery

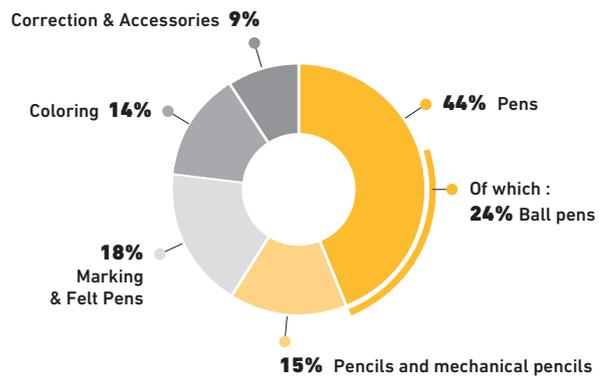
The worldwide stationery market is estimated at 16.3 billion euros in 2016. The market is fragmented with a large number of frequently local players. Only three players (BIC, Newell Rubbermaid and Pilot) have managed to win more than 5% of the global stationery market.

BREAKDOWN OF GLOBAL STATIONERY MARKET ⁽¹⁾

By geographical area



By product segment



BIC® STATIONERY MARKET SHARES IN VALUE

BIC is No. 2 worldwide with 8.0% ⁽¹⁾ of global market share.

Western Europe	No. 1 with 17.9% ^(a)
Brazil	No. 1 with 25.7% ^(b)
U.S.	No. 2 with 14.1% ^(c)
India	No. 1 with 22.5% ^(d)
South Africa	No. 1 with 40.2% ^(e)

(a) Source: GFK EU7 MAT Dec. 2017.

(b) Source: Home panel + Scan Track Nov. 2017.

(c) Source: NPD/IRI Dec. 2017.

(d) Source: Market Pulse Dec. 2017 Value Share in Total Stationery (Pens/Pencils/Marking).

(e) Source: Nielsen Nov. 2017.

Since the launch of the BIC® cristal® pen in 1950, BIC has continuously diversified its product range. Our global stationery portfolio, which includes writing, marking, correction, coloring and drawing instruments, is divided into more than 15 product sub-segments (ball pens, rollers, fountain pens, mechanical pencils, markers, correction products, etc.).

(1) Euromonitor Writing Instrument 2016 in retail value excl. pen & pencil refills.





Coloring and drawing (felt pens, coloring pencils, crayons, arts and crafts kits)



Added Value Coloring (felt pens, coloring pencils)



Correction products (correction fluid, correction pens, correction tapes, and erasers) sold under the BIC® Wite-Out® and Tipp-Ex® trademarks



Adhesive labels in Latin America

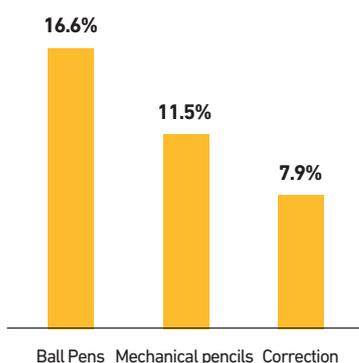


Writing instruments in India

BIC enjoys strong positions in major product segments:

BIC® STATIONERY GLOBAL MARKET POSITIONS AND MARKET SHARES IN VALUE

(Euromonitor Writing Instrument 2016 in retail value excl. pen & pencil refills)



BIC has global leader positions in Ball Pens, Correction products and Mechanical Pencils.

BIC stationery products are sold through different channels including Office Product stationers (contract stationers or office superstores) and retail mass market distributors in developed countries, as well as through traditional stores in developing markets.

We aim at generating profitable growth and improve consumers' experience by:

- delivering iconic products that consumers have grown to love and trust;
- constantly improving our existing product portfolio;
- offering high quality products at fair prices;
- leveraging simplicity and BIC's strong brand;
- innovating by driving improved product performance and new usage opportunities;
- offering the right products and promoting education for future generations.





Lighters

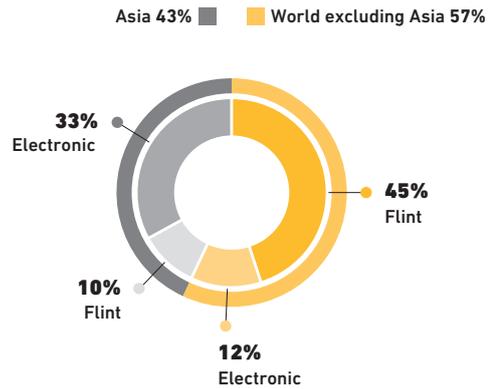
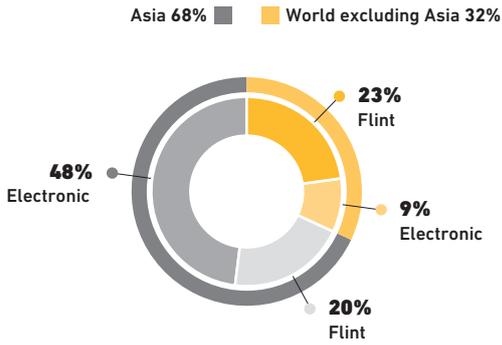
The worldwide lighter market is estimated at 13.2 billion units (5.0 billion euros in value terms ⁽¹⁾ and can be broken down as follows:

BREAKDOWN OF GLOBAL LIGHTER MARKET IN 2016

(BIC estimates)

Units

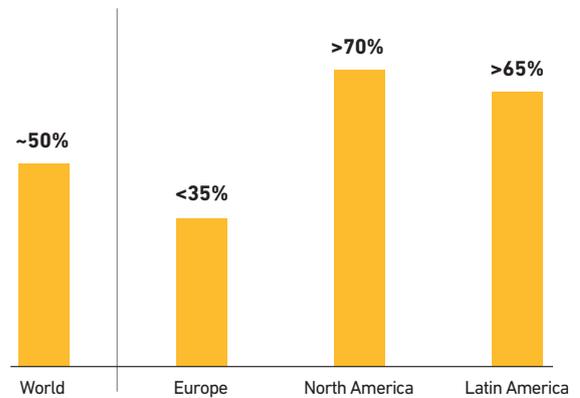
Value in euros



BIC is No. 1 worldwide in branded lighters. In 2016, BIC's global market share (excluding Asia) was approximately 50% in value terms. BIC is No. 1 in North America and in Latin America.

BIC® LIGHTER MARKET SHARE IN VALUE IN 2016 (EXCLUDING ASIA)

(Estimates/In value)



(1) BIC estimates in 2016.



A lighter contains pressurized gas placed in a plastic reservoir in order to produce a flame. Lighters must be designed and manufactured in compliance with very strict safety, quality and performance requirements. International Safety Standards protect consumers from unsafe lighters.

Two key standards apply to pocket lighters:

- international lighter safety standard ISO 9994, which clearly sets out the basic safety requirements for a lighter. ISO 9994 is the reference in major countries such as Canada (1989), Russia (2000), Brazil (2002), Argentina (2003), Thailand (2003), Mexico (2004), South Korea (2005), South Africa (2002), the 28 countries of the European Union (2006), Japan (2011), Indonesia (2011) and Turkey (2012);
- child-resistant requirements. A child-resistant lighter is purposely modified to make it more difficult to operate. The basic requirement under this standard is a lighter that cannot be operated by at least 85% of children under 51 months old. Child-Resistant legislation is the reference in major countries such as the U.S. (1994), Canada (1995), Australia (1997), New Zealand (1999), the 28 countries of the European Union (2006), Japan (2011), South Korea (2012) and Mexico (2016).

Low-cost lighters too often fail to comply with safety standards. Since the late 80's, cheap lighter models imported from Asian countries have been gaining market share and currently account for more than half of the global market (in volume).

In this competitive landscape, BIC defends its position and continues to fight for enhanced lighter safety and quality. BIC® lighters comply with stringent safety, quality and performance requirements. For example, the gas reservoirs of BIC® lighters are made from POM (PolyOxyMethylene), a high-performance resin with very high impact resistance. This means that BIC® lighters contain more gas and give more lights thanks to the thinness of their wall. They are also filled with pure isobutane, which guarantees the stability of the flame over the entire life of the lighter.

BIC® lighters are sold either through traditional distribution channels (such as convenience stores and tobacconists) or retail mass market distribution outlets.

BIC's objective in the lighter business is to consolidate its position as the only truly global branded lighter:

- by supporting the extension and enforcement of international safety standards;
- by accelerating the development of value-added products (sleeves and multipurpose lighters).

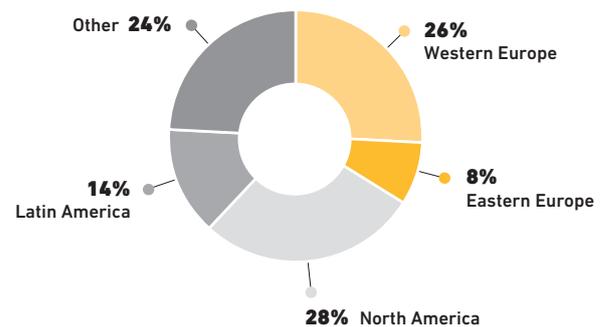
Shavers

The wet shave market generates annual Net Sales revenue of more than 12.0 billion euros, and accounts for the bulk (60%) of total "hair removal" market segment revenue.

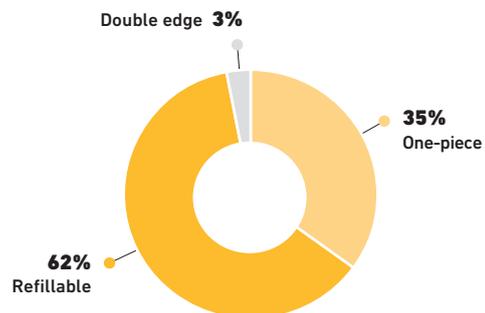
GLOBAL WET SHAVER MARKET IN 2016

(Euromonitor – 2016)

By geographical area



By product segment



As shown above, this market can be separated into three product segments, with refillable and one-piece shavers mainly driving market growth. Within these two segments, new products drive most the market growth by offering enhanced performance and added features. Due to the relentless pace of new product development, a productive new product pipeline is an essential requirement for ongoing success.





GROUP PRESENTATION
Business presentation

The market is divided among three brands (Gillette, the market leader, BIC® and Schick/Wilkinson), and also features private labels together with a few local players.

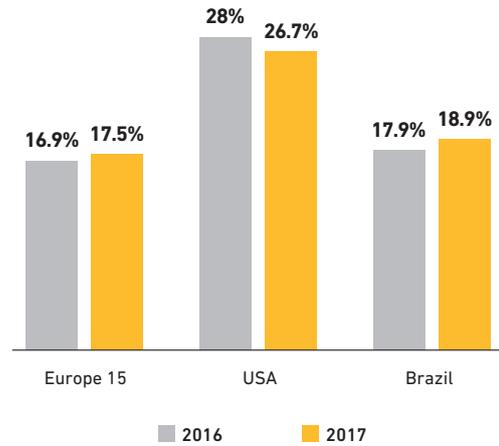
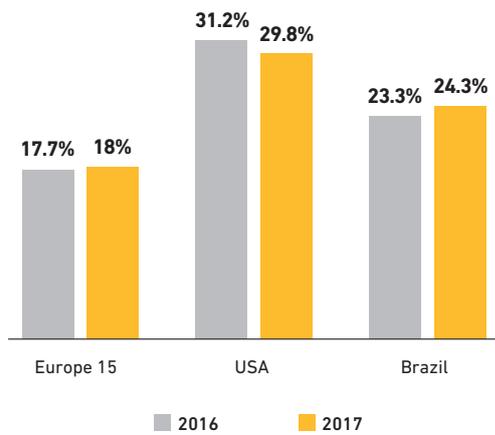
In the U.S., the wet shave market has recently undergone significant transformational disruption, notably with the emergence of Direct-to-Consumer online players representing around 15% ⁽¹⁾ of the total wet shave market, but which are growing faster than the market as a whole.

BIC'S MARKET SHARE IN THE DISPOSABLE SHAVERS SEGMENT

(Source: IRI (USA FY data ending December 2017), AC Nielsen (Brazil YTD data ending October 2017 / Europe 15 YTD data ending June 2017)

In volume

In value



In the 70's, BIC revolutionized wet shaving when it launched the first one-piece shaver: the single blade "classic", which still sells nearly one billion units a year. In more recent times, BIC has focused its new products, sales and marketing efforts on the higher performance three, four and five blade sub-segments, launching products such as:

- for Men: BIC 3, BIC® Comfort 3®, BIC® Easy/Hybrid 3-blade, BIC® Flex 4, BIC® Flex 3, BIC® Flex 5, BIC® Flex 5 Hybrid;
- for Ladies: BIC® Pure 3® Lady, BIC® Soleil® 3-blade, BIC® Soleil® Bella® 4-blade, BIC® Soleil Glow®, BIC® Soleil Balance.

The business results are a testimony to BIC's ability to meet the expectations of increasingly demanding consumers.

BIC's new product pipeline has been a key success, as evidenced by its No. 2 global market position in the one-piece segment.

Other Products

The Other Consumer Products category includes various strategic and tactical activities:

- **BIC Sport** is currently one of the world leaders in Stand-Up-Paddle (SUP) Boards, surfboards, windsurf boards and kayaks. BIC Sport products are mainly designed and produced in Vannes (France) and sold through specialized stores and sporting goods superstores;
- **DAPE 74 Distribution**, which sells to tobacco shops in France;
- **BIC® and non BIC®-branded products:** such as pantyhose sold in Greece, batteries and a line of shaving preps, all of which are designed to grow the BIC® brand in key markets;
- **Advertising and Promotional Products** including stationery products.

(1) Source: IRI / Slice Intelligence data – December 2017 - in value.



1.4. Research and Innovation

Since the creation of the Company in the early 50's, BIC has pursued a clear vision: "Offer simple, inventive and reliable products, for everyone, everywhere, every time". Since then, the Group has been dedicated to making available and affordable everyday products for everyone and research and innovation are part and parcel of BIC's DNA.

In 2017, there were some 300 employees working in the research, development and innovation functions. In 2017, BIC invested approximately 1.8% of sales revenue in new product research and development; new products and line extensions accounted for 11% of BIC Group sales.

The research, development and innovation functions are organized by category. Each category manages its own factories, its own R&D and its own marketing teams, which are also responsible for innovation.

- In Stationery, BIC continuously innovates to bring state-of-the-art writing technology to its consumers and it launches an average of 20 new products every year. The Stationery R&D Department is organized around two activities: design, which focuses on the mechanical properties of products, and Ink Systems, which focus on ink improvements. BIC is the only player in the stationery industry that develops and produces all of its product components in-house, right down to the molds and machines used in production. This gives us complete control over product quality and reliability as we strive to maximize customer satisfaction. Over the last five years, BIC has launched many innovations in the market such as:
 - BIC Kids learning range: a full range of pens and pencils for Beginners, designed with psycho-motricians to facilitate proper handwriting learning;

- ultra-smooth inks for ball pens;
- broadest range of ball pen ink colors, allowing for the largest color pallet in the segment;
- a unique two-toned graphite pencil with BIC Xtra Fun pencil;
- new graphite lead for mechanical pencils that results in smoother and darker writing.
- In Lighters, new product design and product and process innovation in gas lighters are strictly controlled due to the potentially dangerous nature and widespread uses of the product. Every BIC® lighter remains safe over its entire life cycle – even in the event of any foreseeable misuse. Product developments are supported by several patents and model applications.
- In Shavers, research is organized around multi-disciplined project/product development teams composed of blade, design, engineering, packaging, quality and industrialization. 15 to 20 new products are developed each year, ranging from line extensions to new product launches. BIC uses in-house and external panels of experts to evaluate and validate product performance under real conditions. BIC has also forged basic research partnerships with large universities and research labs focusing on shaving efficiency and manufacturing processes. Over the last five years, BIC has launched many innovations in the market such as:
 - for Men: BIC® Easy/Hybrid and BIC® Flex 5;
 - for Ladies: BIC Soleil Balance, BIC® Soleil Glow® and BIC® Soleil Shine.



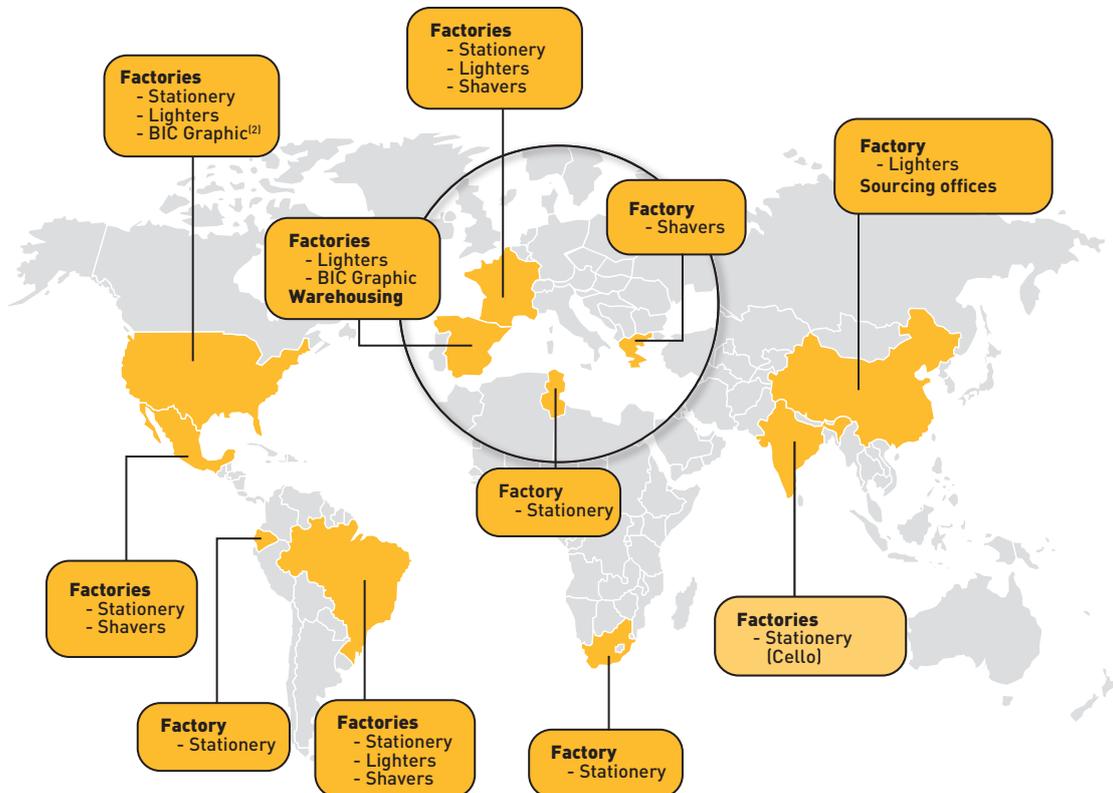
1.5. Property, plant and equipment

90% of Group net sales, excluding BIC Graphic USA Manufacturing Co. Inc., are generated in BIC owned factories.

Until the divestiture of BIC Graphic USA Manufacturing Co., Inc., BIC owned 27 factories around the world:

- 14 factories are dedicated to manufacturing stationery products; ⁽¹⁾ ⁽³⁾
- 5 plants are dedicated to manufacturing lighters;
- 4 plants are dedicated to manufacturing shavers;
- 4 plants are dedicated to Advertising and Promotional Products. 3 of them were divested with BIC Graphic USA Manufacturing Co., Inc.

INDUSTRIAL SITES



(1) The factory in Vannes (France) also manufactures BIC Sport products.

(2) BIC Graphic USA Manufacturing CO., Inc. divested factories.

(3) A new factory was acquired in India in 2017 and should be operational in 2018.

EXISTING OR PLANNED MATERIAL TANGIBLE FIXED ASSETS (INCLUDING LEASED PROPERTY) AND ANY MAJOR ENCUMBRANCES THEREON

Country	Use	Location	Own/lease	Main manufactured products
SOUTH AFRICA	Factory, warehouse, offices	Johannesburg	Lease	Stationery (ball pens, coloring felt pens, markers)
BRAZIL	Offices and warehouse	Cajamar	Lease	-
	Offices and factory	Rio de Janeiro	Own	Stationery (stickers)
	Factory and warehouse	Manaus	Own	Stationery (ball pens, markers, graphic pencils, coloring pencils), lighters, shavers
CHINA	Factory	Nantong	Own	Lighters
SPAIN	Factories and offices	Tarragona	Own	Stationery (ball pens, mechanical pencils, sticky notes), lighters, printing
	Warehouse	La Granada	Lease	-
USA	Offices	Shelton, CT	Own	-
	Factories	St. Petersburg, FL ^(a)	Own	Printing
		Milford, CT	Own	Lighters
		Gaffney, SC	Own	Stationery (markers)
		Sleepy Eye, MN ^(a)	Own	Promotional calendars
		Red Wing, MN ^(a)	Own	Printing and engraving
	Offices and factory	Clearwater, FL ^(a)	Own	Stationery (printing, sticky notes)
	Warehouse	Charlotte, NC	Own	-
	Packaging	Charlotte, NC	Lease	-
FRANCE	Offices	Clichy	Own	-
	Factories	Boulogne-sur-Mer	Own	Stationery (writing pens, coloring felt pens, mechanical pencils, markers, white boards)
		Cernay	Own	Stationery (dyes)
		Longueil-Sainte-Marie	Own	Shavers
		Montévrain	Own	Stationery (ball pens)
		Redon	Own	Lighters
		Samer	Own	Stationery (pencils, coloring pencils, leads)
		Vannes	Own	Stationery (ball pens), Other Products (windsurf boards, surfboards, boats)
GREECE	Factory and offices	Anixi	Own	Shavers
INDIA	Factories	Daman	Own/Lease	Stationery (writing instruments)
		Haridwar	Own/Lease	Stationery (writing instruments)
MEXICO	Factories and offices	Mexico City	Own	Stationery (ball pens, mechanical pencils, correction tapes)
	Warehouse, offices and factory	Tlalneplantla	Lease	Printing
	Factory	Saltillo	Lease	Shavers
SLOVAKIA	Packaging	Sered	Lease	-
TUNISIA	Factory	Bizerte	Own	Stationery (ball pens)

(a) Divested with BIC Graphic USA Manufacturing Co., Inc.

Major related encumbrances correspond to depreciation and rents.





1.6. Risk factors

INTRODUCTION

The BIC Group pursues an active and dynamic approach to risk management. The objective of this approach is to enhance the Group's capacity in identifying, managing, mitigating and monitoring key risks that could affect:

- the Group's personnel, assets, environment, customers, Shareholders or reputation;
- the Group's ability to achieve its objectives, abide and defend by its Values, ethics or laws and regulations.

This approach is based on identification and analysis of the main risks to which the Group is exposed, particularly those related to the following areas: financial markets, legal, industry and environment, strategy and operations and including product safety.

A description of the risk management system is disclosed in section 1.7 "Risk management and internal control procedures implemented by the Company" – page 32.

The risk factors set out below are not the only risks faced by the Group. Additional risks and uncertainties of which the Group is currently unaware or that are currently deemed not significant could also have an adverse impact on its business, financial position or results.

The Group has put in place several measures to mitigate the risks it is facing. One of them, described at the end of this section, is transferring the risks by insuring them.

LIST OF THE MAIN RISK FACTORS

Market Risks	Foreign Exchange risk Interest Rate exposure Counterparty risk Liquidity risk
Legal Risks	Facts leading to procedures Procedures (governmental, judicial, etc.)
Industrial and Environmental Risks	Industrial Risks Risks related to the environment Risks related to climate change

Strategic and Operational Risks	Risks related to Group acquisitions Risks related to competition Risks related to the concentration on developed markets Risks related to experienced employees and skills Risks related to anti-smoking measures Risks related to manufacturing sites Risks related to IT and technology Risks related to reputation and brand
Other Special Risks	Counterfeit Regulatory (Lighters – Stationery)

DESCRIPTION OF THE MAIN RISK FACTORS

Market risks

Foreign Exchange risk

The Group's main currency exposure is the euro-U.S. dollar rate. In 2017, the yearly net exposure for commercial flows (352.1 million U.S. dollars) was hedged at the average rate of 1 EUR = 1.1169 USD. The significant volatility on Foreign Exchange markets leads us to be particularly vigilant throughout the year on any arising element that would affect our Foreign Exchange exposure. Our exposure control and follow-up tools allow us to collect the most accurate and up-to-date information and make sure we constantly capture the most precise picture of our Foreign Exchange risks. Group Treasury has adequate means to rapidly identify the risks and reliable tools to manage the exposure. As a result, we are able to react efficiently to elements impacting our exposure. Regarding the 2018 exposure, as of December 31, 2017, 90% of identified exposure was hedged with forwards or options. The average hedged rate for 2018 is 1 EUR = 1.13 USD.

Concerning the other major exposures of the Group, the 2018 hedge ratio, as of December 31, 2017, is between 80% and 100%.

See also Note 24 to the consolidated financial statements, page 215-216.



Interest Rate exposure

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level and are of a too limited timescale to require any hedging. We do not hold any financial instruments dedicated to the hedging of the interest rates in our books as of December 31, 2017.

See Note 24 to the consolidated financial statements, page 216.

Counterparty risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low. The minimum Standard & Poor's long-term rating of our main banking counterparties is A-. The rating range goes from A+ to A-. It should nevertheless be noted that the rating is one of the elements we follow to understand the counterparty risk, but it is not the only criterion we use. The risk is calculated following the recommendation of the IFRS 13 norm at each half-yearly closing, and until now the result has never been significant enough to generate a specific accounting booking.

Counterparty risk of cash investment decisions is strictly studied (nature of assets, depositaries and custodians). Counterparty risk is estimated not to be significant as of December 31, 2017.

Liquidity risk

BIC Group manages its equity to keep a cash position positive and available, and to achieve its development and/or external growth strategy. The excess cash and the funding needs of the Group are managed by the Group Treasury Department, following a secure policy guideline that aims for capital security and liquidity. The excess cash is mainly invested in monetary mutual funds, commercial paper or time deposits, and cash equivalent assets whose volatility is below 0.5, with a recommended holding period of less than three months. The excess cash positions belonging to non-centralized countries, mainly Brazil and India, are following the same policy, under the decisional control of Group Treasury.

The more structural portion of the cash can be invested in financial assets with a duration above six months. All the investments are valued mark-to-market twice a month by the Group Treasury Department and the target is to reach an average yearly performance above the Eonia capitalized rate. The Group Treasury has an on-going relationship with the asset management companies, so as to get the best level of information on asset managers' decisions and identify the impact of market movements on the funds' valuation behaviors.

Throughout 2017, a high level of control on our investment portfolio performance and on the composition of the funds in which we invest, has been maintained. The Group Treasury Department pays great attention to the diversification of our investments and counterparties in order to improve the pooling of risks and reduce the amount invested per counterparty.

As of December 31, 2017, the total invested by Group Treasury amounted to 4.7 million euros divided into three individual positions. They consist in mutual funds not benefiting from the "Cash and Cash

Equivalent" qualification. It must be noted that considering the negative rates applying on short term investments in euro nowadays, it is relevant not to invest but to keep the available cash on a checking account. In this respect, as of December 31, 2017, Group Treasury had 30.1 million euros in cash position on its principal operational checking account.

Legal risks

To the best of the Company's knowledge, there is no information (regulation, authorizations, confidentiality, dependence links, tax measures) or exceptional fact susceptible to have or having had in the recent past a significant impact on the financial position, the result, the activity and the assets of the Company and the Group.

Moreover, there are no governmental, judicial or arbitration procedures, including all procedures of which the Company is aware, that are pending or threatening the Company, and which may or might have had during the last 12 months significant effects on the financial position or the profitability of the Company and/or the Group.

Industrial and environmental risks

Industrial risks

BIC faces certain industrial risks linked to its production operations around the world and its manufacturing processes.

The Group is committed to ensure health and safety to its employees through safe and healthy working conditions. The "Writing the future, Together" Program formalizes this commitment. Over the past 10 years, the Group performance has illustrated this long-term engagement and the various actions that are continuously implemented.

In addition to the generic risks inherent to any industrial activity, BIC Group is exposed to specific risks linked to the storage and use of hazardous products and substances, both inflammable and non-inflammable. Among these are:

- gas for lighters;
- solvents for permanent markers and dry-wipe markers;
- solvents for industrial cleaning processes.

For this reason, at all BIC factories:

- constant attention is paid to the implementation and monitoring of preventive measures and safety systems for gas and solvent storage areas. Suitable control devices and equipment are in place to minimize physical and chemical risks posed by hazardous substances. Priority is given to the use of appropriate fire prevention systems and appropriate fire detection and control equipment;
- hazard and risk assessments are conducted in the Group factories; procedures are established to identify, assess, and prevent incidents and accidents;
- the workforce is trained to recognize potential hazards, as well as to take preventive and corrective actions;
- compliance with local regulatory requirements is an integral part of the daily management of the sites.





GROUP PRESENTATION

Risk factors

In particular, certain Group factories are subject to the EU SEVESO Directive, which identifies industrial sites that could pose major accident risks and requires the manufacturers to carry out risk studies in order to identify possible accident scenarios, evaluate their potential consequences and implement preventive measures.

The SEVESO plants have emergency procedure protocols (*Plan d'Opération Interne and Plan Particulier d'Intervention*) and a major hazard prevention policy. For the two SEVESO plants, the BIC Group has also implemented a safety management system. Outside France, some plants have equivalent emergency plans that address risks with potential off-site consequences.

Risks related to the Environment

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, has a relatively low local environmental impact compared to other manufacturing sectors. Nevertheless, in keeping with the Group's EH&S policy, our Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts. BIC has also implemented health, safety and environmental risk management systems at all its factories (excluding Cello Pens) in order to ensure the integration of measures to prevent pollution and other risks in its everyday operations, as well as the ongoing improvement of its installations, equipment and procedures for the purpose of risk prevention.

Detailed information on the management systems and specific measures for controlling the environmental consequences of the Group's operations can be found in Chapter 2, sections 2.3.1.1 "Management systems" page 64 and 2.3.1.5 "Reducing other forms of environmental impact" page 68.

A breakdown of the plants' water and energy consumption, greenhouse gas emissions and waste production is given in Chapter 2, section 2.3 "Environmental responsibility concerning our operations", along with the actions undertaken by the Group and its sites to control and reduce their environmental impact.

The European REACH regulation (Registration, Evaluation, Authorization and restriction of Chemicals) establishes a regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use. BIC has set up a specific organization process to facilitate and ensure compliance with this regulation, described in detail in chapter 2, section 2.2.3 "Product safety" page 60.

Regarding Cello Pens factories, the Group focuses primarily on health and safety issues as long as the management of the major environmental risks.

BIC has not set aside substantial provisions for dealing with the consequences of environmental risks. Should such damages be incurred, the Group considers that the cost of reparations would not significantly affect its financial position.

Risks related to Climate Change

Risks related to Climate Change are reviewed each year. The major risks are:

- increasing regulation on carbon or energy directly or indirectly impacting our operations or those of our suppliers and contract manufacturers;

- disruption or interruption of production activities due to extreme weather conditions or availability of natural resources (water, energy, etc.) directly impacting our factories or those of our suppliers and contract manufacturers;
- development of new regulations and standards regarding product environmental impact assessment and communication (including the carbon impact) as well as consumer behavior changes impacting the Group sales.

To limit the financial consequences of these risks and transform some of them into long-term opportunities, since 2003 the Group has a Sustainable Development Program, as well as an Environment, Health & Safety (EHS) Policy. In 2017, the Group decided to go one step further and increase its efforts by defining ambitious commitments. Among the 5 commitments of "*Writing the future, Together*", two contribute more directly to addressing the issue of Climate Change.

- By 2025, BIC will use 80% renewable electricity. With this commitment, the Group is seeking to reduce its greenhouse gas emissions by purchasing renewable energies and will also study the potential production of renewable electricities 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.
In 2017, the Group has renewable energy certificates (GoO or REC) to cover 23% of its electricity consumption and 45% of its indirect greenhouse gases (scope 2). In addition, the Group has launched or finalized 28 projects directly related to the reduction of energy consumption. Globally, between 2006 and 2017, direct and indirect CO₂ emissions per ton of production have decreased by 11%.
- 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 our categories. In the framework of its eco-design approach, the Group aims at limiting the environmental impacts of its products (including the carbon impact) by minimizing the use of non-renewable raw materials through for example minimizing the quantity of materials used, the use of alternative materials or the development of refillable products.

The Group Sustainable Development Program is presented in chapter 2: "Our environmental, social and societal responsibility" page 39.

Strategic and operational risks

Risks related to Group acquisitions

Part of the Group's strategy is to grow through acquisitions. An acquisition may allow for geographical expansion or reinforcement of existing categories. Business integration of an acquired company is one of the key elements of success.

Following an acquisition, the Group deploys a highly qualified management team to monitor the progress of the integration on a regular basis. In addition to monitoring the integration plans, the team reviews the alignment of systems, processes and procedures with the Group's standards.



Risks related to competition / Concentration of distribution

While most end-customers of the Group are individual consumers, the Group sells most of its products to major mass-market retail chains. The retail distribution market is subject to further consolidation; with rationalization of SKU's (stock keeping units) and possible expansion of private label SKU's. This continued trend of consolidation/rationalization processes could translate into a further reduction in the number of retail chains and in their corresponding assortments. It could consequently increase the Group's dependence on fewer retailers and further intensify competition leading to potential market share losses.

However, the Group's international presence, its powerful brand and the diversity of its distribution channels help to mitigate its exposure to market concentration and competitors' rationalization. BIC is closely monitoring sales and demands of distributors and pursues its efforts to differentiate its products from its competitors, emphasizing innovative and economical solutions and positioning itself to satisfy end-consumer needs.

Risks related to concentration on developed markets

The BIC Group strategy focuses particularly on generating sales growth. BIC has been present for many years in developed markets, where Group's perspectives depend mainly on its ability to increase market share and profitability. As European and North American economies are forecast to grow at a slower pace in the next few years, succeeding in developing markets is a strategic objective for the Group as we continue to strengthen in this region. Therefore, the Group aims to continue its expansion in developing markets.

Risks related to experienced employees and skills

The Group has specific skills through experienced resources especially in manufacturing processes and business practices. The loss of experienced employees could slow down the implementation of Group development plans. It could also result in the inability to implement the Group's strategy.

The Group therefore focuses on identifying, developing and managing experienced resources. Succession plans based on a detailed analysis of Group's resources have been prepared and implemented. Additionally, employee training is given specific attention through dedicated programs (see Chapter 2, section 2.4 "Our social responsibility to our employees" page 74).

Risks related to anti-smoking measures

Lighters represent a significant part of the Group's net sales (35% in 2017). Part of the Group's Lighter business is related to the sales of tobacco products. The tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. Anti-smoking campaigns and devices, such as e-cigarettes, and further restrictions in public places, could have a potential impact on the growth and profitability of the Group.

However, the quality of BIC lighters remains the decisive driver for continuous growth in the lighter market.

Risks related to manufacturing sites

As a result of its manufacturing activities, the Group may potentially be exposed to events of various origins (such as natural disasters, accidents or economic/social/political turmoil) that could disrupt or interrupt a site's activity. Since the Group is dependent on its production facilities to maintain and develop its sales, the interruption of a production site could have a negative impact on the Group's business.

The Group has therefore put in place a pro-active approach to industrial risk prevention through regular audits of protection mechanisms and investment in equipment in buildings and production tools. In addition, each category pursues a policy of diversification in terms of geography and production capacity.

Moreover, a strong social climate and careful management of supplies, as well as continuity plans ensuring the presence or restoration of critical functions, mitigate the potential impact and minimize the occurrence of such events. The Group has also taken out insurance programs (see below, "Insurance – Coverage of any risks to which the issuer may be exposed").

Risks related to IT and technology

The 2016 Information Technology risk assessments and intrusion testing have been completed.

In 2017 we entered into an annual pattern of intrusion testing. The second tests have been completed, demonstrating a significant improvement over last year. Solutions have been implemented to issues identified during these second intrusion tests.

In addition to the intrusion tests, several other initiatives related to cyber security have been implemented:

- full on-site audit of all lighters factories. All findings have been implemented. In 2018 we will expand these on-site audits to Stationery and Shavers factories;
- anti-Phishing system, preventing fraudulent mails from reaching their recipients and providing e-learning on protection against phishing;
- implementation of secured data sharing platforms, enabling sharing of sensitive information in a fully secured manner.





Risks related to reputation and brand

In the context of increasing environmental awareness, the brand image could be associated with disposable products, leading to customer disaffection for BIC® products. However, through a strong Sustainable Development Program, a range of products with an ecolabel, and communication on environmental benefits, the Group believes it is taking the necessary steps to cover this risk.

Other special risks

Counterfeits

Counterfeits of the most well-known BIC Group products circulate, principally throughout Africa, the Middle East, Eastern Europe and South America. They are mostly produced in Asia. These counterfeits, often of low quality, are mainly focused on the shape of our products and on the BIC® trademark.

In order to protect our brand image and our economic interests, the Group, through its counterfeiting department, fights against these counterfeits by working in close cooperation with local authorities and law enforcement agencies.

Regulatory

Lighters – EU

The BIC Group is confronted with competition from low cost lighters that in Europe often do not comply with safety standards, the ISO 9994 international safety standard and the EN 13869 child resistance standard. The Group fights against such lighters through communication activities informing the different stakeholders (customers, market surveillance authorities, EU Commission, EU Parliament, etc.) as well as legal action, particularly:

- before the European Commission, it requested that infringement proceedings be brought against the Netherlands, the largest Member State for the import of lighters in the European Union, for lack of enforcement of the standards. These proceedings led to the European Commission issuing two formal warning notices to the Netherlands in March 2012 and in July 2014. As of December 31, 2017, these proceedings remain pending;
- before the French courts, proceedings launched in 2012 against a major importer led to a favorable decision, confirmed by the *Cour de Cassation* (French Supreme Court) in September 2016 prohibiting a claim compliance with ISO 9994 for eight lighter models.

In 2017, the Group continued to contribute to public consultations launched by the EU Commission aiming at improving market surveillance rules and their enforcement

Adding to this unfair competition is the non-reciprocity of customs duties on lighters: 25% when entering China *versus* 2.7% when entering the EU.

Stationery

The BIC Group is following the frequent regulatory changes closely, especially in chemicals regulations in North America and Europe. In 2017 in the EU in particular, the Group expressed positions on restrictions regarding nickel, lead, soluble lead, and the classification of titanium dioxide, as well as the scope of hazardous substances labeling (CLP).

INSURANCE – COVERAGE OF RISKS LIKELY TO BE INCURRED BY THE ISSUER

On behalf of all its entities, BIC purchases the following global insurance programs:

- “Commercial General Liability” insurance including risks related to products;
- “Environmental Impairment Liability” insurance related to gradual pollution and accidental pollution;
- “Property Damage and Business Interruption” insurance covering all locations;
- “Goods-in-Transit” insurance for goods and products while in transit.

The objective of the Group’s insurance programs is to develop a uniformly high level of risk management and insurance protection for all the BIC operating entities. This policy should help protect assets and, therefore, revenue, against risks that may be insurable or controllable.

It is BIC’s intent to control risk through effective risk management techniques, as well as insurance and loss prevention policies in order to meet its long-term objectives of continuous operation, growth and profit. Management believes that coverage and limits of these insurance programs are appropriate. Mid-2015, an Analytics project was launched to better quantify the exposures and insurance needs of the Group. All major insurance programs, except for “Property Damage and Business Interruption”, for which an analytical review is planned in 2018, were analyzed, audited and challenged. This Analytics project confirmed that the coverage, limits and premiums of the BIC Group’s insurance programs are adequate. Moreover, Requests For Proposals are regularly launched on all Group insurance programs in order to obtain the best coverages possible.

BIC believes in the risk management process as a means of protecting its assets from the adverse effects of accidental loss. That is the practice of identification, analysis and management of all risks in relation to its operations. It is essential that all Group entities are involved. Whenever we can exercise effective loss prevention and loss control, BIC accepts to retain a portion of the risk. While relying on a proactive approach to risk management for the protection of its assets, the Group nevertheless maintains insurance policies to guard against catastrophic loss, or in some cases, the likely risk of loss.



By meeting the above criteria, BIC's assets and profitability should be protected to the greatest extent possible.

The global cost estimate of the BIC Group insurance programs to third-party insurers amounts to approximately 4 million euros.

In the U.S.A., to optimize insurance costs, BIC holds one captive insurance company, SLS Insurance Company Limited (SLS), wholly owned by BIC CORPORATION, which covers the U.S. entities of the Group. SLS also provides BIC with a means to have some insurance coverage for certain risks that are not covered by traditional insurance. BIC Corporation, and its subsidiaries, are insured by SLS through several insurance policies. One of them provides Products Liability coverage and issues Product Liability Insurance certificates for customers of the Group's U.S. entities. Another provides coverage for any event that is not covered or payable under any

existing BIC policies (DIC/DIL insurance policy). SLS also provides Medical Stop Loss coverage. The captive is also used to extend BIC's TRIA coverages by including NBCR coverage.

Actions relating to products liability are initiated primarily in the United States. The amount of provisions to cover this risk is limited to 5 million U.S. dollars, which is the amount of coverage provided by SLS to BIC U.S. entities. In 2016, the limit of insurance provided by SLS for Public and Products Liability was challenged with the help of an insurance broker. Based on BIC's loss history in the U.S.A. and the current state of the insurance market, it was confirmed that 5 million U.S. dollars is an appropriate captive self-insured retention for BIC's U.S. entities.

The other entities of the BIC Group are insured under traditional insurance programs.



1.7. Risk management and internal control procedures implemented by the Company

1.7.1. RISK MANAGEMENT AND INTERNAL CONTROL DEFINITIONS AND OBJECTIVES

1.7.1.1. Adoption of the principles of the AMF's reference framework for risk management and internal control systems

For the drafting of this section, the Group complies with the principles outlined in Part II of the *Risk Management and Internal Control Systems – Reference Framework* updated in July 2010 by the Working Group chaired by Olivier Poupart-Lafarge and set up by the AMF (*Autorité des Marchés Financiers* – French Financial Markets Authority). This corresponds to a partial adoption of the full text that also provides an *Application Guide for Internal Control Procedures related to the Accounting and Financial Information Published by the Issuer*.

The related specific control activities are the responsibility of the local subsidiaries, which continuously adapt them to their current situation, with guidance from the Group Accounting and Controller's Manuals. The Application Guide has not been formally compared to the existing procedures and processes but the Company does not expect material differences considering the similarity of the Application Guide with these two manuals.

a) Risk management

Risk management is the Company's dynamic system, defined and implemented under its responsibility. This system is comprehensive and covers the Company's activities, processes and assets.

Risk management encompasses a set of resources, behaviors, procedures and actions that are adapted to the characteristics of the Company and that enable managers to keep risks at an acceptable level for the Group.

Risk represents the possibility of an event occurring that could affect:

- the Company's ability to reach its business goals and objectives;
- the Company's ability to abide by its Values, ethics, laws and regulations;
- the Company's personnel, assets, environment or reputation.

Risk management is also a lever for managing the Company that helps to:

- create and preserve the Company's Value, assets and reputation;

- secure decision-making and the Company's processes to attain its objectives;
- promote the consistency of the Company's actions with its Values;
- mobilize the Company behind a shared vision of the main risks.

b) Internal control

The adoption process also incorporates the definition of internal control as a Company system, defined and implemented under its responsibility, which aims to ensure that:

- laws and regulations are complied with;
- the instructions and directional guidelines fixed by Executive Management are applied;
- the Company's internal processes are functioning correctly, particularly those implicating the protection of its assets;
- financial information is reliable.

In general, internal control contributes to control over a company's activities, to the efficiency of its operations and to the efficient utilization of its resources.

The first objective refers to all regulations and laws in force to which the Company is subject and incorporates in its daily activities to achieve its compliance objectives.

The second addresses the guidelines given to the staff to understand what is expected from them and to be aware of the scope of freedom of action. This communication process is based on the Company's objectives cascaded to the employees.

The third covers all operational, industrial, commercial and financial processes. Assets are understood to be both tangible and intangible assets (know-how, image or reputation) and are used throughout the existing processes of the Company.

The last objective deals with the preparation of reliable financial statements, including full, interim and condensed financial statements and selected financial data derived from such statements, such as net sales releases. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures section 1.7.2.4. "Internal Control procedures") that should ensure:

- the segregation of duties principle, enabling a clear distinction between recording, operational and retention duties;
- that function descriptions provide guidelines for identifying the source of the information and materials produced;
- the validity of means to check that operations have been performed in accordance with general and specific instructions, and have been accounted for to produce financial information that complies with the relevant accounting standards of the Company.

1.7.1.2. Scope of risk management and internal control

Risk management and internal control as defined in this report apply to SOCIÉTÉ BIC as the parent Company of the Group and all the entities consolidated within the Group.

The internal control in place has been designed for all entities to suit the existing organization, the objectives determined by the Board of Directors and the Leadership Team (see section 1.7.3. "Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions"), and compliance with laws and regulations.

Supporting principles and system have been set up in all relevant areas and subsidiaries, considering local specificities and regulations. These principles are also known and followed by the different centralized Group departments.

The Risk Management principles are also applicable to any entity entering the Group; and, whenever possible, the Group asks its subcontractors and suppliers to comply with these principles. For instance, SOCIÉTÉ BIC asks its suppliers to follow the safety rules for employees that are applied within the BIC Group.

1.7.1.3. Limitations of risk management and internal control systems

Even with the most efficient organization, limitations inherent in risk management and internal control exist. Indeed, risk management and internal control systems cannot provide an absolute guarantee that the Company's objectives will be met.

The major existing limitations are the evolution and the uncertainties in the outside world, the subjective nature of people's decisions and the result of potential human failure or of a simple error.

Moreover, any time a control activity is to be implemented, the comparative cost/benefit is considered, ensuring reasonable coverage of the necessary controls.

1.7.2. COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL OF THE COMPANY AND ITS SUBSIDIARIES

The efficiency of the risk management and internal control systems of a Company relies on its components built to serve the objectives as defined previously.

1.7.2.1. Control environment

a) Organization

The Group has implemented a structured internal control system giving the appropriate guidelines and responsibilities in order to achieve the objectives set by the Board of Directors and the Leadership Team.

This organization is based on the definition of responsibilities and objectives set by the Management and then shared individually with the employees.

b) Main tools

To support this structure and measure its accuracy and efficiency, different tools have been implemented. Below are listed the main tools shared by all entities of the Group:

- Code of Ethics (see section 1.7.3.6. "Employees");
- Group Anti-Corruption Policy (see section 1.7.3.6. "Employees");
- Group Vision and Values (see section 1.7.3.6. "Employees");
- Group Accounting and Controller's Manuals:

These manuals distributed in all entities and available on the Group intranet provide the guidelines respectively for bookkeeping and financial reporting activities under IFRS standards, and for the procedures to respect the internal control system in all sectors of the Company (i.e. Purchasing, Treasury, Tax, Sales, etc.);

- Fraud Reporting Protocol:

The purpose of the Fraud Reporting Protocol is to ensure that all fraud suspicions or actual cases are reported in a timely, consistent and uniform manner and to coordinate the subsequent investigations. A fraud reporting template has been shared with all BIC subsidiaries;

- Hotline *BIC Speak-up* (see section 1.7.3.6. "Employees");
- Human Resources Management Policy:

Detailed in section 2.4. "Our social responsibility to our employees", Human Resources Management participates fully in internal control efficiency.

In particular, it ensures that the recruitment process is in line with the knowledge and skills required by the Group. In addition, it communicates Management's objectives to each individual in accordance with his/her role and responsibilities.

For example, the Performance, Evaluation and Development (PED) tool was created to meet the following goals efficiently:

- cascading of the Company's objectives to the employees throughout the year,
- training and people development: see section 2.4. "Our social responsibility to our employees";
- Information systems:

Different information systems are used depending on the business processes they support. They are organized primarily by continent. However, consolidation procedures are in place to have access to a consolidated result that allows Group Management to monitor performance and manage the operations.

Most of the Group's entities use fully integrated systems (ERP) to assist them in the management of the business and report financial data using a consolidation and management software (see section 1.7.2.4. "Internal Control procedures"). Continents and countries are in charge of implementing operational procedures to secure access, back-up and recovery of critical system data.





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Risk management and internal control procedures implemented by the Company

1.7.2.2. Dissemination of relevant and reliable information

The Company has implemented efficient information dissemination processes and systems that allow accurate communication to the relevant level of responsibility and authority.

The formats of these tools are diverse. They range from IT (Information Technology) solutions (including the Group intranet, the financial consolidation software, the integrated system implemented per continent, etc.) to existing procedures that include information management.

These information tools aim to support the whole internal control system of the Company and to help the decision processes and follow-up for the achievement of Management's objectives.

1.7.2.3. Risk management process

Risk management, among its objectives, aims to address the existing risks that could potentially significantly impact the Company. All risks cannot be addressed. However, when addressed, the means used include internal mitigation processes and/or external insurance protection.

This specific process leads to a three-step approach based on the following activities:

- risk identification and analysis;
- risk management;
- risk monitoring.

a) Risk identification and analysis

Risk identification and analysis is performed by the Risk Management Department.

The identification process highlights the main risks arising from both external and internal sources. The driver for identification is the potential significant impact on the Company's objectives, personnel, assets, environment or reputation.

The risk identification and analysis process consists of two components: a bottom-up free approach and a top-down structured approach.

Bottom-up approach

Since 2015, within a framework defined by Group Risk Management, a self-assessment of significant risks is made at the subsidiary level on a voluntary reporting basis.

Questionnaires are addressed to the representatives of the targeted level (local General Manager/local Chief Financial Officer). They are requested to complete and return the questionnaire to Group Risk Management whenever a risk must be notified.

Top-down approach

Following a recommendation of the Audit Committee and a request of the Leadership Team, in 2010 the Company initiated a project to improve formalization of risk management.

This project enables to obtain a synthetic overview of major risks that the Group is or could be exposed to.

The approach that consisted in a risk mapping of the Group can be summarized as follows:

- risk identification through a questionnaire completed by each member of the Leadership Team and an individual interview led by the project team;
- synthesis of main risk areas;
- ranking of risks according to criteria in terms of potential impact and management effectiveness.

The year following the Risk Mapping, an update reviews the status of prior risks identified. Every other year, the Risk Mapping is reviewed and reassessed with any potential new risk.

In 2017, the Top-down approach also included questionnaires sent to contributors outside of the Leadership Team.

Risks listed by this approach have been considered in the "Group Presentation" – section 1.6. "Risk factors" and are considered for the internal audit schedule.

The Risk Management Department, as the process coordinator, challenges when required the answers received and the action plans mentioned in response to the identified risks. It also consolidates the documents and weighs the impacts to deliver a Group Risk Matrix. This matrix provides for all risk categories the impact for the Group and a summary is shared with the Audit Committee and the Statutory Auditors. It is also shared with the Chairman of the Board.

The analysis and measurement of the identified risks are conducted for internal use.

A similar methodology has been applied to the process of preparing financial statements and consolidation.

b) Risk management

The major risks identified in the Group risk mapping are managed by the Leadership Team. These risks were followed and monitored during the year. Progress and status of action plans related to certain key risks have also been reviewed and discussed at Board Meetings. The other risks continue to be monitored closely.

In addition, different procedures exist (see section 1.7.2.4. "Internal Control procedures"). The Leadership Team, Categories, Continents and centralized departments such as Legal, sustainable development or Treasury, monitor risks on an ongoing basis. They are involved in the management of risks disclosed in the "Group Presentation" – section 1.6. "Risk factors":

- the Group Treasury manages and monitors interest rate exposure and foreign exchange exposure daily;
- the Legal Department regularly monitors changes in laws/regulations and litigation in progress;
- the main industrial and environmental risks are considered by the category or country Management and the Sustainable Development Department;
- the significant strategic and operational risks are managed by the Leadership Team.



A yearly review of Insurance coverage process is also performed: see "Group Presentation" – section 1.6. "Risk Factors – Insurance – Coverage of risk likely to be incurred by the issuer".

c) Risk monitoring

The Leadership Team performs regular reviews of risk exposure.

Each site/department creates its own scorecards and key indicators to detect, follow and measure the effectiveness of risk mitigation.

The risk mappings are updated on a regular basis.

1.7.2.4. Internal Control procedures

a) Internal Control procedures related to the preparation of accounting and financial information published by the Company

The accounting and financial information used internally for management, or for external reporting, is prepared in compliance with the IFRS (International Financial Reporting Standards) as adopted by the European Union.

The information follows a bottom-up reporting process from the local statutory accounts data to the consolidated/management set of financial statements. This reporting is performed using consolidation software following every monthly closing.

The finance teams of the subsidiary, under the control of their respective Finance and Operations Directors, report information to the business unit finance teams and then report to the Group. This reported package is audited by the local External Auditors for the significant entities. Statutory Auditors prepare memorandums and a synthesis of significant comments for the Group.

Cost controllers work closely with operations and report to local Management and functionally to the continent/category Financial Director.

The Group developed a Controllers' Manual of policies and internal procedures that was presented and communicated to the Finance Directors of the subsidiaries. This review is ongoing, with key policies and procedures updated and validated by functional managers as needed. When a new policy is created or an update or enhancement is made to an existing policy, the information is communicated via an "Internal Control bulletin" posted on the employee intranet and is also cascaded by the Leadership Team to all subsidiaries.

The reporting procedures within the Group are the following:

- the Group finance information system allows preparation of statutory consolidations and management consolidations within the same reference frame;
- the Group also uses a detailed sales reporting system. A monthly reconciliation is prepared between the sales reporting and financial information systems. Any meaningful variance is explained;
- the Group financial information system is used in all the subsidiary companies, which allows an analysis at each level of reporting (subsidiaries, continents, Group or by category of products) starting from the same source data and according to the same reporting format;
- the Group internal financial information is analyzed monthly and compared with the budget at the subsidiary level and the

Leadership Team also reviews the consolidated data and the related analysis monthly;

- an analysis is performed between the budget, the forecasts and the strategic plan and is reviewed by the Leadership Team;
- the consolidated financial information is validated by the Group Chief Financial Officer. Significant issues are reviewed with the Chairman of the Board and the Chief Executive Officer;
- the Audit Committee validates this information and provides the Board of Directors with a report if necessary;
- the External Auditors are involved in the validation performed on a yearly basis of the production process of financial information.

The account closing process includes the following in particular:

- the fixing and circulation of accounting rules by the Group Finance through the Group Accounting Manual;
- the preparation and sending of a calendar and instructions to the affiliates by the Consolidation Department at each monthly closing;
- the existence of a checklist with the corresponding tasks to be performed by the subsidiary for the account closing;
- the signature of an internal representation letter by the subsidiary for the annual closing. The purpose of this representation letter is to assess the compliance of financial statements: it lists controls, actions and assertions critical to the proper completion of Group financial reporting.

b) Other internal control procedures

As already mentioned, internal control within BIC Group is decentralized. It is then the responsibility of each organization (subsidiary, department, category, continent, etc.) to establish the relevant procedures in all concerned sectors to support the objectives and definition of internal control.

However, as a global framework, the Group Controllers Manual provides the general guidelines to be satisfactorily adopted, following adaptation, at the respective level of internal control.

The Group's main procedures are described below:

Purchasing and capital investment procedures

The constant emphasis in these procedures is upon the commitment authorization. This initial step is the main driver for the rest of the process, from the acknowledgement of receipt of the purchased goods or service, to the payment of vendors.

The Group has accordingly implemented an authorization matrix that identifies the level of responsibilities required in accordance with the amount to be committed. All authorizations are expected to be formalized on the appropriate form or through the IT systems. The delegation of authority matrix is regularly updated according to changes in the Group organization.

This approval process is the foundation of the three-way-match procedure followed within the Group. Starting with an approved purchase order, it requires that matching is performed at the following stages:

- at the delivery/service rendering with the proof of delivery or completion;





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- when receiving the supplier's invoice for generation of payment.

The three-way match process assures the segregation of duties principle and allows clear tracking of the validity of transactions throughout the purchasing process.

In terms of capital expenditure, an additional step is required for the purchase initiator. Prior to any investment, specific documentation is prepared to gather all necessary data such as description and return on investment features, approvals in accordance with the level of commitment and a post-acquisition audit schedule.

In terms of organization, attention is drawn to the segregation of the procurement function from that of purchasing. The goal is to mitigate any risk of overlapping responsibilities. This process also centralizes at Group level the procurement flows on strategic materials, to better control the needs and level of financial commitment.

Finally, vendor management, including the suppliers' database, also follows specific control procedures and rules throughout any relationship these third parties could have with the Group.

Selling procedures

The selling procedures follow common rules and principles, but they are customized for local markets and customers, based on the existing nature of transactions.

These common principles deal in particular with:

- the validity of selling prices and selling conditions (price list set-up process, special pricing authorization schemes, etc.);
- the completeness and accuracy of the selling orders received through different media;
- the respect of recognition timing with emphasis on cut-off processes and adjustment procedures;
- the fair value of trade receivables with procedures for bad debt reserve computation and credit note issuance.

Similarly, to the relationships with suppliers, procedures deal with customers' master file management, including the creation of new accounts, the cash allocation process for the payment receipts and credit management.

Inventory management procedures

The management of inventory covers physical custody of the goods, valuation of these items and monitoring of the related flows. Thus, the procedures in place address all these topics.

Regarding physical safeguarding, Group policies are provided in addition to local regulations. They deal with:

- the safety objectives for the employees involved in the inventory management;
- the assets' security with clear guidelines in terms of storage conditions, stock-take process or segregation of duties.

In terms of valuation, a BIC costing procedure is established to help local controllers to follow the Group rules as well as comply with local accounting and financial standards. The Group rules are disclosed in "Note 1 of the consolidated financial statements – Main rules and accounting policies".

Cash management procedures

Mostly centralized within the Group Treasury, some aspects of cash management are maintained at the local level. For both levels, procedures are in place to cover:

- cash balance and payment management including physical safeguards, the performance of bank reconciliations and supervision of segregation of tasks performed;
- bank mandates and management of authorization signatures;
- debt financing activities, whether short or long term.

Centrally, the Group Treasury follows specific procedures regarding its investment portfolio and foreign exchange exposure management, as described in the "Comments on the year" – section 4.3. "Management of currency and interest rate risks".

Fixed asset management procedures

As defined in the objectives for internal control, asset security is identified as a matter of priority. To achieve this, procedures have been implemented within the Group. Some of them are described above.

The existence and the validity of assets being essential, instruction is given to local sites to perform physical inventories on a regular basis for reconciliation with the financial systems.

In addition to the investment authorization process mentioned earlier, all fixed asset movements (*i.e.* transfers, disposal and sales) are regulated by dedicated procedures.

Finally, specific rules are required for the management of the Fixed Asset Registers to support compliance with both local and Group accounting standards and to permit efficient control activities.

1.7.2.5. Control activities

Each level of the Group is involved in control activities to ensure that Group rules, guidelines and procedures are correctly applied.

Moreover, the IC&A Department ensures through its annual audit plan that no material discrepancy with the Group procedures exists.

This control addresses both operational and financial environments and focuses on:

- validity of the operations and transactions, including the authorization processes for expenditures and investments;
- completeness of transaction reporting;
- proper evaluation and recognition of operations for accurate information availability and disclosure;
- the guarantee of the Company's future.



1.7.3. RISK MANAGEMENT AND INTERNAL CONTROL PARTICIPANTS, SPECIFIC STRUCTURE (S) IN CHARGE/RESPECTIVE ROLES AND INTERACTIONS

Risk management and internal control implemented by the Group are fully integrated functions within the organization.

1.7.3.1. The Board of Directors

The Board of Directors of SOCIÉTÉ BIC, which represents the Shareholders, acts in all circumstances in the interests of the Company. It must also review and approve the Company's strategic objectives.

1.7.3.2. The Leadership Team

The Leadership Team, under the direction of Bruno Bich, Chairman of the Board of Directors and Chief Executive Officer of SOCIÉTÉ BIC, is comprised of 14 members whose principal goal is to implement the strategy of the Company as defined by the Board. It is also responsible for defining the implementation and the supervision of the means to achieve the objectives.

In addition to Bruno Bich⁽¹⁾, the Leadership Team members include:

- Gonzalve Bich⁽¹⁾, Chief Operating Officer & Executive Vice-President;
- operational representatives responsible for continents:
 - Benoit Marotte, General Manager Europe, North America and Asia Pacific,
 - Chris Mills, General Manager North America,
 - Ricardo Ibarra, General Manager Latin America,
 - Peter Van den Broeck, General Manager Middle East, Africa & India;
- representatives of product categories:
 - Peter Dalsberg, General Manager for Stationery,
 - François Clément-Grandcourt, General Manager for Lighters,
 - Thomas Brette, General Manager for Shavers;
- representatives of transverse functions:
 - Marie-Aimée Bich-Dufour, Sustainable Development, BIC Foundation Chairwoman, Board Secretary & Executive Vice-President,
 - Timothy Perman, Chief Strategy and Business Development Officer,
 - Alison James, Chief Human Resources Officer,
 - James DiPietro, Chief Financial Officer & Executive Vice-President,
 - Édouard Maruani, General Counsel,
 - Laurent Serano, Chief Information Officer.

Category General Managers are directly responsible for Manufacturing, New Product Development, Research and Quality Assurance. In addition, they are responsible for developing and proposing each category's long-term strategy.

The Leadership Team also monitors the quality of the internal control process and the implementation of risk coverage. It also ensures, with the Group Chief Financial Officer's support, that indicators are consolidated to measure the operational performance against the budget and, if necessary, focus on the variances and corrective measures that may need to be implemented.

In addition to the budget, forecasts are prepared and revised during the year to monitor the budget achievement and understand any current marketplace dynamics. A strategic planning process is in place to help identify future growth opportunities.

1.7.3.3. The Audit Committee

The Audit Committee (see section 3.2.1.3. "Committees set up by the Board of Directors"), among other assignments, monitors closely the risk management and internal control systems on a regular basis. The Committee can interview the Internal Audit Manager to be updated on the work performed during the year and can give its opinion on the department's organization. A summary of internal audit findings is shared with the Committee on a yearly basis.

1.7.3.4. The Internal Control & Audit (IC&A) Department

The Internal Control and Audit Department reports operationally to the Group Finance Department and, on request, to the Leadership Team and the Chairman of the Board.

This department reviews both financial and operational activities and expresses an independent assessment on the degree of compliance with the policies, rules and procedures of the Group. The IC&A Department focuses on:

- business cycle and process reviews (such as sales and collection, purchasing and disbursements, fixed assets, inventories, payroll, cash management and accounting entry processing) at both subsidiary and Corporate level;
- testing of the controls in place to ensure their effectiveness and efficiency;
- coordination with functional managers for the continuous updating of the Controller's Manual;
- issuance of guidance and recommendations for improvement to existing processes, including the sharing of Group best practices.

This department also provides assistance on timely and specific engagements, such as external acquisition or internal restructuring operations.

The Internal Control and Audit Department provides assistance on fraud prevention, awareness and also investigations on reported fraud cases within the Group.

The approach of the IC&A Department also includes Group information systems through reviews of IT (Information Technology) accesses and business continuity procedures.

Each year, the IC&A Department presents the audit schedule to the External Auditors, provides updates and shares the reports resulting from site reviews. In addition, the IC&A Department coordinates site reviews with Group Finance and the External Auditors to ensure coverage of any specific areas.

(1) Gonzalve Bich will succeed to Bruno Bich as Chief Executive Officer (May 2018).





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Risk management and internal control procedures implemented by the Company

a) IC&A Department's activities in 2017

A multi-year audit rotation schedule is in place to ensure that all sites and key processes are reviewed on average every three years.

The 2017 schedule led the IC&A Department to perform 22 audits, in manufacturing and distribution entities, combining initial and follow-up visits.

These audits were carried out in accordance with the methodology and procedures set by the IC&A Department, including in particular:

- performance of tests (walkthroughs and detailed testing) and interviews with the contributors of the cycles reviewed on a risk based approach;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the site/department, in accordance with a precise action plan and deadlines. The IC&A report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

No significant issue was identified further to these reviews. The recommendations issued in the audit reports highlighted improvements required to certain controls to improve their effectiveness. Local Management has shared its response to these recommendations and proposed action plans, together with the related implementation dates and the responsibility for their execution. These implementations have been checked during follow-up visits performed by the IC&A Department. Furthermore, quarterly follow-up of action plans progress contributes to an efficient monitoring of the recommendations implementation related to significant audit issues. Dashboards are communicated quarterly to the representatives of the continents and categories. Finally, best practices in terms of internal control noted while performing these reviews are communicated and shared within the Group.

In addition, all General Managers and Finance Directors of subsidiaries signed a document confirming that the internal controls in place are comprehensive and operate adequately to manage the operations. In this document, they also attest to the reliability of the financial information reported and compliance with relevant laws and regulations in force.

If necessary, the General Manager of the subsidiary provides details of non-significant weaknesses for which corrective actions will be implemented the following year. These actions should ensure that reasonable confidence can be placed on the achievement of operational goals, the reliability of financial information reported and compliance with relevant laws and regulations in force. This

information has all been consolidated for 2017 and no new major risk has been identified to date.

In 2017, the IC&A Department enhanced the self-assessment process by adding a more detailed questionnaire to ensure that the main controls are in place in each subsidiary.

The IC&A Department collects the data provided by the subsidiaries and performs analyses to enhance the risk-based approach in the determination of the annual audit plan and the performance of audit work. The results will be shared with Group Statutory Auditors and the Audit Committee.

A summary of the work performed by the IC&A Department during the year is presented to the Leadership Team, Audit Committee and Board of Directors. The analysis includes a summary of the main audit findings and recommendations as well as a summary of the risk analysis and action plans implementation progress.

b) Perspectives and Action Plan for 2018

The IC&A Department will continue to focus on processes and efficiency improvements, testing of operational effectiveness of key controls and enhancing the overall review process.

The 2018 audit schedule, prepared by the IC&A Department and validated by the Audit Committee and the Leadership Team, meets the multi-year rotation principle for site and processes reviews. It maintains the same level of intervention as in 2017, in terms of number of audits and type of sites and processes audited.

Finally, the IC&A Department will maintain its coordination role for the continuous improvement of Group procedures, and will continue to be involved in the risk management approach.

1.7.3.5. The Risk Management Department

The Risk Management Department collects, analyzes and ranks the external and internal arising risks that could have an impact on the Group. It coordinates the risk monitoring in agreement with the Leadership Team.

1.7.3.6. Employees

Each employee is involved in the internal control in accordance with his/her respective knowledge, and has access to the information used to design, operate and monitor the internal control system. For employees with access to the Group Intranet, Group Internal Control Policies including the Group Controllers' Manual are available online.



To reinforce the commitment of all employees to the importance of internal control in the Company, the Values of the Group are posted at all Group locations so that all employees have access to them. In 2005, the Group Vision and Values were updated and presented to all employees. Since 2005, a survey on the application of the Values across the Group, supplemented since 2010 by an engagement survey, are carried out biannually. In 2016, the engagement survey and the survey on the Values were merged. 84% of invited employees participated in the survey and the engagement was stable at 83%, confirming the interest of employees in this type of initiative and their willingness to share their opinions.

The next Opinion Survey will take place in 2018.

The Group Code of Ethics is available for all employees on the Group Intranet. The Code of Ethics and its guide were updated in 2014. The Board of Directors has taken note of it and reaffirmed, as necessary, the importance of the action and behavior principles mentioned in this Code. The Leadership Team validated the Group Code of Ethics and related procedures and policies, and distributes it throughout the Group.

A Group Anti-Corruption Policy was also made available to all employees on the Group Intranet in 2016, stating that the Group prohibits bribery and corruption in any form and upholding our reputation for integrity.

In 2017, the Group also launched its Anti-Corruption and Code of Ethics e-learning, which was completed by most employees in all BIC markets.

Since July 2017, the Group has partnered with an independent provider to manage a new phone and internet-based reporting system called BIC Speak-up, which provides an alternative channel for team members to communicate their concerns confidentially and anonymously if they so choose (and where permitted by local law). This program has been established to provide effective lines of communication from team members and empowers BIC to promote safety, security, and ethical behavior.

Additionally, a Charter of Diversity was signed in 2011. This Charter of Diversity, shared by all the entities, defines the Group commitment to continually improving and educating employees about the importance of diversity and aims to assist in the prevention of discrimination in the workplaces.

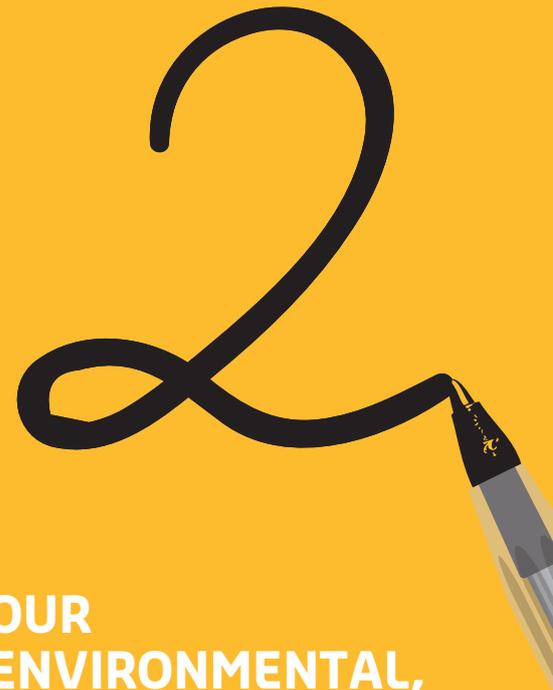


1

GROUP PRESENTATION

Risk management and internal control procedures implemented by the Company





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

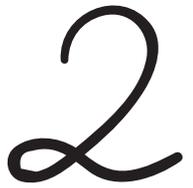
In 2014, BIC performed a study to review the importance of these stakes and the risks related to corporate social responsibility (CSR) through the creation of a materiality matrix, in particular for the purposes of:

- 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).

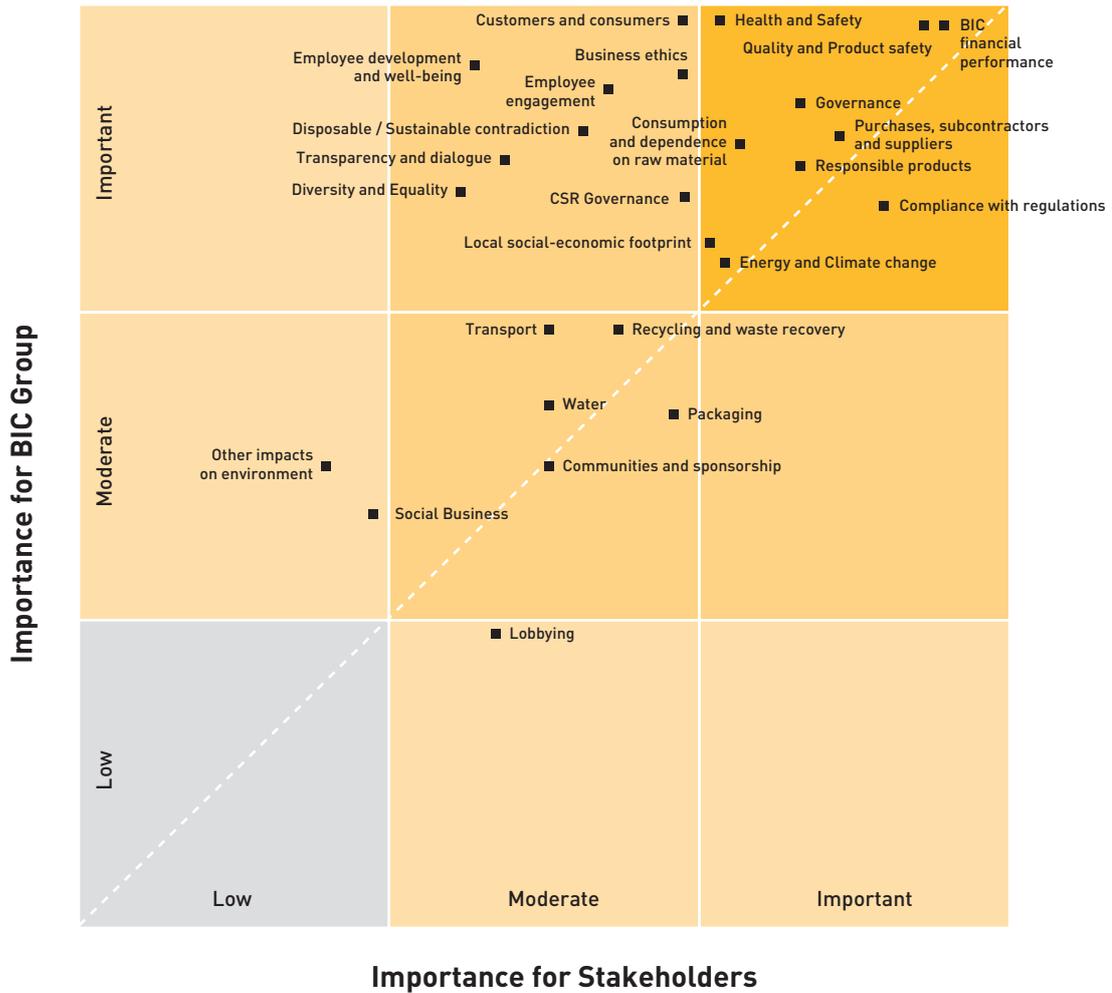




MATERIALITY MATRIX OF SUSTAINABILITY ISSUES

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

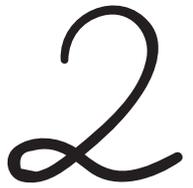
The globalization of trade flows is facilitating access to new high-growth markets. For BIC, this commercial opening also means increased competition due to low labor costs in certain zones. For several years now, the Group has been developing its product range and adapting its distribution models in 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
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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

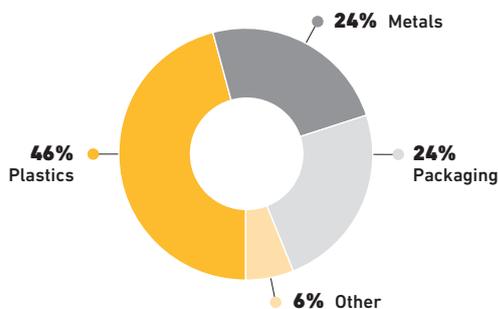
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this 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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Responsibility concerning our products

→ BIC® WRITING PRODUCTS EARN THE NF ENVIRONNEMENT ECOLABEL

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

In the case of BIC® writing products, the main criteria for receiving the ecolabel are limited quantities of raw materials or the use of recycled materials, a long performance life and the strength of the pencil leads. BIC was the first manufacturer of writing instruments to earn *NF Environnement* certification. **Today, a full range of 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.

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 Ubicity™ 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 Ubicity™ line. France's first line of outdoor furniture made from recycled pens, Ubicity™ 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.

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, Ubicity™ 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 Ubicity™, 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

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.

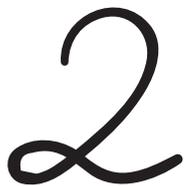
Although the **fight against food waste** is not a major issue for BIC, the Group holds regular awareness events for employees in its company restaurants, especially in Brazil.

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;





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- 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.

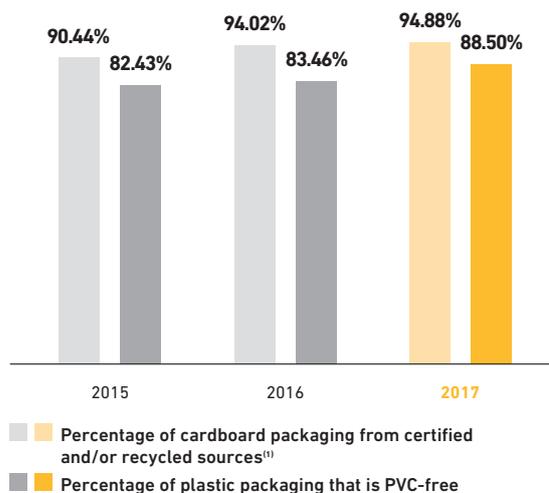
This result has been achieved through packaging design and working with suppliers to minimize waste and provide outlets for recycling paperboard and plastic packaging components; and lastly by using non-recyclable waste for energy recuperation.

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.

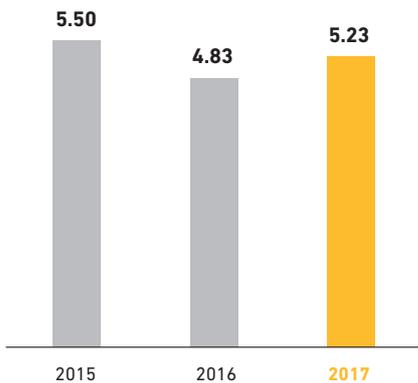




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Environmental responsibility concerning our operations

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.

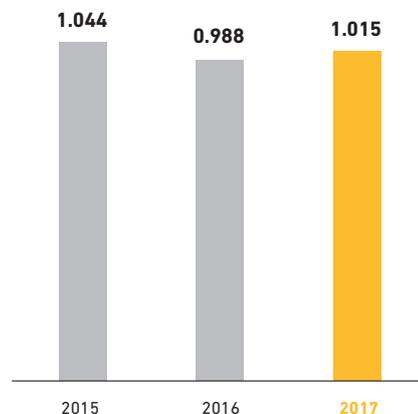
In addition, for the tenth year, BIC Group provided information to the Carbon Disclosure Project (CDP). In 2017, BIC obtained an A- rating, placing it in the CDP's "Leadership Level," designating companies that are making an outstanding contribution to the fight against climate change. BIC Group is also 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.

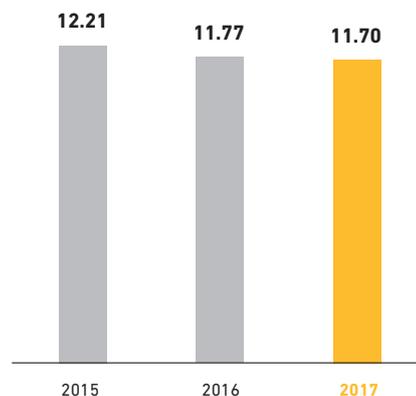
BIC Écriture 2000 (France), BIMA 83 (France), Conté-Boulogne (France), B.J.75 (France), BIC Graphic Europe (Spain), BIC South Africa (South Africa), BIC Mexico (Mexico), BIC Shavers Mexico (Mexico) and BIC Ecuador (Ecuador), representing 34% of the Group's energy consumption and 43% of the production 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.

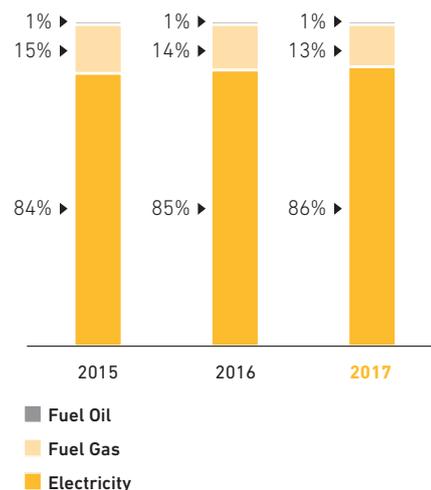
The new Conté-Samer (France) building, inaugurated in 2017, integrates equipment that enables energy savings: improved building insulation, heat pumps and cold heat recovery units as well as natural or LED lighting.

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.





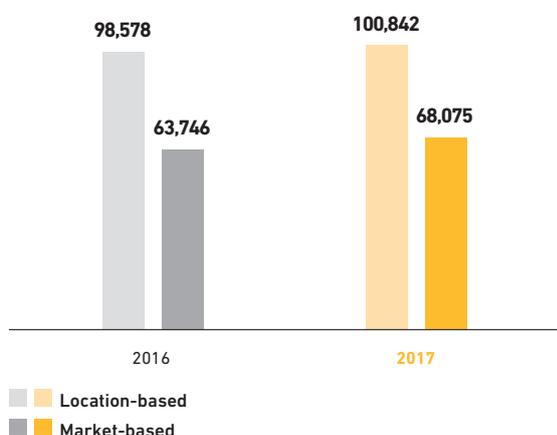
OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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.

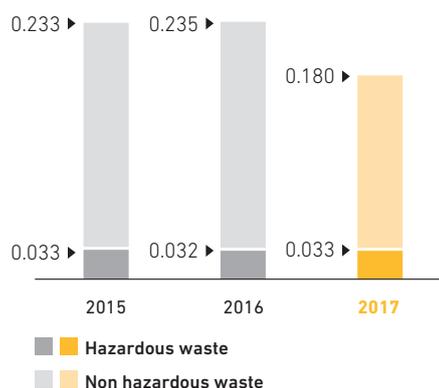
As part of "Writing the Future, Together" BIC Group has made the fight against climate change one of its five commitments: **"By 2025, BIC will use 80% renewable electricity."** The Group is seeking to reduce its greenhouse gas emissions by purchasing renewable energy and will also study the potential 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

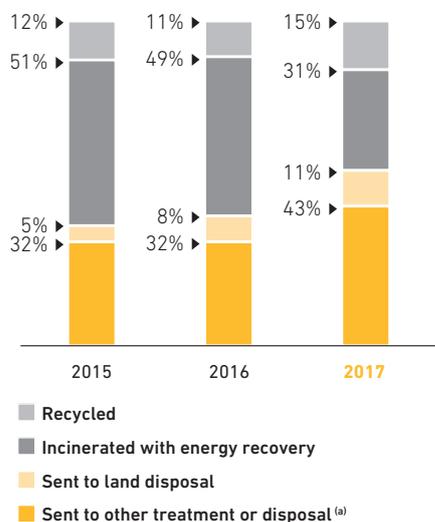
In 2017, BIC Group registered a 3.7% increase in hazardous waste generated per ton of production compared to 2016. This increase is mainly due to an improvement in the monitoring of waste and the end of an internal treatment process that shifts some waste from non-hazardous to hazardous. However, nine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

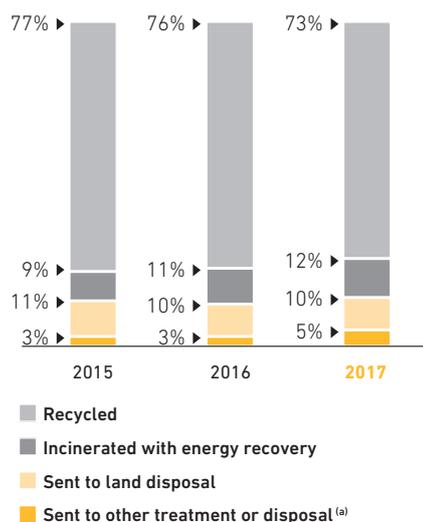
In 2017, BIC Group's ratio of non-hazardous waste generated per ton of production decreased by 23.2% compared with 2016. At constant perimeter between 2016 and 2017, there was a decrease in non-hazardous waste generated per ton of production of 3.6%.

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.

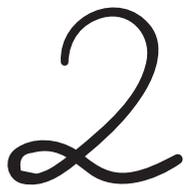
Waste recycling and land disposal

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.).





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

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.

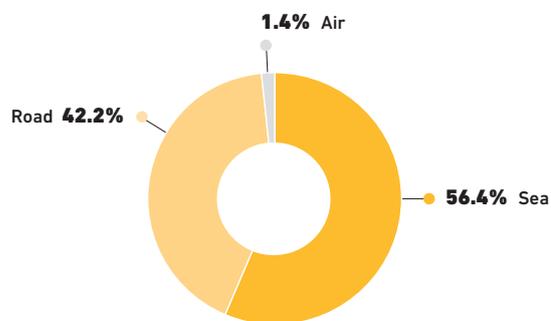
To encourage its transport service providers to adopt responsible practices, BIC has incorporated the reduction of GHG emissions in its criteria for selecting carriers.

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.

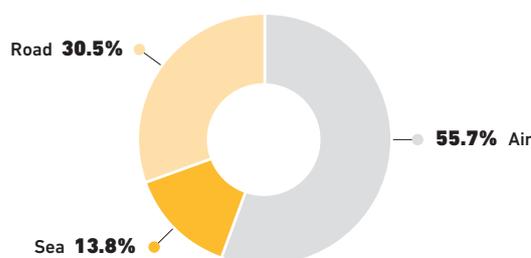
◆ Performance

→ *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

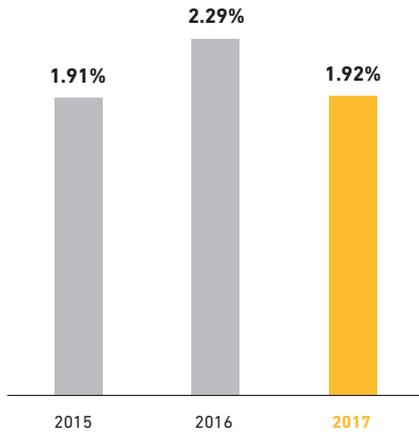




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

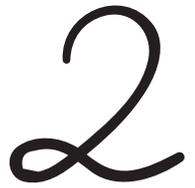
SHARE OF AIR FREIGHT AS % OF TOTAL (IN TONS/KILOMETERS)



◆ 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.

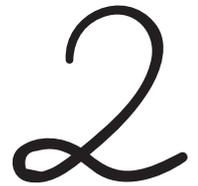
In all other BIC subsidiaries, headcount is stable.

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

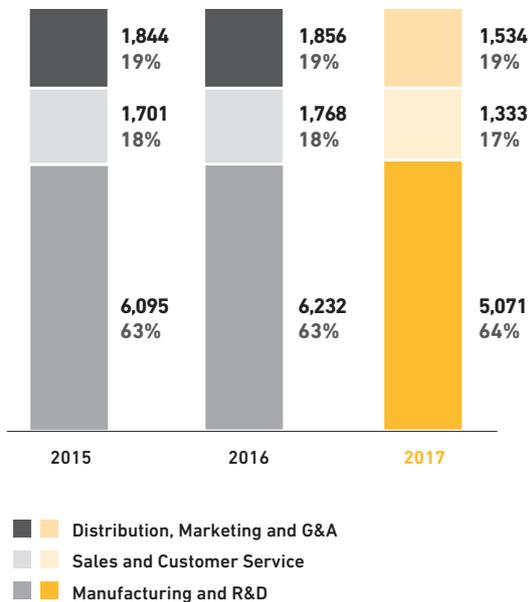
across temporary staff, fixed-period contracts and school and university interns. As of December 31, 2017, the number of temporary workers was lower than December 31, 2016 by 112 (1,467 vs. 1,579). In BIC Graphic activities, following the sale and restructuring, the number of temporary workers decreased 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)**

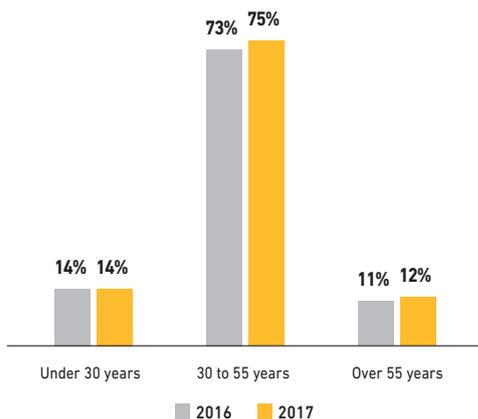


The workforce, across each activity, has remained constant in recent years, reflecting the stability of BIC's system of organization.

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.

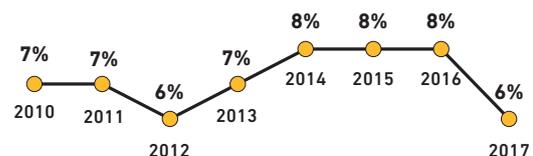
2.4.1.4. Recruitment and terminations (excluding Cello Pens)

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

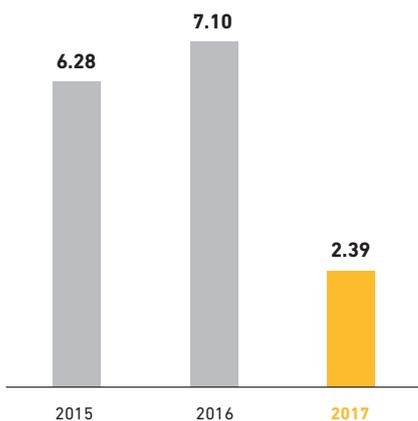
In 2017, health and safety management systems were operational at 91% of BIC's sites.

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.

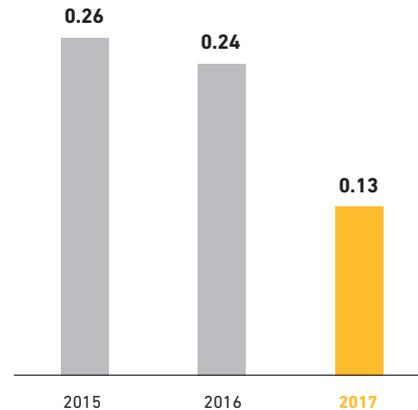
Most of the occupational diseases, which so far have only been monitored in France, are related to musculoskeletal disorders.

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

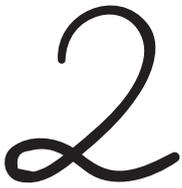
In compliance with new regulations, analysis of potentially strenuous working conditions was conducted at all sites. One key point is the reduction in the number of jobs associated with strenuous conditions. The "job strain account" has been adopted, integrating 12 criteria defined by law.

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

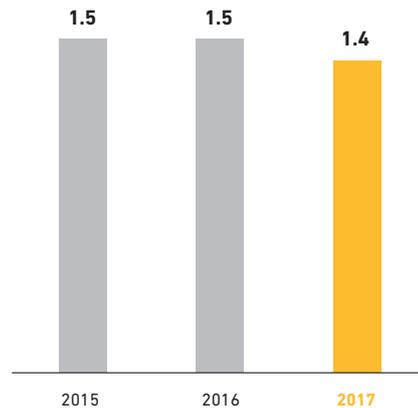
An Employee Assistance Program (EAP) has been in operation in the United States (at BIC CORPORATION) and in France (the PASS program) for several years, and since 2016 in the Asia-Pacific zone. Set up for the benefit of BIC employees and their families, this service offers a 24-hour helpline plus the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

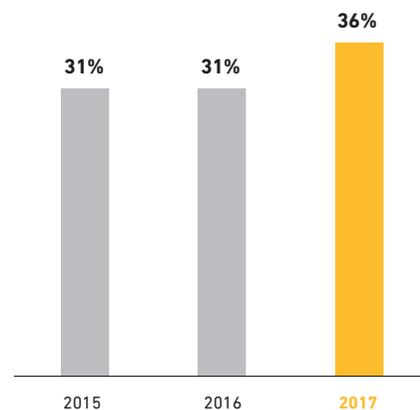
Job mobility and succession plans

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).

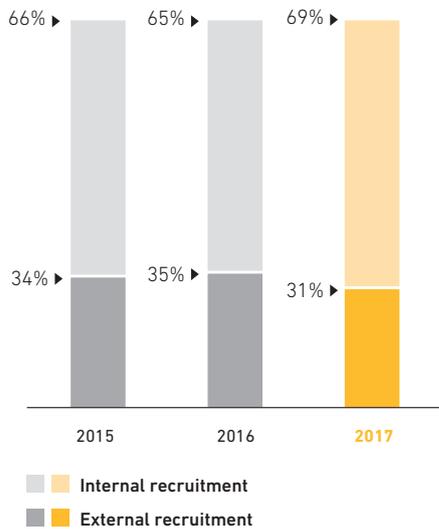




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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.



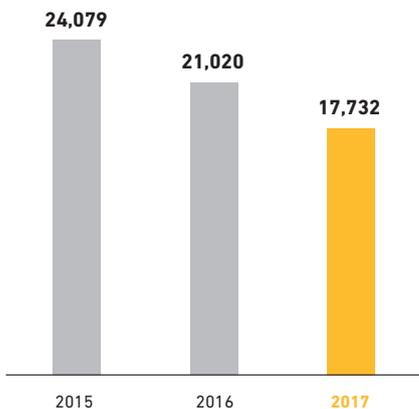


For the past several years the Group has been trying to perpetuate its key technical skills. For example, in Tarragona (Spain), the Lighter category is recruiting new employees through apprenticeship programs in partnership with two schools. In France, the "Training for Industrial Professional" (TIP) 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.

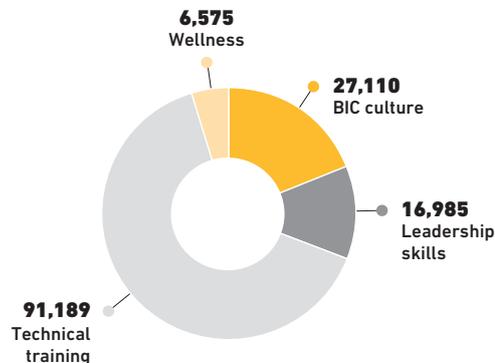
◆ **Performance**

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.

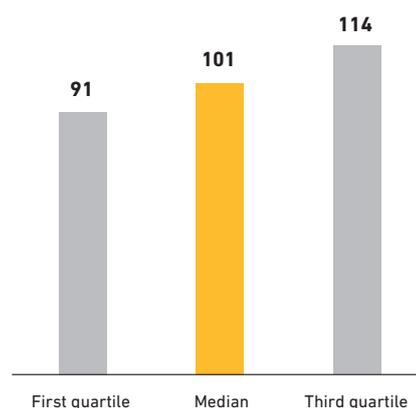
Analysis using constant exchange rates shows a 1% decrease compared with 2016. Overall, this variance in the average annual cost of each employee is due to:

- 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

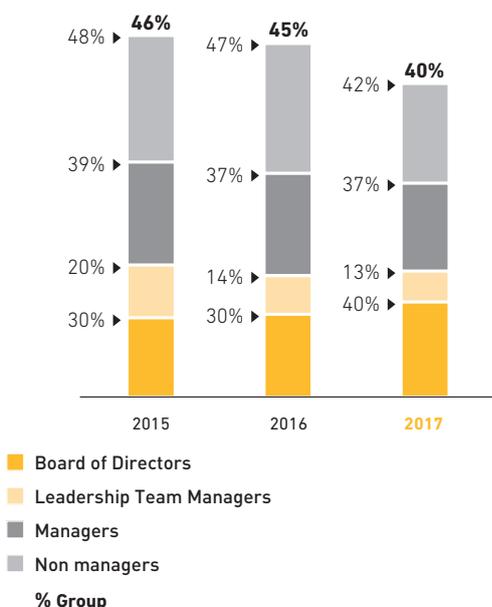
The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all the Group's entities worldwide and has been translated into the main languages spoken in the Group.

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)



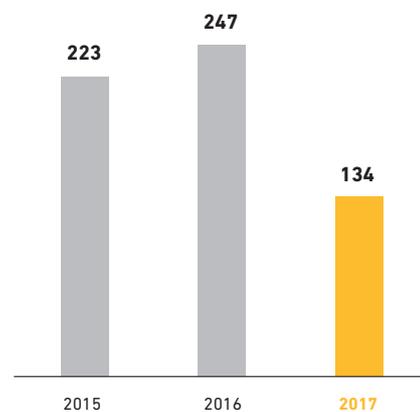
In 2017, women accounted for 40% of permanent employees in the Group. They accounted for 36% of the workforce in Europe, 42% in North America, 45% in Latin America and Asia, 47% in Middle East - Africa and 50% in Oceania. Compared to 2016, the highest variance is in North America due to the sale of Graphic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

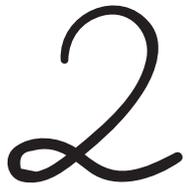
In addition to regular meetings between management and employees to identify possible improvements or employees' expectations, there are specific and original ways for employees to raise any concerns that they might have, such as suggestion boxes placed on sites, or, once a month, inviting 10 employees, 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.





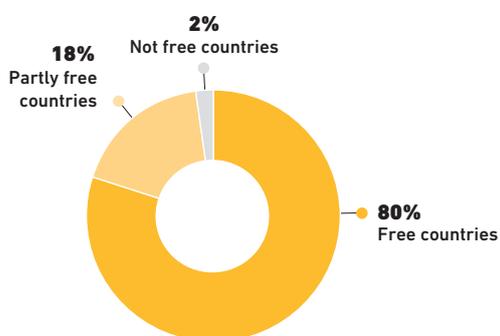
2.5.1.2. Ensuring respect for Human Rights in the workplace

◆ Challenges

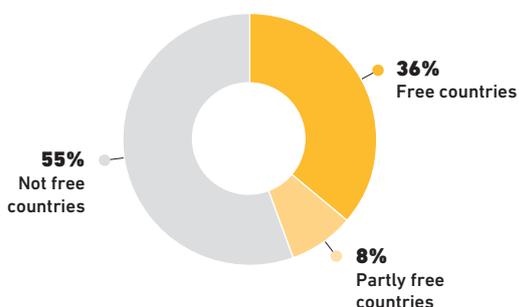
BIC's reliance on contract manufacturing is relatively low. Overall, 90% of the Group's net sales are generated by products made in its own factories. 85% of these factories are located in countries with no Human Rights risk according to Freedom House. ⁽¹⁾

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.

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.

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.

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.

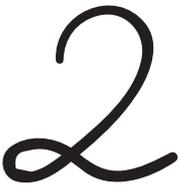
Examples of philanthropic actions by BIC Group subsidiaries in 2017

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.

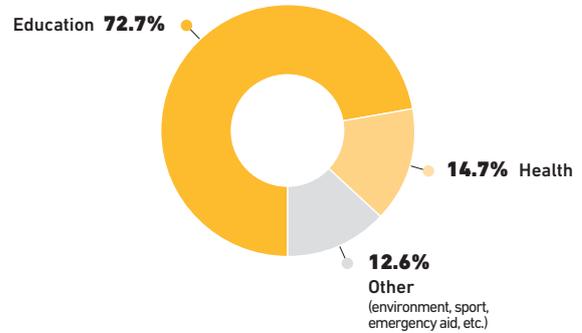
◆ Performance

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.

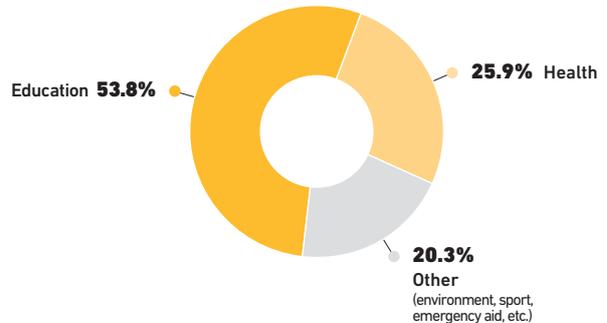
→ **BIC Group objective achieved: the contribution toward communities is more than 0.50% of pretax profit**

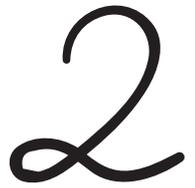
→ **157 philanthropic projects involving volunteer work, product donations and financial aid carried out worldwide in 2017 (all fields combined)**

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

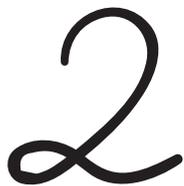




Societal indicators	Unit	2015	2016	2017
Respect for Human Right in the workplace				
Net sales from BIC® products manufactured in its own factories	%	86.0	90.0	90.0
BIC permanent employees working in countries with no Human Rights risk ^(a)	%	81.0	82.0	80.0
BIC factories located in countries with no 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





CORPORATE GOVERNANCE

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This chapter, drawn up with the support of the Compensation Committee, Nominations, Governance and CSR Committee and Audit Committee, for the parts that concern them, includes the Corporate Governance report referred to in Article L. 225-37 of the French Commercial Code. It was approved by the Board of Directors held on February 13, 2018. The crossreference table presented in section 8.7. indicates the parts of the management report

corresponding to the different parts of the Corporate Governance report, which do not appear in this chapter. The Company refers to the AFEP-MEDEF's Corporate Governance Code for listed corporations (version dated November 2016 available on the website www.medef.fr). The Company complies with this Code except when indicated in this report (section 3.1.2.7.).

3.1. Administrative and management bodies

3.1.1. COMPOSITION AND FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1.1. Governance structure

Since its creation, the Company has been a public limited company (*société anonyme*) with a Board of Directors.

Our philosophy

The history of our Group is deeply rooted in an entrepreneurial spirit that led to inventive expansion into new categories and aggressive expansion into new geographies. We consider entrepreneurship to be in our DNA. It is vitally important for the Board and the Chief Executive Officer to foster that spirit and keep it alive in our culture for future generations.

It begins with the Board providing a Vision and a set of expectations and guidelines to the Chief Executive Officer. What are our growth aspirations, what businesses should we be in, what are our margin expectations, how acquisitive should we be in pursuit of our goals, etc. The Chief Executive Officer constructs the long-term strategy and annual plans designed to achieve these goals. In turn the Board reviews these plans, challenges where needed and ultimately approves. Upon approval, the Board joins with the Chief Executive Officer as accountable parties for our Company's long-term strategy.

The Board also carries the responsibility to monitor performance of the business. Establishing expectations and perimeters is one of the most important functions of the Board, and it is the Chief Executive Officer's responsibility to provide the necessary information, analysis and insight to inform the Board: macro-economic trends, competitive landscapes, new technologies, acquisition possibilities, SWOT analyses, ROI projections and post-analyses, etc.

Last, it must be said that we always conduct ourselves consistently with the Values and DNA that has come to differentiate BIC: responsibility, simplicity, agility, entrepreneurship, anti-bureaucratic spirit, quick decision-making, long-term thinking, measured risk taking, respect of the strong family heritage and the Company's Code of Conduct, belief in the Brand, product-focus, manufacturing excellence, low production costs, consistently high quality, solid balance sheet.

Method of performance of General Management

In 2016, the functions of Chairman and Chief Executive Officer were consolidated and entrusted to Bruno Bich to continue preparing a successor in the function of Chief Executive Officer.

Alongside Bruno Bich, three Executive Vice-Presidents, Gonzalve Bich, Marie-Aimée Bich-Dufour and James DiPietro, carry out the general management of the Company. The Leadership Team (which includes the Executive Vice-Presidents) reports to the Chief Executive Officer. A complete chart of the Leadership Team is presented in section 1.7.3.2 (page 35).

The Board of Directors held on February 13, 2018 acknowledged Bruno Bich's decision to resign as Chairman and Chief Executive Officer (due to the age limit defined in the Articles of Incorporation) as well as Director, effective as of the May 16, 2018 Annual Shareholders' Meeting. The Board will consequently propose the nomination of Gonzalve Bich as Board Member.

The Board of Directors following the Shareholders' Meeting of May 16, 2018 intends to

- separate the functions of Chairman and Chief Executive Officer;
- nominate Pierre Vareille, currently Vice-President and Lead Director, as Chairman of the Board⁽¹⁾;
- nominate Gonzalve Bich, currently Executive Vice-President and Chief Operating Officer, as Chief Executive Officer.

At the end of the management transition's period, the functions of Chairman and Chief Executive Officer will be dissociated. The dissociation will separate the role of Chairman and the one of Chief Executive Officer whom manages the Company, proposes the strategy, implements it, and reports to the Board of Directors.

(1) Subject to the renewal of his mandate by the Annual General Meeting.



EVOLUTION OF ADMINISTRATIVE AND MANAGEMENT BODIES

Date	Event
January 1, 2017	Appointment of Gonzalve Bich as Chief Operating Officer
May 10, 2017	Appointment of Candace Matthews as a Director to replace Frédéric Rostand Renewal of François Bich, Marie-Pauline Chandon-Moët as Directors
December 13, 2017	Taking office of Vincent Bedhome as a Director representing the employees (designated by the Group Committee on November 9, 2017)

3.1.1.2. Composition of the Board of Directors

The Board of Directors is chaired by Bruno Bich.

The Directors are appointed by the Shareholders' Meeting. The term of their office is three years except when shorter in order to favor a smoother replacement of Directors.

According to the Articles of incorporation, the Board of Directors must comprise between three and twelve members.

Pierre Vareille, Independent Director, acts as Vice-President and Lead Director. His mission and activity in 2017 are presented in section 3.1.2.1.

Policy on diversity applicable to the Board composition

With support from the Nominations, Governance and CSR Committee, the Board strives for a balanced composition adapted to the challenges that the Group faces. The Board is thus composed of men and women, all with high level management experience and/or

with expertise in a particular field (such as finance, production and human resources). Moreover, the Board of Directors endeavors to be composed of at least one-third Independent Directors.

In 2017, this policy led to the appointment of Candace Matthews as Director, who brings to the Board her international vision and knowledge of the consumer goods sector.

Among the eleven members of the Board of Directors of SOCIÉTÉ BIC are:

- four women: Elizabeth Bastoni, Marie-Pauline Chandon-Moët, Candace Matthews and Marie-Henriette Poinot, giving 40% female Directors⁽¹⁾ since May 2017;
- one Director representing the employees: Vincent Bedhome;
- four different nationalities, helping the BIC Group to benefit from an international vision;
- four Independent Directors within the definition of the AFEP-MEDEF's Corporate Governance Code: Elizabeth Bastoni, John Glen, Candace Matthews and Pierre Vareille, giving 40% Independent Directors⁽¹⁾.

(1) Excluding the Director representing the employees.





CORPORATE GOVERNANCE
Administrative and management bodies

Member of the Board	Main position	Date of 1 st appointment as Director	Expiration date	Duration of the mandate	Age	Independent	Committee	Attendance at Board Meetings	Attendance at Committee meetings
Bruno BICH Chairman and CEO	Chairman and CEO of SOCIÉTÉ BIC	1986	2019	32 years	71			100% (9/9 meetings)	-
Pierre VAREILLE Vice-President and Lead Director	Co-President, Founder of "The Vareille Foundation"	2009	2018	9 years	60	✓	Audit Committee	89% (8/9 meetings)	100%
Elizabeth BASTONI	President of Choukette, Inc.	2013	2019	5 years	52	✓	Comp. Committee (Chair), Nom., Gov. and CSR Committee (Chair)	89% (8/9 meetings)	100 %
Vincent BEDHOME Director representing the employees	Project manager (Conté)	2017	2020	1 year	52		Comp. Committee	100% (1/1 meeting)	100 %
François BICH	Pensioner	1977	2020	41 years	68			67% (6/9 meetings)	-
Marie-Pauline CHANDON-MOET	President of Château de Ferrand SAS	2003	2020	15 years	51			100% (9/9 meetings)	-
John GLEN	Chief Executive Officer of Buccleuch	2008	2018	10 years	58	✓	Audit Committee (Chair)	100% (9/9 meetings)	100 %
Mario GUEVARA	Pensioner	2001	2019	17 years	58			100% (9/9 meetings)	-
Candace MATTHEWS	Region President – The Americas – Amway	2017	2020	1 year	59	✓	Comp. Committee, Nom., Gov. and CSR Committee	80% (4/5 meetings)	100 %
M.B.D. (Edouard Bich)	Managing Director of SOCIÉTÉ M.B.D.	2006	2018	12 years	53		Audit Committee	100% (9/9 meetings)	100 %
Marie-Henriette POINSOT	Director of SOCIÉTÉ BIC	1997	2018	21 years	57		Comp. Committee, Nom., Gov. and CSR Committee	89% (8/9 meetings)	100 %





Independent Directors

Characterization as an Independent Director was reviewed by the Board of Directors at its meeting on February 13, 2018.

RESULTS OF THE REVIEW OF THE CHARACTERIZATION AS INDEPENDENT DIRECTOR BY THE BOARD OF DIRECTORS:

Criteria provided by the AFEP-MEDEF Code	Elizabeth Bastoni	John Glen	Candace Matthews	Pierre Vareille
Not to be an employee or Executive Officer of the Company, or an employee or Executive Officer or a Director of a company consolidated within the Company and/or the Company's parent company or a company consolidated within this parent, and not to have been in such a position during the previous five years	Compliant	Compliant	Compliant	Compliant
Not to be an Executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Director of the Company (currently in office or having held such office within the past five years) is a Director	Compliant	Compliant	Compliant	Compliant
Business relationships: not to be ^(a) a customer, supplier, commercial banker or investment banker: that is material to the Company or its Group or for a significant part of whose business the Company or its Group accounts	Compliant	Compliant	Compliant	Compliant
Not to be related by close family ties to a Company Officer	Compliant	Compliant	Compliant	Compliant
Not to have been an Auditor of the Company within the previous five years	Compliant	Compliant	Compliant	Compliant
Not to have been a Director of the Company for more than twelve years	Compliant	Compliant	Compliant	Compliant

(a) Or be bound directly or indirectly to.

Independent Directors do not have any relation of any kind with the Company, its Group or its management that is such as to color their judgment. In 2017, the sole relationships between a Director and BIC Group involve Directors qualified as non-Independent. These relationships have been considered as non-significant by the Board of Directors in view of the commitments, the amount of the transactions they represent for each of the interested companies (they represent less than 0.01% of the commercial flows of each) and their normal conditions.

According to the Internal Rules and Procedures, Directors qualified as independent strive to maintain this quality. However, if a Director believes that he/she can no longer or will shortly no longer be qualified as independent under the AFEP-MEDEF's Corporate Governance Code, such Director must immediately notify the Chairman, who will place this item on the agenda of the next meeting of the Board of Directors.

Training of the Directors

Directors participated to a seminar organized by International Institute for Management Development in February 2017. Before taking office, Vincent Bedhome attended the training program "To be an Employee Director" of the Institut Français des Administrateurs.

3.1.1.3. Evolution of the Board of Directors following the Shareholders' Meeting of May 16, 2018

John Glen, Marie-Henriette Poinot, SOCIÉTÉ M.B.D. and Pierre Vareille, whose mandates are up for renewal, will be proposed for reelection for three years at the Shareholders' Meeting of May 16, 2018.

The Board will also propose the nomination of Gonzalve Bich as Board Member as a replacement for Bruno Bich (section 3.1.1.1. page 104).

Subject to the approval of the Shareholders' Meeting, the Board will be composed as follows:

- Pierre Vareille – Chairman
- Elizabeth Bastoni – Director
- Vincent Bedhome – Director representing the employees
- François Bich – Director
- Gonzalve Bich – Chief Executive Officer - Director
- Marie-Pauline Chandon-Moët – Director
- John Glen – Director
- Mario Guevara – Director
- Candace Matthews – Director
- Marie-Henriette Poinot – Director
- M.B.D. (Edouard Bich) – Director

The proportion of Independent Directors (40%), as well as female Directors (40%), will remain unchanged.





3.1.1.4. Mandates and duties of the Corporate Officers and Directors as of December 31, 2017

BRUNO BICH



71 years old

Nationality:
French/American

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.

On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, i.e. 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights.

Chairman of the Board of Directors and Chief Executive Officer

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of June 2, 1986

Expiration date

Annual Shareholders' Meeting in 2019, for fiscal year 2018*

Chairman of the Board of Directors and Chief Executive Officer: October 2, 2018*

* The Board of Directors held on February 13, 2018 acknowledged Bruno Bich's decision to resign as Chairman and Chief Executive Officer as well as Director, effective as of the 16 May 2018 Annual Shareholders' Meeting.

Member of a committee

No

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Chairman and Chief Executive Officer of SOCIÉTÉ BIC

Other current mandates or functions

- Chairman of the Board – BIC Cello (India) Private Ltd. ^(a) – India
- Chairman of the Board – BIC-Cello Exports Private Ltd. ^(a) – India
- Trustee – Harlem Academy – U.S.A.

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Member of the Supervisory Board – Bluwan – France
- Member of the International Advisory Board – Edhec – France
- Director, Member of the Compensation and Nomination Committee – Seb – France (listed company)

Biography

From March 2006 to the end of May 2016, Bruno Bich was Chairman of the Board of Directors of SOCIÉTÉ BIC and since the beginning of June 2016, he has been Chairman of the Board of Directors and Chief Executive Officer, replacing Mario Guevara in his functions as Chief Executive Officer.

In 1993, he was appointed Chairman and Chief Executive Officer of SOCIÉTÉ BIC, replacing the Company founder, Marcel Bich. Bruno Bich previously served for nine years as Chairman and Chief Executive Officer of BIC CORPORATION, the Group's North American subsidiary. Prior to that, he held several key corporate positions in this subsidiary, including Sales and Marketing Vice-President and Sales Director.

He began his career by working for five years in the Corporate Finance Department of White, Weld & Company, an investment banking firm, prior to joining BIC Group.

Bruno Bich graduated from New York University in Marketing and Finance.

(a) BIC Group.





GONZALVE BICH



39 years old

Nationality:
French/American

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.

On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, *i.e.* 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights

Executive Vice-President

Date of 1st appointment

Board of Directors of May 18, 2016 – effect: June 2, 2016

Expiration date

October 2, 2018

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Executive Vice-President of SOCIÉTÉ BIC – Chief Operating Officer of BIC Group

Other current mandates or functions

- Director – BIC (Nantong) Plastic Products Co. Ltd. ^(a) – China
- Director – BIC Cello (India) Private Ltd. ^(a) – India
- Director – BIC-Cello Exports Private Ltd. ^(a) – India
- Director – BIC UK Ltd. ^(a) – United Kingdom
- President of categories – BIC International Co. ^(a) – U.S.A.

Expired mandates or functions in the previous five years (non-BIC Group companies)

None

Biography

Gonzalve Bich is Chief Operating Officer (COO), responsible for the BIC Group Consumer Products business, Human Resources and Information Technology since January 2017.

He currently serves as Executive Vice-President of SOCIÉTÉ BIC and has done so since June 2016.

Gonzalve Bich joined BIC Asia in 2003, where he developed the regional business for four years. He moved on to serve as Group People Development Director before joining the Shaver category as Group Shaver Marketing Director. From 2008 to 2012, he led the Northern European business. In 2012, he was named Deputy General Manager, responsible for Middle East, Africa, Oceania and Asia Pacific. He was promoted to General Manager, Developing Markets (including Latin America) in July 2013 and took the responsibility for BIC Consumer business Categories operations in spring 2016, while leading the completion of the acquisition of Cello Pens (India's #1 stationery brand).

Gonzalve Bich holds a Bachelor of Arts in History from Harvard University.

(a) BIC Group.





JAMES DIPIETRO



58 years old

Nationality:
American

Number of BIC shares held:
18,794

Executive Vice-President

Date of 1st appointment

Board of Directors of May 18, 2016 – effect: June 2, 2016

Expiration date

October 2, 2018

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Executive Vice-President of SOCIÉTÉ BIC – Group Chief Financial Officer

Other current mandates or functions

- President – Furtuna Holdings Co. Ltd. ^(a) – British Virgin Islands
- Chief Executive Officer – BIC International Co ^(a) – U.S.A.
- Chairman, President and Treasurer – BIC Sport U.S.A. Inc. ^(a) – U.S.A.
- President – SHF Pen Corporation ^(a) – U.S.A.
- President – SHF Manufacturing Co. LLC ^(a) – U.S.A.
- Chairman and Chief Executive Officer – BIC Corporation ^(a) – U.S.A.
- President – Norwood Promotional Products LLC ^(a) – U.S.A.

Expired mandates or functions in the previous five years (non-BIC Group companies)

None

Biography

James DiPietro joined BIC in May 1998 as Senior Vice-President Finance of BIC Corporation. He was appointed Chief Financial Officer in 2002 and Executive Vice-President of SOCIÉTÉ BIC in June 2016.

Prior to joining BIC, he was Director of Finance for Bayer's consumer pharmaceutical business in North America. He began his career as an Internal Auditor with Chase Manhattan Bank.

James DiPietro holds a Bachelor's degree in Accounting from St. John's University, New York, and a Master's degree in Finance from Pace University, New York.

(a) BIC Group.





MARIE-AIMEE BICH-DUFOUR



59 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.

On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, i.e. 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights

Executive Vice-President

Date of 1st appointment

Board of Directors of March 22, 1995

Expiration date

October 2, 2018

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main positions

- Executive Vice-President of SOCIÉTÉ BIC - Board of Directors' Secretary
- President of the BIC Corporate Foundation for Education

Other current mandates or functions

- Director – BIC Australia Pty. Ltd. ^(a) – Australia
- Managing Director – BIC GmbH ^(a) – Germany
- Director – BIC Violex SA ^(a) – Greece
- Director – BIC India Pvt. Ltd. ^(a) – India
- Chairman of the Board – BIC (NZ) Ltd. ^(a) – New Zealand
- Director – BIC Portugal SA ^(a) – Portugal
- Director – BIC Holdings Southern Africa (Pty.) Ltd. ^(a) – South Africa
- Director – BIC Iberia SA ^(a) – Spain
- Director – BIC Malawi (Pty) Ltd. ^(a) – Malawi
- Representative of SOCIÉTÉ BIC on the Board – ANSA (Association Nationale des Sociétés par Actions) – France
- Representative of SOCIÉTÉ BIC on the Board – METI (Mouvement des Entreprises de Taille Intermédiaire) – France

Expired mandates or functions in the previous five years (non-BIC Group companies)

None.

Biography

Since March 25, 1995, Marie-Aimée Bich-Dufour has been Executive Vice-President of SOCIÉTÉ BIC and Board of Directors' Secretary.

She was Group General Counsel until February 1, 2016.

In 2004, she also took on the responsibility of the Sustainable Development Program.

Moreover, she is President of the BIC Corporate Foundation for Education.

Before joining BIC Group, Marie-Aimée served 12 years as a Lawyer at the Paris' bar.

She holds a Master's degree in Private Law from Paris Panthéon-Assas University and a Professional Lawyer's Certificate (CAPA).

(a) BIC Group.





PIERRE VAREILLE



60 years old

Nationality:
French

Number of BIC shares held:
3,000

Vice-President and Lead Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2018, for fiscal year 2017

Member of a committee

- Audit Committee

Professional address

Bernos Advisors
Schwerzelrain 2
6315 Oberaegeri – Switzerland

Main position

- Co-President, Founder of "The Vareille Foundation" – Switzerland

Other current mandates or functions

- Director – Verallia – France
- Director – Vectra – U.S.A.
- Director – Etex SA – Belgium (listed company).
- Director – Ferroglobe plc – United Kingdom (listed company)

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Chief Executive Officer – Constellium NV – Netherlands
- Chairman of the Board of Directors – Constellium Switzerland AG – Switzerland
- President – Constellium France Holdco – France
- Chairman – Association des Centraliens – France

Biography

Pierre Vareille has been an Independent Director for SOCIÉTÉ BIC since 2009 and Vice-President and Lead Director since 2016.

He started his career in 1982 with Vallourec, holding various positions in manufacturing, financial control, sales and strategy. After having held general management positions at GFI Aerospace, Faurecia and Péchiney, he was from 2004 to 2008 Chief Executive of the English automotive equipment manufacturer Wagon PLC. From 2008 to 2011 he served as Chairman and CEO of FCI, and from 2012 to 2016 as Chief Executive Officer of Constellium. Pierre Vareille graduated from the *École Centrale de Paris*, and is an alumnus of the *Institut d'Études Politiques de Paris* as well as the Sorbonne University (Economy and Finance) and the *Institut de Contrôle de Gestion*.



ELIZABETH BASTONI



52 years old

Nationality:
American

Number of BIC shares held:
500

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 15, 2013

Expiration date

Annual Shareholders' Meeting in 2019, for fiscal year 2018

Member of a committee

- Chairman of the Compensation Committee
- Chairman of the Nominations, Governance and CSR Committee

Professional address

Choukette, Inc.
2606 E Garfield Street
Seattle, WA 98112
U.S.A.

Main position

- President of Choukette, Inc. – U.S.A.

Other current mandates or functions

- Chairman, Compensation Committee – Jerônimo Martins – Portugal
- President of Bastoni Consulting Group, LLC – U.S.A.

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Head of Human Resources at B.M.G.I. – U.S.A.
- Human Resources consultant – EBB LLC – U.S.A.
- Director, Chairman of the Compensation Committee – Rezidor Hotel Group – Sweden
- Director, Chairman of the Compensation Committee – Carlson Wagonlit Travel – France
- Executive Vice-President, Human Resources and Communication – Carlson – U.S.A.

Biography

Having lived and worked for over 18 years in France, Elizabeth Bastoni held various executive roles at KPMG, Lyonnaise des Eaux and Thales in Paris. From 2005 to 2010, she was Head of the Compensation, Benefits and International Mobility for The Coca-Cola Company in Atlanta, GA (U.S.A.).

From February 2011 to October 2012, she was Executive Vice-President, Chief Human Resources and Communications Officer for the Carlson Group and, from March 2011 to October 2012, Director of the Board and Chairman of the Compensation Committee of Carlson Wagonlit Travel. She was also Director and Chairman of the Compensation Committee of Rezidor Hotel Group (listed company) from April 2011 to April 2013.

An American citizen, Elizabeth Bastoni holds a Bachelor of Arts degree with a concentration in Accounting from Providence College, Providence, RI (U.S.A.). She has a degree in French Language and Civilization from Paris' Sorbonne University (Paris IV). She is a former student of the École du Louvre.





VINCENT BEDHOME



52 years old

Nationality:
French

Number of BIC shares held:
23

Director representing the employees

Basis of the appointment

Article L. 225-27-1 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Board of Directors' Meeting of December 13, 2017 (designated by the Group Works Council on November 9, 2017)

Expiration date

December 13, 2020

Member of a committee

- Compensation Committee

Professional address

Conté
6 rue Gerhard Hansen
62200 Boulogne-sur-Mer – France

Main position

- Project Manager in the Stationery category – Conté

Other current mandates or functions

None

Expired mandates or functions in the previous five years (non-BIC Group companies)

None

Biography

In the BIC Group since 1989, Vincent Bedhome has been a Project Manager in the Stationery category since 2003. He previously held various positions at the BIC plant in Boulogne-sur-Mer, including R&D engineer, Industrial Project Manager and Production Manager. Vincent Bedhome has a chemical engineering degree from HEI Lille (France) and a PhD in Spectrochemistry from the University of Lille (France).



FRANÇOIS BICH



68 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.

On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, *i.e.* 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights.

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Board of Directors of September 30, 1977 ratified by the Annual Shareholders' Meeting of May 29, 1978

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Pensioner

Other current mandates or functions

- Chairman of the Supervisory Board – SOCIÉTÉ M.B.D. – France

Expired mandates or functions in the previous five years (non-BIC Group companies)

None

Biography

In the BIC Group since March 1, 1969, François Bich has been a Director since September 30, 1977 and was Executive Vice-President of SOCIÉTÉ BIC from December 1988 to February 2016. He was General Manager for the Lighters category of the BIC Group and Chairman of the company Société du Briquet Jetable 75 from its creation in 1975 until 2016.





MARIE-PAULINE CHANDON-MOËT (MAIDEN NAME: BICH)



51 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.

On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, *i.e.* 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 28, 2003

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- President of Château de Ferrand SAS – France

Current mandates or functions

- Member of the Supervisory Board – SOCIÉTÉ M.B.D. – France

Expired mandates or functions in the previous five years (non-BIC Group companies)

None.

Biography

Marie-Pauline Chandon-Moët has been a Director of the Board of SOCIÉTÉ BIC since May 28, 2003. She was European Real Estate Projects Manager for BIC Group until December 31, 2010. Before this, she successively held, since 1991, the positions of Sales Administration Assistant, Sales Administration Manager (France then Europe), as well as Supply Chain Manager for Europe.

Marie-Pauline Chandon-Moët has a Bachelor of Science degree from Northeastern University in Boston (U.S.A.).



JOHN GLEN



58 years old

Nationality:
British

Number of BIC shares held:
500

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Board of Directors of December 10, 2008 ratified by the Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2018 for fiscal year 2017

Member of a committee

- Chairman of the Audit Committee

Professional address

The Buccleuch Group
27 Silvermills Court
Henderson Place Lane
Edinburgh EH3 5DG – United Kingdom

Main position

- Chief Executive Officer of Buccleuch Group – United Kingdom

Other current mandates or functions

- Member of the Board – The Three Stills company – United Kingdom

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Director – Thames River Property Investment Trust – United Kingdom (listed company)

Biography

John Glen, Scottish, is Chief Executive Officer of Buccleuch, the holding company of a family-owned group that operates in industry and agro-businesses.

He has previously held various positions at Unilever and was Group Finance Director at Air Liquide (listed company) from 2000 until September 2008 and Vice-Chairman of the Supervisory Board at EFRAG (European Financial Reporting Advisory Group) for four years.

John Glen is a member of the Chartered Institute of Certified Accountants and graduated with a Master's degree in Accounting and Economics from the University of Edinburgh.



MARIO GUEVARA



58 years old

Nationality:
Mexican/American

Number of BIC shares held:
6,870

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting of May 22, 2001

Expiration date

Annual Shareholders' Meeting in 2019, for fiscal year 2018

Member of a committee

No

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Pensioner

Current mandates or functions

None

Expired mandates or functions in the previous five years (non-BIC Group companies)

None

Biography

Chief Executive Officer of SOCIÉTÉ BIC from March 1, 2006 until the end of May 2016, Mario Guevara began his career at BIC in 1992 as Finance Controller of BIC Mexico before becoming Manager of BIC Mexico, then Manager for South America in 1998.

Following this, he held the position of Chairman of BIC Corporation and was in charge of North and Latin Americas from 2001 to March 10, 2004 and then Executive Vice-President in charge of SOCIÉTÉ BIC operations until February 28, 2006.



CANDACE MATTHEWS



59 years old

Nationality:
American

Number of BIC shares held:
100

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 10, 2017

Expiration date

Annual Shareholders' Meeting in 2020 for fiscal year 2019

Member of a committee

- Compensation Committee
- Nominations, Governance and CSR Committee

Professional address

Amway
7575 Fulton Street East
Ada – MI 49355-001
U.S.A.

Main position

- Region President – The Americas – Amway – U.S.A.

Other current mandates or functions

- Member of the Board – Fifth Third Bank, Western Michigan – U.S.A. (listed company)

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Member of the Board – Popeyes Louisiana Kitchen Inc. – U.S.A. (listed company)

Biography

Since November 2014, Candace Matthews has been Region President, Americas, Amway. She was recruited to Alticor, the parent company of Amway, in December 2007, as Chief Marketing Officer.

Prior to joining Amway, she was Executive President from 2001 to 2007 of Soft Sheen-Carson, recently acquired by L'Oréal.

Before that, she held different positions in Marketing at General Mills, Procter & Gamble, Bausch & Lomb and in Management at Novartis and The Coca-Cola company, in the United States.

Candace Matthews has a Bachelor of Science degree from Carnegie Mellon University in Pittsburg, Pennsylvania (U.S.A.) and an MBA in Marketing from Stanford University Graduate School of business in Palo Alto, California (U.S.A.).





MARIE-HENRIETTE POINSOT (MAIDEN NAME: BICH)



57 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.

On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, *i.e.* 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights.

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 21, 1997

Expiration date

Annual Shareholders' Meeting in 2018 for fiscal year 2017

Member of a committee

- Compensation Committee
- Nominations, Governance and CSR Committee

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Director of SOCIÉTÉ BIC

Other current mandates or functions

None

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Director of Strategic Planning - Options SAS - France
- Member of Strategic Planning Committee - Options SAS - France

Biography

Marie-Henriette Poinso was Director of Strategic Planning and Member of the Strategic Planning Committee of the Options Group (France) from 2006 to 2013. She previously worked for nine years in the BIC Group, where she held different positions including that of Deputy Administrative Director of SOCIÉTÉ BIC.



SOCIÉTÉ M.B.D.



Number of BIC shares held:
12,705,000 shares, *i.e.* 27.25%
of SOCIÉTÉ BIC share capital
and 37.23% of the voting rights
(as of December 31, 2017)

Director

Type of legal entity

Partnership limited by shares (*Société en Commandite par Actions*)

Registration

389,818,832 – Register of Trade and Companies of Nanterre (France)

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 24, 2006

Expiration date

Annual Shareholders' Meeting in 2018, for fiscal year 2017

Member of a committee

- Audit Committee

Address

1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Permanent representative

Édouard BICH

53 years old

Nationality: French

Édouard Bich spent eight years in the Finance Department of Procter & Gamble and holds an MBA in Finance from Wharton University (U.S.A.).

Professional address

SOCIÉTÉ M.B.D.

1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Main position

Managing Director of SOCIÉTÉ M.B.D.

Other current mandates or functions

Member of the Supervisory Board – Stockage Plus SAS. – France

Member of the Executive Board for Europe, the Middle East and Africa – The Wharton School – U.S.A.

Managing Director – Platypus Capital SPRL – Belgium

Expired mandates or functions in the previous five years (non-BIC Group companies)

Member of the Supervisory Board – Digital Fashion Group SAS – France

Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

Other current mandates or functions

None

Expired mandates or functions in the previous five years (non-BIC Group companies)

None



Mandates expired during fiscal 2017

Frédéric Rostand

Director of SOCIÉTÉ BIC from May 28, 2003 to May 10, 2017.

Member of the Audit Committee from May 28, 2003 to April 20, 2010

Member of the Compensation and Nominations Committee from March 10, 2004 to June 20, 2013

Chairman of the Compensation and Nominations Committee from June 20, 2013 to May 10, 2017

Absence of court conviction of the Directors and corporate officers

To the best of the Company's knowledge, during the last five years, no Director or Corporate Officer has been convicted in relation to fraudulent offences, bankruptcy, receivership or liquidation or the subject of any official public incrimination or sanction by statutory or regulatory authorities (including designated professional bodies) or a decision by a court disqualifying them from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Absence of conflict of interests among the Directors and the corporate officers

There is no conflict of interests between any duties to the issuer, of any of the persons referred to above, and their private interests and/or other duties (For further developments, see section 3.1.2.3.).

Family ties

Bruno Bich, Marie-Aimée Bich-Dufour, Marie-Pauline Chandon-Moët and Marie-Henriette Poinsoët are brother and sisters. Édouard Bich is their nephew and Gonzalve Bich, his cousin, is the son of Bruno Bich. There is no family relationship between the other corporate officers of SOCIÉTÉ BIC.

Service contracts providing benefits

There is no service contract binding any of the corporate officers to SOCIÉTÉ BIC or any of its subsidiaries providing for the granting of benefits at the end of this contract.

3.1.1.5. Transactions in Company shares by Corporate Officers in 2017

Summary of notifications established pursuant to Article L. 621-18-2 of the French Monetary and Financial Code (details available on www.amf-france.org):

Declaring	Type and number of transactions				Balance of transactions over the year
	Purchase	Sale	Exchange	Other	
Bruno BICH, Chairman and CEO	-	-	-	1	1,854
Gonzalve BICH, Executive Vice-President	1	1	-	-	262
James DiPIETRO, Executive Vice-President	3	2	-	-	2,158
Marie-Aimée BICH-DUFOUR, Executive Vice-President	1	-	-	-	3,120
François BICH, Director	1	-	-	-	5,760
Mario GUEVARA, Director	3	4	-	-	(40,580)
SOCIETE M.B.D., Director	1	-	-	-	8,000



3.1.2. FUNCTIONING OF THE BOARD OF DIRECTORS

SOCIÉTÉ BIC's Internal Rules and Procedures formalize the mission, organization and ethical principles that guide the actions of the Board of Directors. The Internal Rules and Procedures are available on the website of the Company (www.bicworld.com – Governance).

3.1.2.1. Missions of the Board of Directors, of the Chairman and of the Vice-President/Lead Director

The Board of Directors:

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation. It deals with all matters relating to the proper conduct of the Company's business and decides all pertinent issues.

The Board of Directors has to give its opinion on matters that can have a significant impact on the development, strategy or operation of the Group.

In 2017, the missions of the Board of Directors were defined as follows:

- install the proper governance structure and ensure its ethical operation;
- define the Company's business perimeter and appetite for risk, ensure that the key risks to which the Company is exposed are in keeping with its strategies and objectives;
- selection, performance evaluation and compensation of the Chairman, all Board members, the CEO, and Executive Vice-Presidents;
- succession planning for all Board members, including the Chairman, the CEO and the Executive Vice-Presidents. Long term planning of the necessary human resources, focusing on the Leadership Team;
- evaluate, challenge and approve both long-term strategy and annual plans proposed by the CEO and his management team;
- ensure that the Strategic Plan is consistent with the Values and DNA of the Company, and aligned with Shareholder and other stakeholder interests;
- approve significant investments or divestitures, operations impacting the capital structure, and use-of-cash & dividend policies;
- ensure adequate resources have been secured for successful business operation;
- measure and monitor implementation of the strategy, review quarterly financial statements, and approve first-half and annual financial statements;
- be responsible for information to Shareholders.

Chairman:

The Chairman is in charge of organizing and directing the work of the Board and reports to the Shareholders' Meeting as provided by the legislation. He also ensures that the bodies of the Company function properly and that the Directors are able to fulfill their mission.

Vice-President and Lead Director:

The Vice-President and Lead Director's mission is to assist the Chairman of the Board regarding the smooth running of the bodies of governance and prevention of conflicts of interests. He may be required to replace the latter in case of unavailability.

To successfully carry out his mission, the Vice-President and Lead Director may:

- suggest to the Chairman of the Board items for the agenda of any Board Meeting;
- attend any meeting of the committees;
- organize meetings of the non-Executive Directors;
- lead the assessments of the functioning of the Board of Directors;
- implement the necessary measures for the identification of conflicts of interests and inform the Board of any conflict situation identified.

In 2017, Pierre Vareille organized several meetings of non-Executive Directors. These meetings allowed them to discuss the performance of the Company and its management, the governance arrangements in the Group and the future of its management.

3.1.2.2. Limitation of the powers of the Management

The Internal Rules and Procedures specify the type of operations that must in all cases be subject to prior authorization by the Board of Directors:

- transactions outside SOCIÉTÉ BIC's announced strategy;
- decisions to set up French or foreign operations by creating an establishment, direct or indirect subsidiary, or by acquiring a shareholding, as well as any decisions to discontinue such operations, if the amount of such operations exceeds 50 million euros;
- internal reorganization if the cost of such operation exceeds 50 million euros.

The Internal Rules and Procedures were updated in 2017 to specify that these rules are related not only to external acquisitions or disposals, but also to major investments in organic growth or significant internal restructuring actions.

3.1.2.3. Rights and duties of the Directors – Insider dealing rules – Conflicts of interests

Information of the Board

In order to successfully carry out its mission, the Board of Directors has complete, accurate and early information, in particular regarding the performance of each business, as well as the financial and treasury position of the Company.

In this respect, the Internal Rules and Procedures provide that the Board of Directors must be informed of the Company's financial position, cash flow position and off-balance sheet commitments at December 31 and June 30 each year.

The Rules also provide that each Director has the duty to keep up-to-date and to ensure that he/she receives sufficient and relevant information in due time.





In its updated version of 2017, the Internal Rules and Procedures specify that the Board of Directors is also informed about market developments, the competitive environment and the most important issues at hand, including in the field of social, societal and environmental responsibility.

Stock ownership and insider dealing rules

The Internal Rules and Procedures provide that all Directors must be Shareholders and should hold, beyond the sole statutory requirement (one share), 500 shares. If they do not hold this number at the time of taking office, they must use their director's fee to purchase them. Moreover, the Chief Executive Officer, Executive Vice-Presidents and the Directors are subject to obligations to hold and keep shares (see section 3.2.2.7.)

Moreover, rules have been drawn up in writing concerning restrictions and/or prohibitions regarding share purchase or sale activity when the Directors and other concerned parties have information not yet made public. Directors were informed of regulatory developments under EU market abuse regulation no. 596/2014 effective since July 3, 2016.

Finally, Directors must inform the AMF of any operation performed by them or their relatives on BIC's shares (see section 3.1.1.5.)

Conflict of interests

According to the Internal Rules and Procedures, any Director must inform the Board, in full and beforehand, of any real or potential conflict of interest in which he/she could be directly or indirectly involved.

In such case, the Director cannot take part in either the debates or in the decision on this matter.

Directors issue an annual statement on the absence of conflict of interest.

3.1.2.4. Organization and work

Invitation and notification to Board members for upcoming meetings may take place by any means and are always confirmed in writing.

In principle, the Board of Directors meets at least six times a year in ordinary session, and at any time required by the Group's business activities throughout the year.

The Executive Vice-Presidents, the Leadership Team members or any other person having a particular expertise as to the matters included in the agenda, are authorized, at the request of the Chairman, to attend the whole or part of the Board Meeting. The Statutory Auditors can also be invited to attend meetings other than the ones for which their convening is legally mandatory.

In 2017, the Board of Directors met nine times. The rate of attendance at the meetings was 91% ⁽¹⁾.

Apart from the regular duties undertaken by the Board (e.g. closing of the accounts, review of the quarterly results, approval of the annual budget, approval of the compensation of the Executive Officers, etc.), the Board also deliberated in 2017 on the progress of the Strategic Plan, the BIC Graphic strategic review, review of the goodwill amortization and impairment tests, BIC Group's Sustainable Development Program, share buyback program (including an operation to cancel shares) and the update of its Internal Rules and Procedures.

3.1.2.5. Evaluation of the Board and Committees

The Internal Rules and Procedures prescribe that, once a year, the Board of Directors must devote a point of its agenda to debate its composition, organization and operating mode, and can decide, on this occasion, to adapt it to new circumstances. This assessment must enable discussion, amongst other points, of the functioning of the Board of Directors in order to increase its efficiency, to ensure that the important questions are suitably prepared and discussed and to measure the actual contribution of each Director to the Board's works based on his/her competencies and involvement in discussions.

In early 2017, a formal assessment was conducted. It was carried out under the supervision of the Vice-President Lead Director and of the Compensation and Nomination Committee with the assistance of an external consultant. Within this framework, two studies were conducted: the first one on the effectiveness of the Board and Committees, the second on the individual performance of each Director.

Following this evaluation, several actions have been undertaken, such as the definition of the skills expected for the upcoming Chairman of the Board, definition of the roles and responsibilities of the Board of Directors, Chairman of the Board and Chief Executive Officer, and reinforcement of the remit of the Audit Committee on assessment of risks.

3.1.2.6. Committees set up by the Board of Directors

Given the wide variety of subjects raised, their increasing number as well as the increasing number of meetings required to cover them, the Board of Directors decided on October 24, 2017 to split the Compensation and Nomination Committee into two Committees.

The Board of Directors benefits from the preparatory work performed by its three specialized Committees:

- the Audit Committee;
- the Compensation Committee;
- the Nominations, Governance and CSR Committee.

The Committees act strictly in accordance with the remit given to them by the Board. They are actively involved in preparing for the Board's work, and make proposals, but do not have any decision-making powers.

In the context of the fulfilment of their tasks, the Committees may contact the Company's principal executive managers after having informed the Chairman of the Board of Directors that they intend do so, and subject to reporting on their discussions with the said executives to the Board.

The Committees may ask for external technical studies to be drawn up, at the Company's expense, on subjects that come within their competence, after having informed the Chairman of the Board of Directors that they intend to do so, and subject to reporting on these studies to the Board.

The Board of Directors modified its Internal Rules and Procedures in 2017 in order to update the remits of the Committees, further to the EU Audit Reform and to the split of two of its Committees.

(1) In addition to the attendance rates detailed in the table in §3.1.1.2, this percentage takes into account the attendance of Frédéric Rostand at 75%



a) Audit Committee

Composition

John Glen – Chairman (Independent Director)

Pierre Vareille (Independent Director)

Édouard Bich (permanent representative of SOCIÉTÉ M.B.D.)

2 out of 3 Directors are independent, namely 66.66%. The Committee shall not include any Executive Board members. The majority of the members shall have competence in accounting and/or auditing.

The career of the Audit Committee members allows them to benefit from financial and accounting skills necessary to fulfill their mission. John Glen, Chairman of the Committee, has eight years' experience as Group Finance Director of the Air Liquide group between 2000 and 2008. He was Vice-Chairman of the EFRAG (European Financial Reporting Advisory Group) Supervisory Board for four years. He is a member of the Chartered Institute of Certified Accountants and holds a Masters degree in Economics. Édouard Bich spent eight years in the Finance Department of Procter & Gamble in France. He holds an MBA in Finance from Wharton University – U.S.A. Pierre Vareille was CEO of Constellium until July 2016. He held various general management positions at Vallourec, GFI Aerospace, Faurecia, Péchiney, Wagon Plc and FCI. He graduated from the *École Centrale de Paris*, the *Institut d'Études Politiques de Paris*, the Sorbonne University (Economy and Finance) and the Institut de Contrôle de Gestion (Audit).

Main remits

The Audit Committee's primary mission is to ensure that the accounting principles applied to the Company's consolidated and statutory financial statements comply with current standards and are consistently applied, and to ensure that the internal consolidation procedures and controls yield financial statements that fairly represent business results.

The review of financial statements by the Audit Committee is accompanied by a presentation from the Statutory Auditors of their audit reports and the accounting methods chosen, and by a presentation from the CFO of the Company's risks and significant off-balance sheet items, as well as a review of the valuations and principles of on-balance sheet items which are based on market and economic valuations of the Company.

The Audit Committee is responsible for providing its opinion on the nomination of Statutory Auditors, as well as attesting to the quality of the Auditors' work and their independence. This includes verifying there is no potential conflict of interest between the Auditors and the Company.

It interviews the Statutory Auditors, and also the persons responsible for finance, accounting, treasury matters, and Internal Audit and Risk Control.

These interviews can be held, if the Committee so wishes, without the presence of the corporation's executive management. Furthermore, the Chairman of the Audit Committee meets (alone) with the Statutory Auditors at least once a year.

2017 main activities

During 2017, the Audit Committee met five times in the presence of its Chairman and all other members (*i.e.* attendance rate of 100%). Representatives from both audit firms attended the meetings when Company results were reviewed. The meetings of the Audit Committee relating to the review of the financial statements are held several days before the examination by the Board, which allows the management team to take any necessary corrective measures before the Board Meeting.

Among other tasks, the Audit Committee regularly monitors the provisions and requirements related to new accounting and financial rules applying to the Group and the Company's action plan to meet these requirements. The Audit Committee also reviews any change in International Financial Reporting Standards, the Internal Control structure and any other financial reporting matters, including the registration document.

In 2017, the Audit Committee also worked on:

- the goodwill amortization and impairment tests;
- analysis of the Group's effective tax rate;
- the Group's Internal Control and Audit findings;
- the review of treasury arrangements including liquidity, banking arrangements and FX Hedging Policy;
- the rules relating to the Audit Committee's composition, remits and operating methods;
- the updating of the procedure for delegating authority within the Group.

b) Compensation Committee and Nominations, Governance and CSR Committee

The Compensation and Nomination Committee was split into two Committees as from October 24, 2017.

Its composition, main remits and activities in 2017 are presented below, followed by those of the two new Committees.

Compensation and Nomination Committee (until October 24, 2017)

Composition

- Elizabeth Bastoni – Chairman (Independent Director), succeeding Frédéric Rostand on May 10, 2017
- Marie-Henriette Poinot
- Candace Matthews (Independent Director), from May 10, 2017

2 Independent Members out of 3 → 2/3 independent membership.





Main remits

Until October 24, 2017, the Compensation and Nomination Committee was responsible for:

- examining the compensation of Corporate Officers and of the members of the General Management and making proposals to the Board of Directors. The Committee's responsibilities also included Group compensation policy, benefits, and free share awards;
- proposing the appointment of new Directors to the Board of Directors, ensuring that the Board of Directors includes Independent Directors;
- examining and proposing to the Board of Directors the succession plan for Corporate Officers, in the event of unforeseeable vacancy.

2017 main activities

The Compensation and Nomination Committee met twice in 2017. The attendance rate was 100%. The Committee's activity focused specifically on:

- details and level of compensation for the Chairman of the Board;
- details and level of base compensation, plus annual bonuses and long-term incentives for the CEO and Executive Vice-Presidents;
- determination of the criteria and annual targets used to calculate their variable compensation for 2017;
- details of their supplementary pension plans and other benefits;
- analysis of the positioning of the total compensation of the Corporate Officers and of the management;
- principles and amounts of free share awards subject to performance conditions, portion of the grant dedicated to Corporate Officers, determination of three-year targets that govern these awards, in addition to the principles in the case of departure from the Company;
- principles and number of free shares granted to employees without performance conditions;
- analysis of the compliance with AFEP-MEDEF recommendations;
- preparation of the Corporate Officer Succession Plan (for which the contribution of the Chairman of SOCIÉTÉ BIC has been requested).

The Committee also gave its opinion on the compensation of the Leadership Team and on the practice of the compensation policy in the Group.

Bruno Bich, Chairman of the Board of Directors and Chief Executive Officer, took part in the Committee work for certain topics and in particular the succession plan.

Compensation Committee (since October 24, 2017)

Composition

- Elizabeth Bastoni – Chairman (Independent Director), who succeeded Frédéric Rostand as Chairman in May 2017
- Marie-Henriette Poinot
- Candace Matthews (Independent Director), member of this Committee since May 10, 2017
- Vincent Bedhome (Director representing the employees), member of this Committee since December 13, 2017

2 Independent Members out of 4 → 2/3 independent membership (the Director representing the employees is not included when calculating this percentage in accordance with the AFEP-MEDEF Code).

Main remits

The Compensation Committee issues recommendations, regularly examines and challenges:

- the compensation policy for the Board of Directors, Chief Executive Officer and the Executive Vice-Presidents;
- procedures for the establishment of compensation and/or benefits for the Chairman of the Board, the Chief Executive Officer and the Executive Vice-Presidents;
- total amount and allocation of Directors' attendance fees;
- in collaboration with the Audit Committee, performance metrics, and annual assessment of the performance of the Chief Executive Officer and the Executive Vice-Presidents in light of the objectives assigned to them by the Board of Directors;
- Long-Term Incentive Plans for the Company's Executive Corporate Officers and employees;
- competitiveness of all elements of compensation of the Leadership Team.

The Committee is also kept informed of the application of the compensation policy of the Group.

2017 main activities

The Compensation Committee met once. The rate of attendance was 100%.

The Committee's activity focused specifically on:

- the 2018 compensation policy for the Chairman, the Chief Executive Officer and the Executive Vice-Presidents;
- final review of free share plans for 2018.





Nominations, Governance and CSR Committee (since October 24, 2017)

Composition

- Elizabeth Bastoni – Chairman (Independent Director), who succeeded Frédéric Rostand as Chairman in May 2017
- Marie-Henriette Poinot
- Candace Matthews (Independent Director), member of the committee since May 10th, 2017

2 Independent Members out of 3 → 2/3 independent membership.

Main remits

The Nominations, Governance and CSR Committee's role includes:

1. Nominations

- To regularly examine issues concerning the composition of the Board of Directors:
- To propose the criteria for selecting the members of the Board of Directors:

The criteria for selection are based on the desired balance in the composition of the Board of Directors as well as in the skills, availability and ethics of its members. It also makes proposals, where appropriate, to define the "ideal" Board of Directors and to suggest missing skills to improve the Board's functioning.

- To organize a procedure designed for selecting the Directors, the Chairman of the Board of Directors, and/or the Vice-Chairman Lead Director,

The Committee works with the Chairman and/or the Vice-Chairman Lead Director, as appropriate, to execute the search.

- To prepare a succession plan for Executive Corporate Officers, in the event of unforeseeable vacancy; the Chairman of the Board of

Directors and/or the Vice-Chairman Lead Director is involved in this task;

The Committee is informed of the succession plan and appointment of Leadership Members.

The Chief Executive Officer may, in some cases, be involved in the Committee's work on nomination.

2. Governance

- To discuss the qualification as an Independent Director;
- To ensure that the Board of Directors makes a regular assessment of its operating methods and that of the Committees;
- More generally, to deal with any issue regarding a significant risk in terms of human capital for the Group, or regarding governance as submitted by the Board of Directors.

3. Social, Societal and Environmental Responsibility

- To review the report on social, societal and environmental responsibility, the actions taken by the Group and its policy;
- To review the progress made against the strategy and commitments taken.

2017 main activities

The Nominations, Governance and CSR Committee met once in 2017. The rate of attendance was 100%.

The Committee's activity focused specifically on:

- review of Chief Operating Officer performance and development progress;
- succession plans for the Chairman and Board of Directors;
- update on progress of actions taken following the Board and Committees' assessment;
- on-boarding of the Director representing the employees.





3.1.2.7. Summary table of the implementation of the AFEP-MEDEF Code

The Company abides by the AFEP-MEDEF Code, except for the following recommendations:

Recommendation of the AFEP-MEDEF Code		
No.	Paragraph	Justification
24.6.2.	Supplementary pension schemes	
	Supplementary pension schemes must be subject to the condition that the beneficiary must be a Director or employee of the Company when claiming his or her pension rights pursuant to the applicable rules.	<p>James DiPietro, Executive Vice-President of SOCIÉTÉ BIC and CFO of BIC International, a U.S. company, could be entitled to a pension with defined benefit established by BIC Corporation, even while no longer being a Corporate Officer of SOCIÉTÉ BIC and BIC International when exercising his pension rights. This pension scheme is not governed by Article L. 137-11 of the French Social Security Code. All U.S. senior managers who are members of the Group Leadership Team promoted before 2011, benefited and continue to benefit from this pension plan established by BIC Corporation more than 30 years ago. James DiPietro, in the Group for 20 years, has been eligible for this pension for 14 years, therefore well before his appointment as Executive Vice-President. This pension plan has not been modified since this appointment.</p> <p>Gonzalve Bich, Executive Vice-President of SOCIÉTÉ BIC and COO of BIC International, a U.S. company, could be entitled to a pension with defined benefit established by BIC Corporation, if he does not resign before the age of 52, even though he would no longer be a Corporate Officer of SOCIÉTÉ BIC and BIC International when exercising his pension rights. This pension scheme is not governed by Article L. 137-11 of the French Social Security Code. All U.S. employees hired before 2007 benefited and continue to benefit from this pension plan. Gonzalve Bich, in the Group for 15 years, has been eligible to this pension for 15 years, therefore well before his appointment as Executive Vice-President.</p>
	The supplementary pension scheme may not give right to more than 45% of the reference income (fixed and variable annual compensation due in respect of the reference period).	<p>The pension plans of James DiPietro and Gonzalve Bich are not governed by Article L. 137-11 of the French Social Security Code. The limitation of the maximum right to 45% of the reference income cannot be applied.</p> <p>James DiPietro has already accrued a pension benefit equivalent to 48.96% of the average remuneration of the last three years of service.</p> <p>If he does not resign before the age of 52, Gonzalve Bich will have already accrued a pension benefit equivalent to 21.13% of the average remuneration of the last three years of service.</p>





3.2. Corporate Officers' compensation

3.2.1. COMPENSATION POLICY FOR THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE-PRESIDENTS OF SOCIÉTÉ BIC FOR 2018

3.2.1.1. General principles governing compensation

In addition to the principles of the AFEP-MEDEF Corporate Governance Code, to which BIC refers, (except those recommendations not applied as stated in section 3.1.1.2. e), the compensation policy for Corporate Officers of SOCIÉTÉ BIC is based on the same principles applied to all BIC Group employees, namely:

3.2.1.1.1. Presentation of principles

Internal equity

Internal differentials between executives are justifiable; they must reflect the level of responsibilities, experience, performance, potential and market practices.

Pay for performance

Individual and collective performance of management teams play an important role in compensation at BIC Group. Increases in fixed compensation are set at the individual level. Compensation includes a significant variable part based on the achievement of individual and/or collective objectives that are critical to the Company's success.

Competitiveness

BIC refers to benchmarks from external remuneration markets and designs its remuneration systems to be aligned with its business activities, growth objectives and values. Total compensation for high-performing employees is competitive in relation to external reference markets.

Communication

Compensation policies are clearly communicated to executives, both in terms of their structure and their amounts.

3.2.1.1.2. Method of determining the pay elements

The Company uses a consultancy firm specialized in compensation to analyze the remuneration package of executives with comparable responsibilities to those of BIC executives based in France and the USA. In line with previous years, the comparison panel includes the following companies:

- in France: Accor Hotels, Alstom, Bureau Veritas, Carrefour, Essilor, Gemalto, Ingenico, L'Oreal, LVMH, Pernod Ricard, Safran, Schneider Electric, Thales, Unibail-Rodamco, Valeo, Vallourec;
- in the USA: Amway, Clorox, Diageo North America, Hasbro, Kellogg, Kimberly-Clark, L'Oreal USA, Mary Kay, NBTY, NU Skin Enterprises, Ontex, Revlon, SC Johnson & Son, Scotts Miracle-Gro, Sealed Air, Sherwin-Williams, Tupperware Brands, Unilever USA.

Remuneration is set, in respect of the above-mentioned principles and the practice of comparable companies in terms of executive compensation, by the Board of Directors upon the recommendation of the Compensation Committee. This committee:

- analyzes and compares trends in remuneration for comparable individuals and positions in the French marketplace for Bruno Bich and Marie-Aimée Bich-Dufour, and in the U.S. marketplace for Gonzalve Bich and James DiPietro;
- analyzes the performance of individuals and of the Company as a whole;
- ensures that the Group's policies and priorities are reflected in variable remuneration programs, both short and long-term;
- analyses the total compensation including all benefits (and including pension).

3.2.1.1.3. Allocation of the variable and exceptional pay elements

Under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code, the payment of the variable annual part and of exceptional items requires a positive ex post vote of the Shareholders' Meeting.

3.2.1.2. Particular principles governing compensation

In application of the general principles of the compensation set forth in the present report, and upon the recommendation of the Compensation Committee, the Board of Directors has applied a specific remuneration structure for the Chairman, Chief Executive Officer and Executive Vice-Presidents of SOCIÉTÉ BIC, with:

- a fixed compensation;
- variable compensation;
- a long-term incentive (performance shares);
- exceptional items;
- a supplementary pension plan;
- benefits in kind.

3.2.1.2.1. Fixed part

At the beginning of each year, the Board sets the fixed part of the remuneration of the executives for the fiscal year.

The fixed part of the remuneration for the positions of Chairman, Chief Executive Officer and Executive Vice-President of SOCIÉTÉ BIC reflects the responsibilities of the Executive Corporate Officer, his/her experience and his/her skills.

The fixed part is the base from which the annual variable compensation is determined.

3.2.1.2.2. Annual variable compensation

The Chairman and CEO of SOCIÉTÉ BIC, Bruno Bich, received no variable compensation for 2017 and will not receive any for 2018.

The annual variable compensation for the Chief Executive Officer and the Executive Vice-Presidents of SOCIÉTÉ BIC is expressed as a percentage of the fixed compensation





Position	Annual variable compensation as a percentage of the fixed compensation, if objectives are 100% achieved	Maximum annual variable compensation, as a percentage of the fixed compensation
Non-executive Chairman	0.0%	0.0%
Chief Executive Officer	85.0% - 125.0%	127.5% - 187.5%
Group Executive Vice-President and Chief Operating Officer	85.0%	127.5%
Group Executive Vice-President and Chief Financial Officer	75.0%	112.5%
Other Executive Vice-President	45.0% - 55.0%	67.5% - 82.5%

The annual bonus is calculated based on six criteria:

- 20%: Group/Categories and/or geographical area Net Sales;
- 20%: Group/Categories Income from Operations;
- 10%: Group Net Income;
- 10%: Group/Categories Inventory;
- 10%: Group/geographical area Accounts Receivable;
- 30%: Individual Objectives and overall performance.

The annual financial objectives are based on the annual budget approved by the Audit Committee. As a minimum, they are equivalent to the targets communicated externally.

At the end of the fiscal year, the individual and collective results are evaluated against the bonus criteria.

No remuneration is paid if the percentage of achievement of the objective is inferior to 80%.

3.2.1.2.3. Performance Share Plan

Free grant of performance shares since 2005

From 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors decided, upon the recommendation of the Compensation Committee, to put in place a policy of three-year performance-based free share grants.

The number of granted shares varies based on the level of responsibilities of each position. At most, each executive may be allocated a number of shares as shown in the table below:

Position	Maximum
Chairman	-
Chief Executive Officer	27,000
Group Executive Vice-President and Chief Operating Officer	18,000
Group Executive Vice-President and Chief Financial Officer	12,000
Other Executive Vice-President	10,000

The total number of shares granted to the Corporate Officers will not exceed 0.4% of the share capital as of the date of the decision made by the Board of Directors to grant the shares.

Performance is assessed according to the achievement of two objectives:

- net sales growth at constant basis;
- net cash flow from operations and change in inventory, as a percentage of net sales.

If the average percentage for the achievement of the two performance conditions is between 75% and 100%, and for each percent below 100%, the number of shares actually given to each beneficiary on the vesting date will be reduced by 2% compared to the initial grant.

If the average percentage for the achievement of the two objectives is less than 75%, no shares will be given.

BIC Corporate Officers are required to keep 20% of free shares given, until their mandate expires. The 20% requirement is reduced to 10% when the Chief Executive Officer owns five years of base compensation in BIC shares and when the Executive Vice-Presidents own three years of base compensation in BIC shares.

No grant of stock options since 2011

As part of a policy recommended by the Compensation Committee, since 2011, the Board of Directors has decided to no longer award stock options and to replace them with free share grants.

3.2.1.2.4. Supplementary pension plans

The Chairman, the Chief Executive Officer and the Executive Vice-Presidents of SOCIÉTÉ BIC benefit from supplementary pension plans as presented in detail in section 3.2.2.8. below.

3.2.1.2.5. Benefits in kind

In the course of their regular duties, the Chairman, Chief Executive Officer and Executive Vice-Presidents may benefit from a company car (for Executive Corporate Officers based in France) or a car allowance (for Executive Corporate Officers based in the United States).

3.2.1.2.6. Termination Payment and Sign-on Bonus

No Corporate Officer has received a Termination Payment or Sign-on Bonus.

However, the Board reserves the right to make provision for Sign-on payments, in consideration of the personal situation of the person concerned when externally recruited (change in status, termination of an employment contract)



3.2.2. COMPENSATION AND BENEFITS

3.2.2.1. Rules governing the granting of the annual variable compensation(bonus) for 2017

The Board of Directors set the annual fixed compensation of executives in respect of 2017 and the target annual variable part of their remuneration for 2017:

Corporate Officer	Annual Fixed Compensation in 2017 <i>(in U.S. dollars)^(*)</i>	Target annual variable compensation in 2017 (corresponds to 100% achievement of the objectives)
Bruno Bich Chairman and Chief Executive Officer	204,000 euros	-
Gonzalve Bich Executive Vice-President	500,000 U.S. dollars (442,478 euros)	85% of the fixed part
James DiPietro Executive Vice-President	515,000 U.S. dollars (455,752 euros)	75% of the fixed part
Marie-Aimée Bich-Dufour Executive Vice-President	300,900 euros	45% of the fixed part

() Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 EUR = 1.1300 USD), see Note 3 in the consolidated financial statements.*

- a) The Chairman and Chief Executive Officer, Bruno Bich, received no variable compensation for 2017.

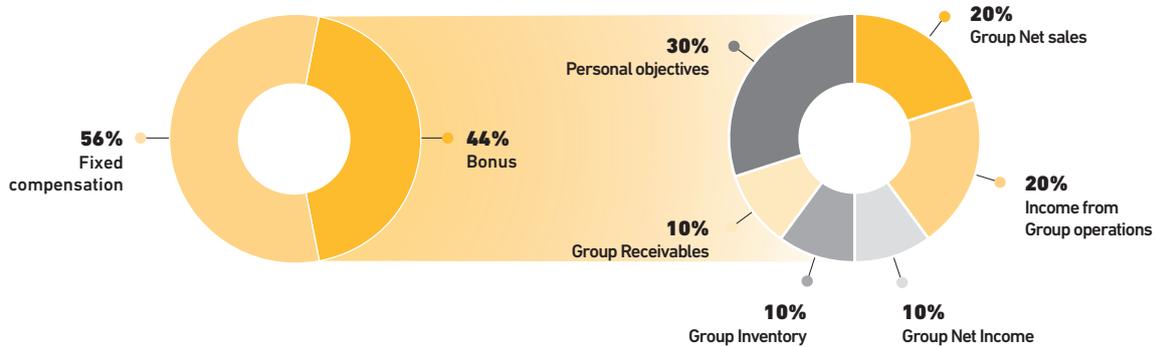
Bruno Bich took on the role of CEO upon the retirement of Mario Guevara. This expanded his role from Chairman to Chairman and CEO during a managing transition period that will end following the Shareholders' Meeting of May 16, 2018 (see section 3.1.1.1.). This explains why Bruno Bich has no variable compensation in

his package; he kept the same remuneration structure (fixed compensation only) he had been granted when he was in the role of Chairman only.

- b) The bonus paid to the Executive Vice-Presidents, Gonzalve Bich, James DiPietro and Marie-Aimée Bich-Dufour, was calculated on the basis of six criteria proposed by the Compensation Committee.



AMOUNT AND STRUCTURE OF THE VARIABLE REMUNERATION OF GONZALVE BICH IN 2017



BONUS - GONZALVE BICH

Criteria	Weight of criteria	2017 Bonus as a % of fixed compensation			Index of achievement of 2017 objectives	Actual 2017 bonus paid, as a % of the fixed compensation
		Minimum	Target (index 100)	Maximum		
Group Net Sales	20%	6.80%	17.00%	25.50%	94.5	14.45%
Group Income from Operations	20%	6.80%	17.00%	25.50%	95.5	14.79%
Group Net Income	10%	3.40%	8.50%	12.75%	104.9	9.78%
Group Inventory	10%	3.40%	8.50%	12.75%	97.7	7.99%
Group Receivables	10%	3.40%	8.50%	12.75%	93.8	6.97%
Personal Objectives and overall assessment: contribution to the - Contribution to the mplementation of a Group Long-Term Strategic Plan - Management of transversal projects - People management	30%	10.20%	25.50%	38.25%	100.0	25.50%
TOTAL	100%	34.00%	85.00%	127.50%		79.48%

At the end of 2017, individual and collective achievements for each bonus plan criteria were assessed.

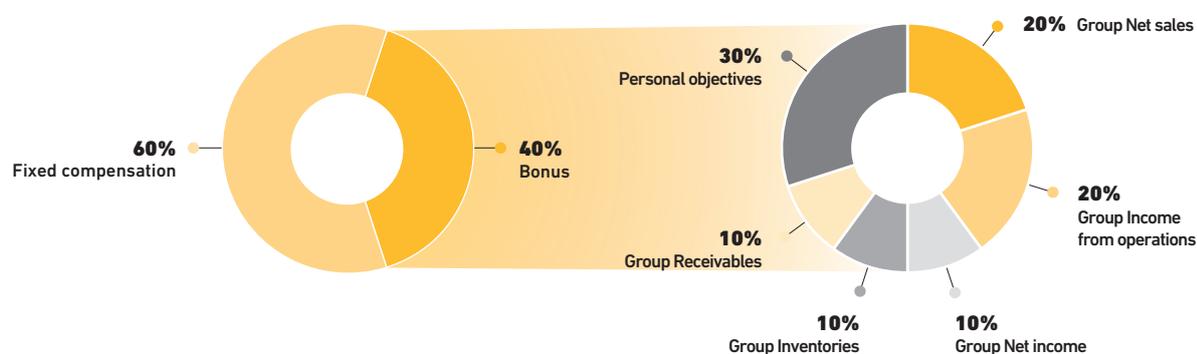
The individual part represents 30% of the target bonus and represents a maximum of 38.25% of the fixed compensation. For 2017, the individual part represents 32% of the bonus due.

The Board of Directors has decided to pay Gonzalve Bich a bonus amounting to 397,400 U.S. dollars representing 79.48% of fixed compensation and 93.5% of the target bonus.





AMOUNT AND STRUCTURE OF THE VARIABLE REMUNERATION OF JAMES DIPIETRO IN 2017



BONUS - JAMES DIPIETRO

Criteria	Weight of criteria	2017 Bonus as a % of fixed compensation			Index of achievement of 2017 objectives	Actual 2017 bonus paid. as a % of base compensation
		Minimum	Target (index 100)	Maximum		
Group Net sales	20%	6.00%	15.00%	22.50%	94.5	12.75%
Group Income from Operations	20%	6.00%	15.00%	22.50%	95.5	13.05%
Group Net Income	10%	3.00%	7.50%	11.25%	104.9	8.63%
Group Inventory	10%	3.00%	7.50%	11.25%	97.7	7.05%
Group Receivables	10%	3.00%	7.50%	11.25%	93.8	6.15%
Personal Objectives and overall assessment: - Contribution to the implementation of a Group long-term strategic plan - Group finance plan	30%	9.00%	22.50%	33.75%	85.0	19.13%
TOTAL	100%	30.00%	75.00%	112.50%		66.76%

At the end of the year 2017, individual and collective achievements on each criteria were assessed.

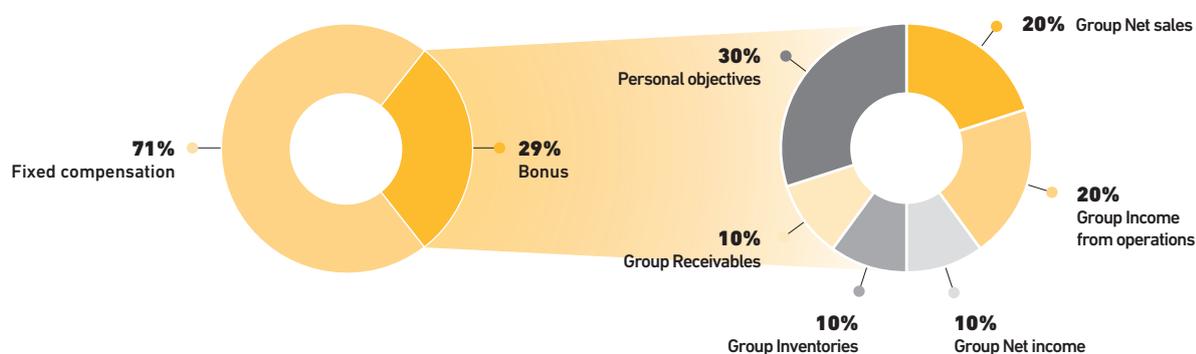
The individual part represents 30% of the target bonus and represents a maximum of 33.75% of fixed compensation. For 2017, the individual part represents 28.7 % of the bonus due.

The Board of Directors has decided to pay James DiPietro a bonus amounting to 343,814 U.S. dollars representing 66.76% of fixed compensation and 89% of the target bonus.





AMOUNT AND STRUCTURE OF THE VARIABLE REMUNERATION OF MARIE-AIMÉE BICH-DUFOUR IN 2017



BONUS - MARIE-AIMÉE BICH-DUFOUR

Criteria	Weight of criteria	2016 Bonus as a % of base salary			Index of achievement of 2017 objectives	Actual 2017 bonus paid. as a % of base salary
		Minimum	Target (index 100)	Maximum		
Group Net sales	20%	3.60%	9.00%	13.50%	94.5	7.65%
Group Income from operations	20%	3.60%	9.00%	13.50%	95.5	7.83%
Group Net income	10%	1.80%	4.50%	6.75%	104.9	5.18%
Group Inventory	10%	1.80%	4.50%	6.75%	97.7	4.23%
Group Receivables	10%	1.80%	4.50%	6.75%	93.8	3.69%
Personal objectives and overall assessment: - Governance of the Board of Directors - Sustainable development program.	30%	5.40%	13.50%	20.25%	85.0	11.48%
TOTAL	100%	18.00%	45.00%	67.50%		40.06%

The individual part represents 30% of the target bonus and represents a maximum of 20.25% of the fixed compensation. For 2017, the individual part represents 28.7% of the bonus due.

The Board of Directors has decided to pay Marie-Aimée Bich-Dufour a bonus in respect of 2017 amounting to 120,541 euros, representing 40.06% of fixed compensation and 89% of the target bonus.

3.2.2.2. Total compensation

The total amount of fixed and variable remuneration awarded to the four Corporate Officers for the fiscal year 2017 is equal to 1,403,621 euros in respect of fixed remuneration (base) and 776,483 euros in respect of variable remuneration (bonus). For the fiscal year 2016, those amounts paid to the six Corporate Officers active in 2016 were 1,361,636 euros in respect of fixed remuneration (base) and 683,926 euros in respect of variable remuneration (bonus).

The total amount of remuneration awarded to the 16 members of the Leadership Team (including the Chief Executive Officer and the three Executive Vice-Presidents) for the fiscal year 2017, is equal to 4,578,385 euros in respect of fixed remuneration (base) and 2,279,980 euros in respect of variable remuneration (bonus). For the fiscal year 2016, the team was made up of 16 members and those amounts were 4,751,032 euros in respect of fixed remuneration (base) and 2,223,851 euros as variable remuneration (bonus).

3.2.2.3. Individual remuneration

Total compensation and fringe benefits awarded for fiscal years 2016 and 2017 by SOCIÉTÉ BIC and by the companies it controls, within the meaning of Article L. 233-16 of the French Commercial Code, to members of the Management bodies of SOCIÉTÉ BIC in respect of their functions within the Group, were as follows:





TABLE A – SUMMARY OF COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Table 1 following the format of the French Financial Markets Authority Position-Recommendation No. 2009-16)

Bruno Bich Chairman and Chief Executive Officer	Fiscal year 2016 <i>(in euros)</i>	Fiscal year 2017 <i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	200,000	204,000
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	-	-
TOTAL	200,000	204,000

Gonzalve Bich Executive Vice-President	Fiscal year 2016 <i>(in U.S. dollars)^(a)</i>	Fiscal year 2017 <i>(in U.S. dollars)^(b)</i>
Compensation due in respect of the year (detailed in table B)	721,788	997,687
Valuation of multi-year variable compensation awarded during the year	(652,493 euros)	(882,908 euros)
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	628,543	985,812
	(568,200 euros)	(872,400 euros)
TOTAL	1,350,331 (1,220,693 EUROS)	1,983,499 (1,755,308 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2016 (1 EUR = 1.1062 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 EUR = 1.1300 USD). (See Note 3 to the consolidated financial statements).

James DiPietro Executive Vice-President	Fiscal year 2016 <i>(in U.S. dollars)^(a)</i>	Fiscal year 2017 <i>(in U.S. dollars)^(b)</i>
Compensation due in respect of the year (detailed in table B)	995,469	1,012,771
Valuation of multi-year variable compensation awarded during the year	(899,900 euros)	(896,257 euros)
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	1,005,669	985,812
	(909,120 euros)	(872,400 euros)
TOTAL	2,001,138 (1,809,020 EUROS)	1,998,583 (1,768,657 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2016 (1 EUR = 1.1062 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 EUR = 1.1300 USD). (See Note 3 to the consolidated financial statements).

Marie-Aimée Bich-Dufour Executive Vice-President	Fiscal year 2016 <i>(in euros)</i>	Fiscal year 2017 <i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	435,079	422,929
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	367,900	354,413
TOTAL	802,979	777,342





TABLES B – SUMMARY OF THE COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

(Table 2 following the format of the French Financial Markets Authority Position-Recommendation No. 2009-16)

Bruno Bich Chairman and Chief Executive Officer	Amounts for fiscal year 2016 (in euros)		Amounts for fiscal year 2017 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	200,000	200,000	204,000	204,000
Annual variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	-	-	-	-
TOTAL	200,000	200,000	204,000	204,000

Gonzalve Bich Executive Vice-President	Amounts for fiscal year 2016 (in U.S. dollars) ^(a)		Amounts for fiscal year 2017 (in U.S. dollars) ^(b)	
	Due	Paid	Due	Paid
Fixed compensation	375,000 (338,998 euros)	375,000 (338,998 euros)	500,000 (442,478 euros)	500,000 (442,478 euros)
Annual variable compensation	258,400 (233,593 euros)	193,245 (174,693 euros)	397,400 (351,681 euros)	258,400 (228,673 euros)
Multi-year variable compensation	-	-	-	-
Other remuneration ^(c)	11,241 (10,162 euros)	11,241 (10,162 euros)	18,632 (16,488 euros)	18,632 (16,488 euros)
Directors' fees	-	-	-	-
Fringe benefits	1) Car allowance: 14,400 (13,017 euros)	1) Car allowance: 14,400 (13,017 euros)	1) Car allowance: 14,400 (12,743 euros)	1) Car allowance: 14,400 (12,743 euros)
	2) Company contributions to company U.S. savings plan: a) 401 K: 7,950 (7,187 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 7,950 (7,187 euros)	Company contributions to company U.S. savings plan: a) 401 K: 8,100 (7,168 euros)	Company contributions to company U.S. savings plan: a) 401 K: 8,100 (7,168 euros)
	b) Exec Comp Plan: 16,000 (14,464 euros)	b) Exec Comp Plan: 16,000 (14,464 euros)	b) Exec Comp Plan: 20,000 (17,699 euros)	b) Exec Comp Plan: 20,000 (17,699 euros)
	3) Other: 38,797 (35,072 euros)	3) Other: 38,797 (35,072 euros)	3) Other: 39,155 (34,651 euros)	3) Other: 39,155 (34,651 euros)
TOTAL	721,788 (652,493 EUROS)	656,633 (593,593 EUROS)	997,687 (882,908 EUROS)	858,687 (759,900 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2016 (1 EUR = 1.1062 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 EUR = 1.1300 USD).

(c) Remuneration equivalent to the dividends unpaid on the shares acquired and held by SOCIÉTÉ BIC until the end of the compulsory holding period.





James DiPietro Executive Vice-President from June 2016	Amounts for fiscal year 2016 (in U.S. dollars) ^(a)		Amounts for fiscal year 2017 (in U.S. dollars) ^(b)	
	Due	Paid	Due	Paid
	493,333	493,333	515,000	515,000
Fixed compensation	(445,971 euros)	(445,971 euros)	(455,752 euros)	(455,752 euros)
	344,850	278,569	343,814	344,850
Annual variable compensation	(311,743 euros)	(251,825 euros)	(304,260 euros)	(305,177 euros)
Multi-year variable compensation	-	-	-	-
	76,739	76,739	74,606	74,606
Other remuneration ^(c)	(69,372 euros)	(69,372 euros)	(66,023 euros)	(66,023 euros)
Directors' fees	-	-	-	-
	1) Car allowance:	1) Car allowance:	1) Car allowance:	1) Car allowance:
	13,800	13,800	13,800	13,800
Fringe benefits	(12,475 euros)	(12,475 euros)	(12,475 euros)	(12,212 euros)
	Company contributions to company U.S. savings plan:	Company contributions to company U.S. savings plan:	Company contributions to company U.S. savings plan:	Company contributions to company U.S. savings plan:
	a) 401 K: 7,950	a) 401 K: 7,950	a) 401 K: 8,100	a) 401 K: 8,100
	(7,187 euros)	(7,187 euros)	(7,168 euros)	(7,168 euros)
	b) Exec Comp Plan:	b) Exec Comp Plan:	b) Exec Comp Plan:	b) Exec Comp Plan:
	20,000	20,000	20,000	20,000
	(18,080 euros)	(18,080 euros)	(17,699 euros)	(17,699 euros)
	3) Other: 38,797	3) Other: 38,797	3) Other: 37,451	3) Other: 37,451
	(35,072 euros)	(35,072 euros)	(33,143 euros)	(33,143 euros)
	995,469	929,188	1,012,771	1,013,807
TOTAL	(899,900 EUROS)	(839,982 EUROS)	(896,257 EUROS)	(897,174 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2016 (1 EUR = 1.1062 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 EUR = 1.1300 USD).

(c) Remuneration equivalent to the dividends unpaid on the shares acquired and held by SOCIÉTÉ BIC until the end of the compulsory holding period.

Marie-Aimée Bich-Dufour Executive Vice-President	Amounts for fiscal year 2016 (in euros)		Amounts for fiscal year 2017 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	295,000	295,000	300,900	300,900
Annual variable compensation	138,591	139,122	120,541	138,591
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
	Vehicle	Vehicle	Vehicle	Vehicle
	(Value of benefit):	(Value of benefit):	(Value of benefit):	(Value of benefit):
Fringe benefits	1,488	1,488	1,488	1,488
TOTAL	435,079	435,610	422,929	440,979





3.2.2.4. Revision of fixed compensation for 2018

The Board has set the annual fixed compensation in respect of 2018:

- 204,000 euros (unchanged vs. 2017) for Bruno Bich, Chairman and Chief Executive Officer until May 18, 2018;
- 550,000 U.S. dollars (486,726 euros⁽¹⁾ +10% vs. 2017) for Gonzalve Bich, Chief Operating Officer and Executive Vice-President;
- 563,000 U.S. dollars (498,230 euros⁽¹⁾ +9.7% vs. 2017) for James DiPietro, Chief Finance Officer and Executive Vice-President;
- 200,000 euros (-33% vs. 2017) for Marie-Aimée Bich-Dufour, Executive Vice-President in charge of Sustainable Development and President of BIC Foundation, whose scope of responsibility will be reduced in 2018.

The increase of the fixed remuneration is only +2.2% for Gonzalve Bich and +1.7% for James DiPietro due to the integration of the perk allowance into the fixed remuneration, amounting to 38,797 USD or 34,334 euros⁽¹⁾.

3.2.2.5. Directors' fees

Bruno Bich, Gonzalve Bich, James DiPietro and Marie-Aimée Bich-Dufour do not receive Directors' fees in connection with the functions they perform for the Group.

Similarly, none of the Leadership Team members receive Directors' fees in connection with the functions they perform for the Group.

Following their retirement, François Bich and Mario Guevara have remained Directors and, as such, they receive Directors' fees.

Total Directors' fees paid to Mrs. Bastoni, Mrs. Chandon-Moët, Mrs. Poincot, Mr. François Bich, Mr. Glen, Mr. Guevara, Mr. Rostand, Mr. Vareille and SOCIÉTÉ M.B.D. are determined on the basis of their participation in the Committees of the Board of Directors.

Mr. Vareille was appointed Lead Director as of May 2016 and he receives additional Directors' fees in connection with this responsibility.

For fiscal year 2017, the allocation of Directors' fees is based on the following policy:

- fixed annual fee: 12,700 euros (+1.6% versus 2016);
- lead Director fixed annual fee: 36,000 euros (+1.4% versus 2016);
- variable part corresponding to 100% Board Meeting Attendance in 2017: 22,300 euros (+1.4% versus 2016);
- variable part corresponding to the attendance to a meeting based abroad: 3,000 euros;
- variable part corresponding to the role of Committee Chairman: 18,300 euros (+1.7% versus 2016);
- variable part corresponding to the role of Committee Member: 13,700 euros (+1.5% versus 2016).

These Board members do not receive any other compensation.

TABLE C - SUMMARY OF DIRECTORS' FEES

(Table 3 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Board members	Directors' fees paid relating to 2016 (in euros)	Directors' fees paid relating to 2017 (in euros)
Elizabeth Bastoni	48,000	69,400
François Bich ^(a)	28,000	35,000
Marie-Pauline Chandon-Moët	34,500	35,000
John Glen	52,500	53,300
Mario Guevara ^(b)	20,000	35,000
Candace Matthews	-	37,400
Marie-Henriette Poincot	48,000	48,700
Frédéric Rostand	52,500	22,200
SOCIÉTÉ M.B.D.	48,000	48,700
Pierre Vareille	68,500	84,700
TOTAL	400,000	469,400

(a) During 2017, 5,760 performance shares previously acquired by François Bich became available.

(b) Mario Guevara has received a gross remuneration of 251,969 U.S. dollars corresponding to the unpaid dividend on vested shares held by BIC until the end of the compulsory holding period. In addition, during 2017, 19,133 performance shares previously acquired became available.

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2016 (1 EUR = 1.1062 USD) and for 2017 (1 EUR = 1.1300 USD).





3.2.2.6. Allocation of stock options

As part of a policy recommended by the Compensation Committee, from 2011, the Board decided to no longer award stock options and to replace them with free share grants.

To the best of the Company's knowledge, no hedging instrument has been put in place by the four Corporate Officers previously holding stock options (Mario Guevara, Gonzalve Bich, James DiPietro and Marie-Aimée Bich-Dufour).

The dilutive impact of the previous stock option grants is reported in Note 8 to the consolidated financial statements. A table that summarizes all stock option plans is included in Note 23 to the consolidated financial statements.

All the Corporate Officers complied with the blackout periods preceding the publication of annual and interim financial statements.

TABLE D – STOCK OPTIONS AWARDED DURING FISCAL YEAR 2017 TO EACH EXECUTIVE CORPORATE OFFICER

(Table 4 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Options awarded to each Executive Corporate Officer by the issuer and by any company of the Group (nominative list)	Number and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements (in euros)	Number of options awarded during the fiscal year	Exercise price (in euros)	Exercise period
N/A	-	-	-	-	-	-

STOCK OPTIONS AWARDED DURING FISCAL YEAR 2016 TO EACH EXECUTIVE CORPORATE OFFICER

Options awarded to each Executive Corporate Officer by the issuer and by any company of the Group (nominative list)	Number and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements (in euros)	Number of options awarded during the fiscal year	Exercise price (in euros)	Exercise period
N/A	-	-	-	-	-	-

TABLE E – STOCK OPTIONS EXERCISED DURING FISCAL YEAR 2017 BY EACH EXECUTIVE CORPORATE OFFICER

(Table 5 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Options exercised by Executive Corporate Officers (nominative list)	Number and date of the plan	Number of options exercised during the fiscal year	Exercise price (in euros)	Award year
N/A	-	-	-	-

STOCK OPTIONS EXERCISED DURING FISCAL YEAR 2016 BY EACH EXECUTIVE CORPORATE OFFICER

Options exercised by Executive Corporate Officers (nominative list)	Number and date of the plan	Number of options exercised during the fiscal year	Exercise price (in euros)	Award year
N/A	-	-	-	-





TABLE F – HISTORY OF STOCK OPTION PLANS

(Table 8 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

	Plan no. 13
Annual Shareholders' Meeting date	May 12, 2010
Board of Directors' Meeting date	Dec. 16, 2010
Number of options available for subscription	382,950
<ul style="list-style-type: none"> among which. options granted to the Corporate Officers (% of BIC shares as of December 31, 2016) 	-
Date from which options may be exercised	Dec. 17, 2013
Option expiry date	Dec. 15, 2018
Exercise price (in euros) ^(a)	63.71
Number of options exercised as of Dec. 31, 2017	261,350
Number of void options as of Dec. 31, 2017	42,850
Number of remaining options as of Dec. 31, 2017	78,750

(a) No discount on the exercise price.

Bruno Bich was not granted any options under the above stock option plans.

TABLE K – STOCK OPTIONS GRANTED TO THE TOP 10 EMPLOYEES WHO ARE NOT CORPORATE OFFICER BENEFICIARIES, AND OPTIONS EXERCISED

(Table 9 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Stock options granted to the top 10 employees who are not Corporate Officer beneficiaries, and options exercised	Total number of attributed options/of subscribed shares	Weighted average price (in euros)	Date of maturity	Plan no.
Options granted during the fiscal year by the issuer and by any company included in the perimeter of allocation of the options, to the 10 employees of the issuer and any company included in this perimeter, receiving the highest number of options so granted	-	-	-	-
Options held on the issuer and the companies previously mentioned, exercised during the year , by the 10 employees of the issuer and these companies, receiving the highest number of options so subscribed	18,100	47.99	14 Dec. 2017	12
	7,200	63.71	15 Dec. 2018	13
TOTAL	25,300	52.46		

The characteristics of these plans are described in Note 23 to the consolidated financial statements, as is the use made thereof by the employees as a whole.

No stock options have been granted since 2011.





3.2.2.7. Performance-based share allocations

From 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors decided, upon the recommendation of the Compensation Committee, to put in place a policy of three-year performance-based share grants. The Corporate Officers mentioned in the table below benefit from this policy.

Performance is assessed according to the achievement of two objectives:

- net sales growth;
- net cash flow from operations and change in inventory, as a percentage of net sales.

RESULTS OF THE PLANS: INDEX OF ACHIEVEMENT OF PERFORMANCE CONDITIONS, PER CRITERIA AND PER PLAN

	Plan 1 (2005- 6-7)	Plan 2 (2006- 7-8)	Plan 3 (2007- 8-9)	Plan 4 (2008- 9-10)	Plan 5 (2009- 10-11)	Plan 6 (2010- 11-12)	Plan 7 (2011- 12-13)	Plan 8 (2012- 13-14)	Plan 9 (2013- 14-15)	Plan 10 (2014- 15-16)	Plan 11 (2015- 16-17)	Average of the plans
Net sales growth	84.8	66.4	95.2	147.1	119.1	89.2	76.8	88.1	108.1	96.7	71.9	94.9
Cash Flow	85.5	88.2	98.6	99.7	110.1	103.1	98.9	105.8	98.9	98.6	100.6	98.9
Combined performance criteria (maximum 100)	85	77	97	100	100	96	88	97	100	98	86	93
Final acquisition as a percentage of the initial grant	70%	54%	94%	100%	100%	92%	76%	94%	100%	96%	72%	86%

If the average percentage for the achievement of the two Performance Conditions is between 100% and 75%, and for each percent below 100%, the number of shares actually acquired by each beneficiary on the vesting date will be reduced by 2% compared to the initial grant.

If the average percentage for the achievement of the two objectives is less than 75%, no shares will be given.

BIC Corporate Officers are required keep 20% of free shares acquired, until their mandate expires. The 20% requirement is reduced to 10% when the Chief Executive Officer owns five years of base compensation in BIC shares and when the Executive

Vice-Presidents own three years of base compensation in BIC shares.

To the best of the Company's knowledge, no hedging instruments have been put in place by the five Corporate Officers mentioned in tables G and H below. Moreover, these Corporate Officers have made a formal commitment not to use hedging instruments.

The impact of previous years' share grants on dilution is non-existent because granted shares are existing shares.

The total number of shares granted is reported in Note 23 to the consolidated financial statements.

TABLES G - PERFORMANCE SHARES AWARDED DURING FISCAL YEAR 2017 TO EACH EXECUTIVE CORPORATE OFFICER

(Table 6 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares awarded during the fiscal year to each Executive Corporate Officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements (in euros)	Acquisition date	Availability date	Performance conditions
Gonzalve Bich	13 (Feb. 10, 2017)	8,000	872,400	Mar. 31, 2020	Mar. 31, 2020	1) Net sales growth 2) Cash flow from operations and change in inventory as a percentage of net sales
James DiPietro	13 (May 18, 2016)	8,000	872,400	Mar. 31, 2020	Mar. 31, 2020	as above
Marie-Aimée Bich-Dufour	12 (May 18, 2016)	3,250	354,413	Mar. 31, 2020	Mar. 31, 2020	as above





PERFORMANCE SHARES AWARDED DURING FISCAL YEAR 2016 TO EACH EXECUTIVE CORPORATE OFFICER

Performance shares awarded during the fiscal year to each Corporate Officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements (in euros)	Acquisition date	Availability date	Performance conditions
Mario Guevara	12 (May 18, 2016)	25,000	2,841,000	Mar. 31, 2022	Mar. 31, 2022	1) Net sales growth 2) Cash flow from operations and change in inventory as a percentage of net sales
Gonzalve Bich	12 (May 18, 2016)	5,000	568,200	Mar. 31, 2022	Mar. 31, 2022	as above
James DiPietro	12 (May 18, 2016)	8,000	909,120	Mar. 31, 2022	Mar. 31, 2022	as above
Marie-Aimée Bich-Dufour	12 (May 18, 2016)	3,250	367,900	May 18, 2019	Mar. 31, 2022	as above





TABLES H – PERFORMANCE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2017 TO EACH EXECUTIVE CORPORATE OFFICER

(Table 7 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares that became available for each Executive Corporate Officer (nominative list)	Number and date of the plan	Number of shares that became available during the fiscal year	Acquisition terms	Award year
Gonzalve Bich	7 M (Feb. 15, 2011)	500	76% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2011
James DiPietro	4 S (Dec. 11, 2007)	322	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2007
James DiPietro	7 M (Feb. 15, 2011)	4,175	76% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2011
Marie-Aimée Bich-Dufour	7 M (Feb. 15, 2011)	2,660	76% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2011

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2016 TO EACH EXECUTIVE CORPORATE OFFICER

(Table 7 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares that became available for each Executive Corporate Officer (nominative list)	Number and date of the plan	Number of shares that became available during the fiscal year	Acquisition terms	Award year
Mario Guevara	3 S (Dec. 13, 2006)	276	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2006
Mario Guevara	6 M (Feb. 16, 2010)	18,768	92% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2010
Gonzalve Bich	6 M (Feb. 16, 2010)	552	92% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2010
James DiPietro	3 S (Dec. 13, 2006)	276	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2006
James DiPietro	6 M (Feb. 16, 2010)	4,600	92% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2010
Marie-Aimée Bich-Dufour	6 M (Feb. 16, 2010)	3,220	92% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2010

M = Main.

S = Secondary.





TABLE I - HISTORY OF PERFORMANCE SHARE PLAN ALLOCATIONS

(Table 9 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

	Plan no. 1		Plan no. 2		Plan no. 3		Plan no. 4		Plan no. 5	
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007	
Board of Directors' Meeting date	May 19, 2005		December 14, 2005		December 13, 2006		December 11, 2007		February 10, 2009	
Grant	M	S	M	S	M	S	M	S	M	S
Number of free shares granted	31,800	2,618	31,800	2,618	33,450	2,352	37,550	2,644	57,500	2,643
<ul style="list-style-type: none"> Of which, shares granted to the Corporate Officers (% of BIC shares as of December 31, 2017) Gonzalve Bich James DiPietro Marie-Aimée Bich-Dufour 	-	-	-	-	-	-	-	-	-	-
									5,050	
	2,650	238	2,650	238	2,650	294	2,650	302	(0.01%)	247
	2,650	-	2,650	-	2,650	-	2,650	-	3,500	-
End of the Acquisition Period	May 19, 2008	May 19, 2012	March 14, 2009	March 14, 2013	March 13, 2010	March 13, 2014	March 11, 2011	March 11, 2015	March 10, 2012	March 10, 2016
End of the Holding Period	May 19, 2011	May 19, 2014	March 14, 2012	March 14, 2015	March 13, 2013	March 13, 2016	March 11, 2014	March 11, 2017	March 10, 2015	March 10, 2018
Performance conditions	1) Increase in net sales 2) Net cash from operating activities as a percentage of net sales									
Total number of shares definitively acquired as of December 31, 2017	20,405	1,162	15,741	512	31,443	1,104	37,550	1,436	57,500	2,156
Total number of void or lapsed shares as of December 31, 2017 ^(a)	11,395	1,456	16,059	2,106	2,007	1,248	-	1,208	-	487
Total number of performance shares outstanding as of December 31, 2017	-	-	-	-	-	-	-	-	-	-

	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Annual Shareholders' Meeting date	May 23, 2007	May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016
Board of Directors' Meeting date	February 16, 2010	February 15, 2011	February 14, 2012	February 12, 2013	February 11, 2014	February 10, 2015	May 18, 2016	February 10, 2017
Grant	M	M	M	M	M	M	M	M
Number of free shares granted	83,475	87,650	159,940	161,010	159,660	176,740	159,680	156,790
<ul style="list-style-type: none"> Of which, shares granted to the Corporate Officers (% of BIC shares as of December 31, 2017) Gonzalve Bich James DiPietro Marie-Aimée Bich-Dufour 								
						4,500	5,000	8,000
	600	600	750	1,000	3,250	(0.01%)	(0.01%)	(0.02%)
	5,000	5,000	6,000	6,000	8,000	8,000	8,000	8,000
	(0.01%)	(0.01%)	(0.01%)	(0.01%)	(0.02%)	(0.02%)	(0.02%)	(0.02%)
	3,500	3,500	3,000	4,250	3,250	3,250	3,250	3,250
End of the Acquisition Period	March 16, 2013	March 15, 2014	March 14, 2015	March 12, 2016	March 11, 2017	March 10, 2018	May 18, 2019	March 31, 2020
End of the Holding Period	March 16, 2016	March 15, 2017	March 14, 2018	March 12, 2019	March 11, 2020	March 10, 2021	March 31, 2022	March 31, 2020
Performance conditions	1) Increase in net sales 2) Net cash from operating activities, as a percentage of net sales							
Total number of shares definitively acquired as of December 31, 2017	76,797	57,551	135,452	148,050	139,040	-	-	-
Total number of void or lapsed shares as of December 31, 2017 ^(a)	6,678	30,099	24,488	12,960	26,620	20,660	15,810	3,930
Total number of performance shares outstanding as of December 31, 2017	-	-	-	-	-	156,080	143,870	151,860

(a) The performance share grants are void due to the beneficiary leaving the Company or to all performance conditions not being achieved.

M = Main.

S = Secondary.





Free share allocations with or without performance conditions

Since 2005, exercising the power granted to it by the Shareholders' Meeting, the Board of Directors has resolved, upon the recommendation of the Compensation Committee, to put in place a policy of three-year performance-based free share grants. From 2012, some 500 executives who historically received stock options based on their position in the Company (eligible executives) now receive three-year performance-based share grants.

Regarding the plans in force since 2013, performance is assessed over a three-year period based on the achievement of two objectives:

- net sales growth;
- net cash flow from operations and change in inventory, as a percentage of net sales.

In 2016, 159,680 performance shares were granted to 546 beneficiaries.

In 2017, 155,790 performance shares were granted to 519 beneficiaries.

In parallel, to replace the stock option programs rewarding staff selected by Management and key contributors of the year, the Board of Directors decided, on the recommendation of the Compensation Committee, to award free share grants without performance conditions.

The vesting period is three years and one month, for the 2017 plan, and four years for the 2016 plan.

In 2016, 20,750 shares were granted without performance conditions to 258 beneficiaries.

In 2017, 17,100 shares were granted without performance conditions to 271 beneficiaries.

The total number of shares is reported in Note 23 to the consolidated financial statements.

FREE SHARES GRANTED AND TRANSFERRED IN 2017 TO THE TOP TEN EMPLOYEES OF THE GROUP WHO ARE NOT CORPORATE OFFICERS

Free shares granted and transferred to the top 10 employees who are not corporate officers	Number of shares	Valuation of the shares according to the method used for the consolidated financial statements (in euros)	Acquisition date	Availability date	Plan no.
<ul style="list-style-type: none"> • Shares granted during the fiscal year by the issuer or by any company included in the perimeter of allocation of shares. to the 10 employees of the issuer and of any company included in this perimeter. who are so allocated the highest number of shares^(a) 	35,350	3,870,825	March 31, 2020	March 31, 2020	13 M
<ul style="list-style-type: none"> • Shares transferred during the fiscal year by the issuer or by any company included in the perimeter of allocation of shares. to the 10 employees of the issuer and of any company included in this perimeter. who are so transferred the highest number of shares^(a) 	644	26,217	March 11, 2017	March 11, 2017	3 S
	12,940	761,260	March 11, 2017	March 11, 2017	7 M
	10,080	784,426	March 15, 2017	March 15, 2017	10 M

(a) These shares are all allocated under performance conditions.

M = Main.

S = Secondary.





3.2.2.8. Pension plans

- a) Since April 2006, the Chairman, Bruno Bich, has received a pension paid by the BIC CORPORATION Supplementary Executive Retirement Plan, to which he contributed for more than 30 years. In 2017 Bruno Bich received 555,360 U.S. dollars.
- b) Gonzalve Bich participates in the BIC CORPORATION Restoration Plan (a U.S. supplementary pension plan), which has existed since 2006 and which benefits selected Company executives whose compensation taken into account in the U.S. Qualified Pension Plan is restricted by regulations.
- The plan benefit is subject to having been a participant in the plan for at least five years.
 - Method for determining the pensionable compensation:
 - the pensionable compensation is the average remuneration based on the highest three consecutive years within the last 10 years.
 - Rate of pension rights acquisition:
 - this plan provides for a single life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, (not to exceed 35 years), plus 1.4% of average pay per year of service in excess of 35 years. The plan also includes the pension granted by the U.S. Qualified Pension Plan. Full vesting at age 52 with 15 or more years of service or at age 60 with 5 years of participation. Full vesting in the U.S. Qualified Plan occurs at 5 years of service;
 - in addition, the Plan provides early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service);
 - the commitments arising from this plan are provisioned by BIC CORPORATION in accordance with IAS 19.
 - Maximum Payments:
 - not applicable.
 - Method of funding:
 - the Restoration Plan is unfunded. The U.S. Qualified Pension Plan is funded through a trust.
 - Other expenses paid by the Company
 - BIC pays the cost of administration, accounting valuations under IAS 19 and funding valuations for the U.S. Qualified Pension Plan.

As of December 31, 2017, Gonzalve Bich has accrued a pension benefit equivalent to 21.13% of the average remuneration of the last three years of service out of on his 14.9 years of service (*i.e.*, for information, an annual pension equal to 128,195 U.S. dollars payable at age 65 (inclusive of the U.S. Qualified Pension Plan benefit). This estimation is based on the assumption that he had stopped his activity on December 31, 2017). He has elected to receive his Restoration Plan benefit as a lump sum.

- c) James DiPietro participates in the BIC CORPORATION Supplementary Executive Retirement Plan, which has existed since 1970 and which benefits the main executives of BIC CORPORATION.
- The plan benefit is subject to having been a participant in the plan for at least five years.
 - Method for determining the pensionable compensation:
 - the pensionable compensation is the average remuneration (base + bonus) of the best three years of the last five years of service.
 - Rate of pension rights acquisition:
 - this plan provides, by year of service, an annual pension equal to 2.50% of the pensionable compensation with a maximum of 50% (*i.e.*, 20 years of service), including the pension granted by the U.S. Qualified Pension Plan;
 - full vesting in the Supplementary Executive Retirement Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation. Full vesting in the U.S. Qualified Plan occurs at five years of service;
 - the commitments arising from this plan are provisioned by BIC CORPORATION, in accordance with IAS 19.
 - Maximum Payments:
 - maximum of 50% of remuneration, *i.e.*, 20 years of service, including the pension granted by the U.S. Qualified Pension Plan.
 - Method of funding:
 - The Supplementary Executive Retirement Plan is unfunded. However, BIC invests in life insurance policies to offset the cost of the plan. The U.S. Qualified Pension Plan is funded through a trust.
 - Other expenses paid by the Company
 - BIC pays the cost of administration, accounting valuations under IAS 19 and actuarial valuations for the U.S. Qualified Pension Plan.

As of December 31, 2017, James DiPietro has accrued a pension benefit equivalent to 2.5% x 19.583 years of service = 48.96% of the average remuneration of the last three years of service (*i.e.*, for information, an annual pension equal to 399,096 U.S. dollars as a single life annuity payable at age 57. This estimation is based on the assumption that he had stopped his activity on December 31, 2017. He has elected to receive his Supplementary Executive Retirement Plan benefit as a lump sum.

- d) Marie-Aimée Bich-Dufour contributes to the Supplementary Executive Retirement Plan (governed by Article L. 137-11 of the French Social Security Code) for BIC executives in France.
- Condition for pension benefit eligibility:
 - a minimum period of five years of participation is necessary to benefit from the plan;
 - be officially qualified for a pension under the Social Security scheme;
 - retire from BIC in accordance with the provisions of Article L. 137-11 of the Social Security Code.



- Method for determining the pensionable compensation:
 - the pensionable compensation is the average remuneration of the last three years of service;
 - to determine the pensionable compensation, only base and annual bonus are included, all other direct or indirect payments are excluded.
 - Rate of pension rights acquisition:
 - the supplementary pension is equal to 1.25% of the average compensation, per year of membership of the plan, with a maximum of 25% (*i.e.* 20 years);
 - on May 18, 2016, the Board of Directors decided to freeze the rights in this plan awarded to Marie-Aimée Bich-Dufour during her new mandate;
 - the commitments arising from this plan are provisioned by SOCIÉTÉ BIC in accordance with IAS 19.
 - Maximum Payments:
 - the consolidation of all pension rights cannot exceed a replacement rate of 50% of remuneration. This ceiling is verified on the date of retirement.
 - Method of funding:
 - the Supplementary Executive Retirement Plan is funded.
 - Other expenses paid by the Company:
 - BIC pays the Fillon tax, which is 24% of the contributions to the fund.
- On December 31, 2017, the supplementary pension, which has been determined based on seniority in the Plan and on her remuneration as of May 18, 2016, amounts to 107,318 euros (for information purposes).





3.2.2.9. COMMITMENTS CONCERNING EXECUTIVE CORPORATE OFFICERS (related to the start or end of a mandate)

TABLE J

(Table 11 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Executive Corporate Officers	Employment contract		Supplementary pension plan		Indemnities and benefits due or likely to be due because of a termination or change in positions		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Bruno Bich Chairman, then Chairman and Chief Executive Officer Beginning of the mandate of Chairman and Chief Executive Officer: June 2, 2016 End of mandate: May 16, 2018		X		X ^(a)		X		X
Gonzalve Bich Executive Vice-President Beginning of mandate: June 2, 2016 End of mandate: day of appointment of a new Chief Executive Officer		X ^(b)		X (See section 3.2.2.8.)		X		X
James DiPietro Executive Vice-President Beginning of mandate: June 2, 2016 End of mandate: day of appointment of a new Chief Executive Officer		X ^(c)		X (See section 3.2.2.8.)		X		X
Marie-Aimée Bich-Dufour Executive Vice-President Beginning of mandate: March 22, 1995 End of mandate: end of the Chairman and CEO's mandate		X		X (See section 3.2.2.8.)		X		X

(a) Bruno Bich liquidated his rights on April 2006, He has received a pension paid by the BIC Corporation (see section 3.2.2.8.).

(b) No employment contract was concluded between SOCIÉTÉ BIC and Gonzalve Bich. His remuneration is paid by BIC International. No termination payments are provided for these functions, which can be terminated at any time.

(c) No employment contract was concluded between SOCIÉTÉ BIC and James DiPietro. His remuneration is paid by BIC International. No termination payments are provided for these functions, which can be terminated at any time.





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4.1. Operations and consolidated results

THE GROUP IN 2017

2017 Key Events

June

Following the Asset and Share Purchase Agreement signed on June 6, 2017, BIC Graphic North America and Asian Sourcing operations were sold to H.I.G. Capital on June 30, 2017. Assets and Liabilities of BIC Graphic North America and Asian Sourcing have been accounted for in "Non-Current Assets Held For Sale" and "Discontinued Operations" since 31 December 2016, in accordance with IFRS 5.

October

BIC's Indian subsidiary BIC Cello (India), acquired land and building for the construction of a new writing instrument facility in Vapi (Gujarat state). Total investment in this project is estimated at around 28 million euros through December 2018 including the purchase of land and buildings for approximately 18 million euros in 2017. This investment will enhance the Group's manufacturing footprint in India and enable it to meet consumer demand more effectively in this rapidly-growing market. This new facility is expected to be operational by the end of 2018.

FY 2017 Net Sales were 2,020.3 million euros, down 0.3% as reported but up 0.5% at constant currency and up 1.4% on a comparative basis. The unfavorable impact of currency fluctuations (-0.8 points) was mainly due to the depreciation of the U.S. dollar

against the euro. Europe and developing markets grew by 4.9% and 2.2%, respectively, while North America declined by 1.7% on a comparative basis.

CONDENSED PROFIT AND LOSS ACCOUNT

<i>(in million euros)</i>	2016	2017	As reported
Net sales	2,025.8	2,020.3	(0.3)%
Cost of goods	960.5	972.7	
Gross Profit	1,065.3	1,047.6	
Administrative & other operating expenses	661.9	671.4	
Income from operations	403.4	376.2	
Finance revenue/costs	4.8	21.8	
Income before tax	408.2	398.1	
Income tax expense	(122.7)	(103.0)	
Net Income From Continuing Operations	285.5	295.1	
Net Income From Discontinued Operations	(35.8)	(6.7)	
NET INCOME GROUP SHARE	249.7	288.3	
Earnings Per Share From Continuing Operations <i>(in euros)</i>	6.09	6.35	
Earnings Per Share From Discontinued Operations <i>(in euros)</i>	(0.77)	(0.15)	
Earnings per share Group share <i>(in euros)</i>	5.32	6.20	
Average number of shares outstanding (net of treasury shares)	46,898,827	46,475,249	





FY 2017 Gross Profit margin came in at 51.9%, compared to 52.6% for 2016.

FY 2017 Normalized IFO was 400.9 million euros (i.e., a Normalized IFO margin of 19.8%).

Key components of the change in Normalized IFO margin (in % points)	2016 vs. 2015	2017 vs. 2016
• Change in cost of production ^(a)	+1.2	(0.3)
• Total Brand Support ^(b)	(0.7)	(0.2)
• Of which, promotions and investments related to consumer and business development support accounted for in Gross Profit Margin	(0.1)	(0.7)
• Of which, advertising, consumer and trade support	(0.6)	+0.5
• OPEX and other expenses	(0.9)	(0.3)
Total change in Normalized IFO margin excluding the special employee bonus	(0.4)	(0.8)
Special employee bonus	(0.4)	+0.4
• Of which impact on Gross Profit	(0.3)	+0.3
• Of which impact on OPEX	(0.1)	+0.1
Total change in Normalized IFO margin	(0.8)	(0.4)

(a) Gross Profit margin excluding promotions and investments related to consumer and business development support.

(b) Total Brand Support: consumer and business development support + advertising, consumer and trade support.

NON-RECURRING ITEMS

(in million euros)	2016	2017
Income From Operations	403.4	376.2
IFO margin	19.9%	18.6%
Restructuring costs (related primarily to BIC Graphic Europe and developing markets operations in 2017)	+6.6	+24.7
Retiree Medical Adjustment in the U.S.	(0.9)	-
Normalized IFO	409.1	400.9
Normalized IFO margin	20.2%	19.8%
Special employee bonus	+8.8	-
Normalized IFO excluding the special employee bonus	417.9	400.9
Normalized IFO margin excluding the special employee bonus	20.6%	19.8%

Income before tax for 2017 was 398.1 million euros, compared to 408.2 million euros in 2016. Net income Group Share was 288.3 million euros, up 15.5% as reported.

The 2017 effective tax rate for continuing operations was 25.9% compared to 30.0% in 2016. The 2017 effective tax rate includes the favorable income related to the invalidation of 3% additional French Corporate Income Tax on dividends, net of the French exceptional Corporate Income Tax contribution.

- Net Income From Continuing Operations was 295.1 million euros;
- Net Income From Discontinued Operations was a negative 6.7 million euros and included the net loss related to the disposal of BIC Graphic North America and Asian Sourcing.

FY 2017 EPS Group share was 6.20 euros, compared to 5.32 euros for the same period last year, up 16.5%. Normalized EPS Group share increased to 6.28 euros, compared to 6.24 euros.





2017 GROUP PERFORMANCE BY CATEGORY

BIC GROUP NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2016-2017

(in million euros)	Stationery		Lighters		Shavers		Other Products	
	Net Sales	IFO	Net Sales	IFO	Net Sales	IFO	Net Sales	IFO
2016	780.3	67.9	696.4	275.3	467.0	68.6	82.1	(8.4)
2017	791.8	54.9	703.9	278.0	454.4	60.4	70.2	(17.0)

BIC GROUP IFO AND NORMALIZED^(a) IFO BY PRODUCT CATEGORY 2016-2017

(in million euros)	Stationery		Lighters		Shavers		Other Products	
	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO
2016	70.1	67.9	277.3	275.3	69.6	68.6	(7.8)	(8.4)
2017	66.5	54.9	278.3	278.0	60.6	60.4	(4.4)	(17.0)

BIC GROUP IFO AND NORMALIZED^(a) IFO MARGINS BY PRODUCT CATEGORY 2016-2017

(in %)	Stationery		Lighters		Shavers	
	Norm. IFO margin	IFO margin	Norm. IFO margin	IFO margin	Norm. IFO margin	IFO margin
2016	9.0	8.7	39.8	39.5	14.9	14.7
2017	8.4	6.9	39.5	39.5	13.3	13.3

(a) see glossary § 8.9

Stationery

Stationery full-year 2017 Net Sales increased by 1.5% (up 3.4% on a comparative basis). Full year 2017 volumes grew by 2.4%.

- **Developed markets:** Net Sales grew mid-single digit in Europe, fueled by a good Back-to-School season in both Western and Eastern Europe, the success of new products (the BIC® Gelocity Illusion erasable pen, BIC® 4-color 3+1 pen and the BIC® Intensity Writing felt pen) and targeted Brand Support, notably on the 4 Colors and BIC® Kids ranges. In a slightly declining market, North America's Net Sales were slightly up, driven by a strong Back-to-School season. Key growth drivers included successful new added-value product launches including BIC® Gelocity® Quick Dry gel and the BIC® Velocity® Max Mechanical Pencil.

- **Developing markets:** posted low-single digit growth. In Latin America, Net Sales increased low-single digit. We continued to support our growth across the region with impactful advertising campaigns, notably in the ball pen segment. During the Back-to-School season, we gained market share in Mexico across the entire range, thanks mostly to our core products. The Middle-East and Africa region delivered solid growth along with an outstanding performance in South Africa thanks to strong in-store visibility. In India, Cello Pens' Domestic Net Sales increased high-single digit driven by the increased focus on Champion brands (especially Butterflow™), New Product launches (Gel Tech range) and continued development of our visibility strategy ("Cello® seen, Cello® sold").

Full Year 2017 Stationery normalized IFO margin was 8.4% compared to 9.0% in 2016 (9.4% excluding the impact of the special employee bonus) due to higher brand support investment.





Lighters

Full-year 2017 Net Sales of lighters grew by 1.1% (up 2.2% on a comparative basis). Full year 2017 volumes were up by 0.8%.

- **Developed markets:** In Europe, Net Sales increased mid-single digit, driven by both Western Europe and Eastern Europe (distribution gains). In North America, 2017 Net Sales grew low single digit in a slightly growing market. We continued to gain market share as a result of the constant development of our added value sleeve designs, increased distribution depth, and continuing consumer trust in our leading standards of product safety and quality.
- **Developing markets:** Full-year 2017 Net Sales declined slightly. Latin America posted low-single digit growth driven by distribution gains in Mexico and despite customer inventory reductions in Brazil.

Full-year 2017 Normalized IFO margin for lighters was 39.5% compared to 39.8% in 2016 (40.2% excluding the impact of the special employee bonus) due to lower Gross Profit, lower brand support and higher operating expenses.

Shavers

Full-year 2017 Net Sales of Shavers decreased by 2.7% (down 2.2% on a constant currency basis). Full-year 2017 volumes were up by 3.0%.

- **Developed markets:** Europe's Net sales increased high-single digit, driven by Eastern Europe's performance (success of the BIC® Flex 3 Hybrid and Miss Soleil shavers). Available in France since March 2017 and in the UK since November 2017, the BIC® Shave Club (*i.e.*, BIC's online subscription offer for refillable shavers) performed well, supported by high levels of customer loyalty. In North America, Net Sales declined double-digit. At the end of

December 2017⁽¹⁾, the total U.S. wet shave market decreased by 8.2%. With a 3.2% decline, the one-piece segment continued to be heavily disrupted with increased competitive activity, unprecedented levels of promotion, pricing pressure from major competitors and increased activity from Private labels. BIC's year-end one-piece segment market share was 26.7%, declining by 1.3 points when compared to December 2016. Following the BIC® Flex 5 Hybrid launch, we continued to gain market share in the high added-value one-piece 5-blade segment and consolidated our n°1 position with a 36.8% share of the Men's 5 blade one-piece market segment (up 8.7 points compared to last year).

- **Developing markets:** FY 2017 Net Sales increased mid-single-digit. Despite increased competitive pressure in Mexico and Brazil, Latin America delivered mid-single-digit growth, supported by an enlarged distribution network across the whole region. In the Middle-East and Africa, Net Sales grew high-single digit, benefiting from the success of our single-blade and twin-blade products.

Full-year 2017 Normalized IFO margin for Shavers was 13.3% compared to 14.9% in 2016 (15.4% excluding the impact of the special employee bonus) due to the decline of North American Net Sales and higher operating costs.

Other Products

Full-year 2017 Net Sales of Other Products decreased by 14.5% (down 5.5% on a comparative basis). BIC Sport registered a mid-single digit decline in its full-year Net Sales on a constant currency basis notably due to an increasingly competitive environment in the U.S.

Full-year 2017 Normalized IFO for Other Products was a negative 4.4 million euros, compared to a negative 7.8 million euros in 2016.

(1) Source: IRI total market YTD ending 31-DEC-2017 – in value terms.





2017 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

<i>(in million euros)</i>	2016	2017	As reported	Comparative basis
GROUP				
Net Sales	2,025.8	2,020.3	(0.3)%	+1.4%
Europe				
Net Sales	544.8	559.3	+2.7%	+4.9%
North America				
Net Sales	812.0	783.5	(3.5)%	(1.7)%
Developing markets				
Net Sales	668.9	677.4	+1.3%	+2.2%

IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

<i>(in %)</i>	2016	2017
Perimeter	-	(0.9)
Currencies	(3.3)	(0.8)
• Of which USD	+0.1	(0.7)
• Of which BRL	(0.2)	+0.4
• Of which ARS	(1.0)	(0.2)
• Of which MXN	(0.9)	(0.1)
• Of which GBP	(0.3)	(0.2)
• Of which ZAR	(0.2)	+0.1
• Of which RUB and UAH	(0.2)	+0.1
• Of which INR	(0.2)	-

SENSITIVITY OF NET SALES TO KEY CURRENCY CHANGES

<i>(in %)</i>	2016	2017
+/-5% change in U.S. dollar	+/-1.9	+/-1.8
+/-5% change in Brazilian real	+/-0.5	+/-0.5
+/-5% change in Mexican peso	+/-0.3	+/-0.3





Europe

The Europe region includes Western and Eastern Europe. In 2017, Net Sales in Europe reached 559.3 million euros, a year-on-year increase of 2.7% (+4.9% on a comparative basis).

Europe registered a good performance in 2017 across all consumer categories and all regions, especially in Eastern European countries.

- **In Stationery:** BIC delivered mid-single digit growth. The Back-to-School season was good both in Western and Eastern Europe, notably in France. Throughout the year, we initiated targeted Brand Support on the 4-Colors range (in the UK, Italy and Spain), on BIC® Kids in Eastern Europe (Russia, Ukraine, Romania, Turkey...). We also benefited from the success of New Products such as the BIC® Gelocity® Illusion erasable pen, BIC® 4-color 3+1 pen and the BIC® Intensity Writing felt pen.
- **In Lighters:** net sales posted mid-single digit growth. Western Europe's performance was mostly driven by France. Eastern European countries continued their good momentum on the back of distribution gains.
- **In Shavers:** growth was mainly driven by Eastern and Southern European countries. In Eastern Europe, performance was driven by the success of the BIC® Flex 3 Hybrid and Miss Soleil shavers, notably in Russia. We also implemented some TV campaigns on the Flex range, notably in Russia, Ukraine and Romania). In Southern Europe, we benefited from distribution gains notably in Greece, Spain and Portugal. BIC's online subscription offer for refillable shavers is available in France since March 2017 and in the UK since November 2017: the BIC® Shave Club performed well in 2017, supported by high levels of customer loyalty.

North America

The North America region includes the U.S. and Canada. In 2017, Net Sales in North America reached 783.5 million euros, down 3.5% both as reported and down 1.7% on a comparative basis.

- **In Stationery:** Net Sales increased slightly. The market declined slightly except in Gel and BIC market share remains flat. However, we outperformed the market in core segments such as ball Pens, Mechanical Pencils, Highlighters and correction. We benefited from a strong back-to-school season, thanks to the success of new added-value product launches including BIC® Gelocity® Quick Dry gel and the BIC® Velocity® Max Mechanical Pencil.

- **In Lighters:** low-single digit growth was driven by market share gains. We continued to benefit from our continued emphasis on product safety and quality as well as the success of our added-value sleeve designs, like the new Holiday series. We expanded our communication on Facebook and Instagram to include engaging safety & quality messages.
- **In Shavers:** 2017 reflected another year of disruption. At the end of December 2017, the total U.S. wet shave market decreased by 8.2%⁽¹⁾. With a 3.2% decline, the one-piece segment was impacted by increased competitive activity, unprecedented levels of promotion, pricing pressure from major competitors and increased activity from Private labels. BIC's year-end one-piece segment market share was 26.7%, declining by 1.3 points when compared to December 2016. In 2017, we launched the BIC® Flex 5 Hybrid for men, allowing us to gain market share in the high added-value one-piece 5-blade segment and consolidated our n°1 position with a 36.8% share of the Men's 5 blade one-piece market segment (up 8.7 points compared to last year).

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), the Middle-East, Africa, Oceania and Asia. In 2017, Net Sales reached 677.4 million euros, up 1.3% (+2.2% on a comparative basis).

Latin America

In Latin America, net sales delivered a low single-digit increase.

- **Stationery:** BIC continued to expand its market share notably in Mexico and Brazil during the back-to-school. The performance in this region was also supported by impactful advertising campaigns, like the TV and Digital Campaign for Cristal Fashion "Power of Colors" which created a halo effect across the ball pen segment.
- **Lighters:** the performance was driven by distribution gains in Mexico. Brazil continued to be impacted by customer inventory reductions.
- **Shavers:** 2017 was a year impacted by increased competitive pressure in Mexico and Brazil. However, in the region, BIC benefited from enlarged distribution network and the success of the launch of the BIC® Flex 3.

(1) Source: IRI total market YTD ending 31-DEC-2017 - in value terms





COMMENTS ON THE YEAR

Operations and consolidated results

Middle-East and Africa/India

BIC continued to deploy the proximity strategy first rolled out in 2012. During the year, we continued to work closely with distributors and customers to reinforce our presence, leverage the BIC® brand and increase Net Sales by focusing on distribution gains and improved in-store visibility.

- **Stationery:** BIC registered a strong performance in the region, especially in Southern Africa. Southern Africa consolidated a good back-to-school performance thanks notably to strong in-store visibility and consumer involvement in the campaign "Buy a pen, Donate a pen". Eastern Africa delivered a good performance. In India, Cello Pens' Domestic Net Sales increased high-single digit driven by the increased focus on Champion brands (especially Butterflow™), New Product launches (Gel Tech range) and continued development of our visibility strategy ("Cello® seen, Cello® sold").

- **Lighters:** we continued to focus on our strategy, aimed at gaining distribution and improving in-store visibility, a "BIC seen is a BIC sold".
- **Shavers:** BIC delivered a good performance across all regions, benefiting from the success of our single-blade and twin-blade products as well as the expansion of the BIC® Flex range. In south Africa, we launched a new communication campaign on the BIC® Flex 5 shavers.

Asia-Pacific

- **Stationery:** in Oceania, we benefited from distribution gains.
- **Lighters:** in Oceania, BIC extended its leadership position through distribution gains notably in the modern mass market.
- **Shavers:** BIC delivered a strong performance in Oceania.





4.2. Financial situation and cash

At the end of 2017, the net cash position ⁽¹⁾ was 204.9 million euros, compared to 222.2 million euros as of December 31, 2016.

2017 Net Cash from operating activities ⁽¹⁾ totaled 380.6 million euros including +411.3 million euros in Operating Cash Flow. The Net Cash

position was also impacted by investments in CAPEX, dividend payments and share buy-backs as well as the proceeds from the sale of BIC Graphic North America and Sourcing Asia.

MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	2016	2017
Shareholders' equity	1,792.6	1,703.9
Current borrowings and bank overdrafts	49.6	4.9
Non-current borrowings	1.4	0.2
Cash and cash equivalents – Assets	243.8	188.6
Other current financial assets and derivatives instruments	31.1	45.0
Net cash position ^(a)	222.2	204.9
goodwill and intangible assets	372.7	350.6
TOTAL BALANCE SHEET	2,573.7	2,352.6

NBSOCIÉTÉ BIC did not request any rating from any credit ratings agency nor, to the best of its knowledge, has it been the object of any unsolicited rating by any credit ratings agency.

(a) See Glossary § 8.9.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2016	2017
Cash flow from operations	417.2	411.3
(Increase)/Decrease in net working capital	(62.8)	(9.5)
Other operating cash flows	(55.7)	(21.2)
Net cash from operating activities from continuing operations	276.2	374.5
Net Cash from operating activities from discontinued operations	22.5	6.1
Net cash from operating activities ^(a)	298.7	380.6
Net Cash from investing activities from continuing operations	(127.2)	(108.4)
Net Cash from investing activities from discontinued operations	(5.3)	(3.4)
Net cash from investing activities	(132.5)	(111.8)
Net Cash from financing activities from continuing operations	(291.5)	(273.1)
Net Cash from financing activities from discontinued operations	(48.0)	(2.3)
Net cash from financing activities	(339.5)	(275.4)
Net increase/(decrease) in cash and cash equivalents	(173.2)	(6.6)
Closing cash and cash equivalents	217.4	187.0

(a) See Glossary § 8.9.

(1) See Glossary § 8.9.





4.3. Management of currency and interest rate risks

HEDGING FOREIGN EXCHANGE RISKS ON INTERNATIONAL MARKETS

As BIC has a presence in more than 160 countries, business is subject to fluctuations in financial markets. Our foreign exchange (FOREX) risk management policy is to hedge transactions in foreign currencies through forward contracts and options. The Group does not hedge against FOREX conversion variations arising in the consolidation of foreign affiliates, except for intragroup dividends. Direct and equity investments are also usually carried out in local currencies.

BIC manages foreign exchange risks only in order to protect profitability, enhance liquidity and security and does not engage in any speculative transactions. Group Treasury is not a profit center and reports the status of its FOREX hedges to the Leadership Team on a monthly basis, splitting the transactions matured and non-matured, and the related FOREX results.

Since 2000, the Group has annualized FOREX hedging, permitting subsidiaries to bring their exposure close to zero while all risks are centralized at the parent Company level, except for non-convertible currencies.

A regular reporting process common for all subsidiaries allows the identification of FOREX positions for each currency and their forward-looking evolution within the year. SOCIÉTÉ BIC consolidates subsidiaries' FOREX risks and hedges the residual risk on financial markets.

The Group's main currency exposure is to the EUR-USD rate.

In 2017, the yearly exposure for commercial flows was hedged at the average rate of 1 EUR = 1.1169 USD. Regarding the 2018 exposure, as of December 31, 2017, 90% of the identified exposure has been hedged at an average rate of 1 EUR = 1.13 USD.

The main other currencies exposures in order of volume are the Canadian dollar, the British pound and the Australian dollar. These exposures are hedged between 80% and 100% for the full year 2018.

As soon as a transaction is traded on the financial markets, Group Treasury categorizes the hedge in relation to its year of maturity and the nature of flows hedged, commercial or financial. All the hedging

products used comply with the Cash Flow Hedge qualification as defined by IAS 32/39. Thus, Group Treasury does not use any product with leveraging or deactivating effect that could create a position opposed to the intended direction of the Group exposure. This strict discipline in such levels of market volatility is fundamental for the financial security of the Group.

The portfolio of financial instruments benefits from a specific real time monitoring by Group Treasury, which also provides a monthly mark-to-market valuation of each position, in compliance with IAS 32/39 requirements.

All hedging contracts are set up with top-level banking institutions, making counterparty risk very low. Almost all our transactions are negotiated with the historical banks of the BIC Group, which are all "universal banks" with a good protective balance between their different activities that makes them less vulnerable to market risks. To date, the minimum Standard & Poor's long-term rating of our main banking counterparties is A-, the range of ratings going from A+ to A-. Following the requirement of IFRS 13, the counterparty risk on our FX positions in portfolio as of December 31, 2017, has been calculated and the result is considered as not significant enough for a specific booking.

In countries where it is not possible to centralize the risk effectively as described above, foreign exchange exposure is managed locally with continual monitoring by Group Treasury. Such exposure is mainly concentrated in Latin America and South Africa. These subsidiaries produce most of the products sold on their national market locally, but also import some components manufactured inside the Group. Local hedging is set up, after Group Treasury approval.

HEDGING INTEREST RATE RISK

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of too limited a timescale to require any relevant hedging.





4.4. Dividends

The Board of Directors of SOCIÉTÉ BIC proposes the distribution of dividends primarily as a function of the Company's earnings, its investment policy and balance sheet strength, as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this dividend distribution policy.

The Board of Directors will propose 3.45 euros as an ordinary dividend per share, at the Annual Shareholders' Meeting on May 16, 2018. The pay-out ratio would be 56% in 2017, compared to 65% in 2016.

The dividends paid for the last three fiscal years were as follows:

	Net ordinary dividend (in euros)	Net ordinary dividend divided by earnings per share (pay-out ratio)
2016	3.45	65%
2015 ^(a)	3.40	49%
2014	2.85	51%

(a) In addition to the ordinary dividend, a special dividend of 2.50 euros per share was voted for the full year 2015.





4.5. Investments

PRINCIPAL INVESTMENTS OVER RECENT YEARS

Regarding industrial investments, the BIC Group has organized its manufacturing activities in two areas for several years:

- first, in continued quality improvement for each production line, including continuous investments in manufacturing processes and new technologies;
- second, in the specialization of focused production sites by Product category.

In 2006, we opened a distribution subsidiary in Turkey. Moreover, we acquired PIMACO, Brazil's leading manufacturer and distributor of adhesive labels.

In December 2008, the BIC Group announced its intent to acquire Antalis Promotional Products entities (Sequana group). The acquisition was completed on March 11, 2009, after the signing of an agreement on the basis of a total enterprise value of 33.5 million euros. After the purchase of Antalis Promotional Products, in June 2009 the BIC Group announced the acquisition of Norwood Promotional Products. Norwood Promotional Products is a U.S. supplier of promotional products with leadership positions in calendars and promotional goods. The acquisition was completed on July 6, 2009 and total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities.

On January 21, 2009, the BIC Group and the Cello group announced that they had signed a definitive agreement whereby the BIC Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC had a call option in 2013 to increase its stake to 55%. This agreement was partially completed on March 5, 2009 for 3.8 billion Indian rupees.

In April 2009, BIC launched a worldwide cost reduction plan to adjust to the slowdown of its markets. This initiative negatively impacted full year 2009 IFO by 34.4 million euros. The impact on profit was partially offset by the negative goodwill related to the Antalis Promotional Products acquisition. The net impact was 24.1 million euros.

On April 27, 2011, the BIC Group acquired Sologear LLC, maker of FlameDisk®, a portable heat source for grilling. On November 30, 2011, the BIC Group acquired the assets of Angstrom Power

Incorporated, a company specializing in the development of portable fuel cell technology.

In February 2012, the BIC Group acquired land for the construction of a writing instrument facility in the fast growing African and Middle-East region. Located in Tunisia (region of Bizerte). The facility has been operational since the end of 2013. The total investment was 12 million euros.

In October 2012, BIC, announced the launch of BIC® Education in France, a next generation educational solution for primary schools.

In September 2013, the BIC Group closed the acquisition of 40% of the last (7th) stationery entity of the Cello group for a total amount of 3.7 billion Indian rupees (43.3 million euros⁽¹⁾). On September 27, 2013, the BIC Group announced that it had completed the purchase of shares pursuant to the call option, exercised in September 17, to increase its stake in Cello Pens' seven entities from 40% to 55% for 2.9 billion Indian rupees (35.2 million euros⁽²⁾)

In October 2013, the BIC Group acquired land in Nantong, China (North of Shanghai) for the construction of a Lighter facility in China. The total investment is around 14 million euros.

In July 2014, the BIC Group completed the purchase of shares to increase its stake from 55% to 75% in Cello Pens' seven entities for 4.3 billion Indian rupees (approx. 53 million euros⁽³⁾) after Cello group exercised its put option in March 2014, allowing it to sell 20% of Cello Pens to the BIC Group.

In October 2015, the BIC Group presented an investment project intended to modernize its industrial facilities in the North of France (Pas-de-Calais). Planned over a five-year period, the project includes an investment of 12 million euros to extend the production facility at Samer.

In December 2015, BIC increased its stake in Cello Pens to 100% for an amount of 5.4 billion Indian rupees (approximately 74 million euros⁽⁴⁾).

In October 2017, BIC's Indian subsidiary BIC Cello (India), acquired land and buildings for the construction of a new writing instrument facility in Vapi (Gujarat state). Total investment in this project is estimated at around 28 million euros through December 2018 including the purchase of land and buildings for approximately 18 million euros in 2017. This investment will enhance the Group's manufacturing footprint in India and enable it to meet consumer demand more effectively in this rapidly-growing market. This new facility is expected to be operational by the end of 2018.

(1) 84.53 INR = 1 EUR (Sep.13, 2013, ECB Reference rate).

(2) 83.80 INR = 1 EUR (Sep.26, 2013, ECB Reference rate).

(3) 81.17 INR = 1 EUR (Jul.04, 2014, ECB Reference rate).

(4) 72.69 INR = 1 EUR (Dec.08, 2015, ECB Reference rate).





PRINCIPAL INVESTMENTS IN 2017

2017 Capex were 185.6 million euros.

In the **Stationery category**, major investments included:

- Finalization of 2 new buildings in Samer (France);
- Finalization of building extension in Bizerte (Tunisia);
- Acquisition of land and building of a new factory in India;
- Capacity increase for pencils in the Evolution® range in two production sites: Samer (France) and Manaus (Brazil);
- Additional production capacity for BIC MATIC Mechanical Pencils in Mexico (Mexico).

In the **Lighter category**, we invested to increase capacities and we bought new machines and molds.

In the **Shaver category**, major investments included:

- increase in production capacities of the Manaus (Brazil) factory;
- increase worldwide blades' capacity;
- investments related to New Products;
- transfer and capacity increase in Saltillo (Mexico)

PRINCIPAL INVESTMENTS IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

Not applicable.

PRINCIPAL FUTURE INVESTMENTS

Not applicable.





4.6. Prospects for 2018 and strategy

2018 OPERATIONAL OUTLOOK

We expect 2018 Group Net Sales to increase between +1 and +3% on a comparative basis, with all categories contributing to the growth. Major factors affecting sales performance could include continued competitive pressures in Shaver, further inventory reductions from retailers, and continued softness in the Brazilian economy.

Gross Profit will be impacted by an increase in raw material costs, higher depreciation, while we will continue to invest in targeted Brand Support and Operating Expenses. 2018 Normalized Income from Operations will also be impacted by sales performance. Based on these factors we expect Normalized Income from Operations margin to be between 17% and 18%.

We expect CAPEX to be approximately 150 million euros.

RISKS AND OPPORTUNITIES

In brief, we foresee the major challenges for 2018 to be:

- continued economic uncertainty;
- the global geopolitical environment;
- continued foreign currency volatility;
- an expected increase in raw material costs versus prior years.

While many of these issues are outside of our control, we will make every effort to minimize the related risks in all aspects of our operations.

We believe that our greatest opportunity for growth remains the strength of the BIC® brand, combined with the diverse talents of our multinational workforce in more than 160 countries around the world. Our teams are delivering products and programs, including advertising and promotional support, that speak directly to today's consumers in their local marketplaces, meeting their specific needs.

PERFORMANCE GOALS

Sales growth, market share gains, margins, cash flow and a strong balance sheet are the main indicators of the Group performance.

In 2018, our priority is to continue to drive sales growth through selected investments in R&D, brand support and CAPEX.

RECENT EVENTS

In order to drive commercial synergies and strengthen our business within the Asian markets, notably in China, we reorganized our operations in Asia Pacific and closed our Singapore office. In Latin America, BIC direct operations in Nicaragua were closed.





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5.1. Consolidated financial statements

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1. CONSOLIDATED INCOME STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Net sales	2-2	2,025,771	2,020,251
Cost of goods	4	(960,442)	(972,669)
Gross profit*		1,065,329	1,047,582
Distribution costs	4	(285,954)	(291,599)
Administrative expenses	4	(211,932)	(211,474)
Other operating expenses	4	(158,933)	(147,304)
Other income	5	5,407	9,793
Other expenses	5	(10,525)	(30,773)
Income from operations		403,392	376,225
Income from cash and cash equivalents	6	8,856	9,419
Net finance income/(Net finance costs)	6	(4,057)	12,418
Income before tax		408,191	398,063
Income tax expense	7	(122,651)	(102,991)
Net income from consolidated entities		285,540	295,072
Net income from continuing operations	8	285,540	295,072
Net income from discontinued operations	20	(35,854)	(6,776)
Consolidated income of which:		249,686	288,295
Non-controlling interests		-	-
Net income Group share	8	249,686	288,295
Earnings per share Group share <i>(in euros)</i>		5.32	6.20
<i>Continuing operations</i>	8	6.09	6.35
<i>Discontinued operations</i>		(0.77)	(0.15)
Diluted earnings per share Group share <i>(in euros)</i> ^(a)		5.27	6.17
<i>Continuing operations</i>	8	6.03	6.31
<i>Discontinued operations</i>		(0.76)	(0.14)
Average number of shares outstanding net of treasury shares over the period	8	46,898,827	46,475,249

(a) The dilutive elements taken into account are stock options.

* Gross profit is the margin that the Group realizes after deducting its manufacturing costs.





2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
GROUP NET INCOME	A	249,686	288,295
OTHER COMPREHENSIVE INCOME			
Actuarial differences on post-employment benefits not recyclable to the income statement ^(a)	18-2	(4,282)	14,389
Deferred tax on actuarial differences on post-employment benefits	7-2	479	(30,691)
Total actuarial differences not recyclable to the income statement – Net of tax	B	(3,803)	(16,302)
Gain/(Loss) on cash flow hedge		(14,107)	33,252
Exchange differences arising on translation of overseas operations ^(b)		45,789	(148,016)
Available-for-sale investments		2	5
Deferred tax and current tax recognized on other comprehensive income	7-2	4,837	(120)
Other comprehensive income recyclable to the income statement - Net of tax	C	36,522	(114,879)
TOTAL COMPREHENSIVE INCOME	D = A + B + C	282,405	157,115
Attributable to:			
• BIC Group		282,405	157,115
• Non-controlling interests		-	-
TOTAL		282,405	157,115

(a) The impact of actuarial differences is mainly due to U.S. and French plans.

(b) The main items impacting the translation reserve variance for the period, by currency, are as follows: Brazilian real -34.1 million euros, U.S. dollar -78.2 million euros and Mexican peso -6.0 million euros.





3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Property, plant and equipment	9-1, 9-2	564,420	631,083
Investment properties		2,088	1,788
Goodwill	10	297,304	276,851
Intangible assets	11	75,447	73,780
Other non-current assets	12	29,472	44,840
Deferred tax assets	13	174,669	140,637
Derivative instruments	22-6, 24-4	33	38
Non-current assets		1,143,433	1,169,017
Inventories	14	468,142	428,977
Income tax advance payments		30,823	32,254
Trade and other receivables	14	483,099	476,745
Other current assets		20,584	11,952
Derivative instruments	22-6, 24-4	1,702	23,620
Other current financial assets	22-6, CF (h)	29,439	21,395
Cash and cash equivalents	22-4, 22-6, 24-7	243,762	188,626
Current assets		1,277,551	1,183,569
Assets held for sale		152,697	-
TOTAL ASSETS		2,573,680	2,352,586

CF: see consolidated cash flow statement.





Equity and liabilities

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Share capital	15-1	178,333	175,141
Accumulated profits		1,614,282	1,528,780
Shareholders' equity Group share		1,792,615	1,703,921
Non-controlling interests		-	-
Shareholders' equity	SHEQ	1,792,615	1,703,921
Non-current borrowings	16, 22-6	1,452	215
Other non-current liabilities		1,178	1,112
Employee benefits obligation	18-3	205,455	174,139
Provisions	17	35,560	42,171
Deferred tax liabilities	13	51,358	48,593
Derivative instruments	24-4	4,234	104
Non-current liabilities		299,239	266,334
Trade and other payables	14	118,676	125,539
Current borrowings	16	49,578	4,866
Current tax due		13,596	10,774
Other current liabilities	19	232,111	238,932
Derivative instruments	24-4	15,591	2,220
Current liabilities		429,553	382,331
Liabilities held for sale		52,273	-
TOTAL EQUITY AND LIABILITIES		2,573,680	2,352,586

SHEQ: See consolidated statement of changes in equity.





4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	Notes	Share capital	Accumulated profits	Actuarial differences recognized in equity	Translation reserve	Cash flow hedge derivatives	Shareholders' equity Group share	Non-controlling interests	Shareholders' equity
At January 1, 2016		180,169	1,731,790	(79,281)	16,393	473	1,849,544	-	1,849,544
Dividends paid	CF, 21	-	(277,042)	-	-	-	(277,042)	-	(277,042)
Decrease in share capital		(1,724)	(54,063)	-	-	-	(55,787)	-	(55,787)
Increase in share capital		234	2,646	-	-	-	2,880	-	2,880
Treasury shares		(346)	(23,981)	-	-	-	(24,326)	-	(24,326)
Recognition of share-based payments	CF, 23	-	14,944	-	-	-	14,944	-	14,944
Other movements		-	(1)	-	-	-	(1)	-	(1)
Total transactions with Shareholders		(1,835)	(337,497)	-	-	-	(339,333)	-	(339,333)
Net income for the period		-	249,686	-	-	-	249,686	-	249,686
Other comprehensive income		-	139	(3,803)	45,789	(9,406)	32,719	-	32,719
Total comprehensive income		-	249,824	(3,803)	45,789	(9,406)	282,404	-	282,404
At December 31, 2016		178,333	1,644,117	(83,085)	62,182	(8,933)	1,792,615	-	1,792,615
Dividends paid	CF, 21	-	(161,045)	-	-	-	(161,045)	-	(161,045)
Decrease in share capital ^(a)		(3,804)	(93,334)	-	-	-	(97,138)	-	(97,138)
Increase in share capital ^(b)		281	3,634	-	-	-	3,915	-	3,915
Treasury shares		331	391	-	-	-	722	-	722
Recognition of share-based payments	CF, 23	-	7,851	-	-	-	7,851	-	7,851
Other		-	(111)	-	-	-	(111)	-	(111)
Total transactions with Shareholders		(3,193)	(242,615)	-	-	-	(245,807)	-	(245,807)
Net income for the period	IS	-	288,295	-	-	-	288,295	-	288,295
Other comprehensive income		-	11,245	(16,302)	(148,016)	21,892	(131,182)	-	(131,182)
Total comprehensive income		-	299,540	(16,302)	(148,016)	21,892	157,114	-	157,114
At December 31, 2017		175,141	1,701,042	(99,387)	(85,834)	12,959	1,703,921	-	1,703,921

(a) 995,854 shares were cancelled during 2017.

(b) Following the exercise of stock options, the share capital was increased by 73,559 shares.

CF: See consolidated cash flow statement.

IS: See income statement.





5. CONSOLIDATED CASH FLOW STATEMENT

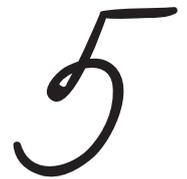
<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Operating activities			
Net income Group share	IS	249,686	288,295
• Net income from discontinued operations		(35,854)	(6,776)
• Net income from continuing operations		285,540	295,072
<i>Income and expense without cash impact:</i>			
Non-controlling interests	IS	-	-
Depreciation and amortization of intangible and tangible assets and investment properties		93,716	93,203
Impairment loss	(a)	20,901	837
Goodwill impairment	(a)	33,965	-
Provision for employee benefits		22,000	19,693
Other provisions (excluding provisions on current assets)		(5,133)	6,590
Unrealized foreign currency gain/loss	(b)	3,303	(16,117)
Hedging and derivative instruments		4,031	(6,449)
Option premium expense		1,876	778
Recognition of share-based payments		14,944	8,824
Deferred tax variation		(21,835)	6,569
(Gain)/Loss from disposal of fixed assets	(c)	(223)	9,043
Cash flow from operations		417,231	411,267
(Increase)/Decrease in net working capital	(d)	(62,815)	(9,487)
Payments related to employee benefits	18-2, (e)	(34,019)	(16,397)
Financial expense/(income)		(5,676)	(6,277)
Interest (paid)/received		5,553	6,079
Income tax expense		113,300	92,700
Income tax paid	(f)	(134,838)	(97,328)
• Net cash from operating activities from continuing operations		276,187	374,476
• Net cash from operating activities from discontinued operations		22,548	6,081
NET CASH FROM OPERATING ACTIVITIES		298,736	380,557
Investing activities			
Disposal of fixed assets	(c)	1,944	2,576
Purchases of property, plant and equipment	(g)	(170,618)	(166,031)
Purchases of intangible assets	(g)	(10,212)	(8,780)
(Increase)/Decrease in other investments		294	(528)
Purchase of other current financial assets	(h)	(5,705)	(22,870)
Sale of other current financial assets	(h)	51,808	30,012
Business and asset divestitures	(i)	-	55,749
Cash out on business and asset divestitures	(i)	-	(1,889)
• Net cash from investing activities from continuing operations		(127,178)	(108,401)
• Net cash from investing activities from discontinued operations		(5,310)	(3,360)
NET CASH FROM INVESTING ACTIVITIES		(132,489)	(111,761)
Financing activities			
Dividends paid	SHEQ, 21, (j)	(277,042)	(161,045)
Borrowings/(Repayments)	16, (k)	19,820	(18,490)
Payments of obligations under finance leases	16	(1,214)	(1,168)
Purchase of financial instruments		(1,919)	(500)
Increase in treasury shares	(l)	(81,782)	(97,989)
Exercise of stock options	(l)	2,666	3,834
• Net cash from financing activities from continuing operations		(291,513)	(273,056)
• Net cash from financing activities from discontinued operations		(47,958)	(2,302)
NET CASH FROM FINANCING ACTIVITIES		(339,471)	(275,358)
Net cash variation		(173,224)	(6,562)
Opening cash and cash equivalents net of bank overdrafts	BS	380,612	217,430
Exchange difference		10,042	(23,899)
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	BS	217,430	186,969

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.





As of December 31, 2017 cash and cash equivalents amounted to 188.6 million euros and bank overdrafts to 1.7 million euros.

Net cash from operating activities

2017 net cash from operating activities amounted to 380.6 million euros and included 16.4 million euros in payments related to restructuring (8.0 million euros during 2016).

Net cash from operating activities from discontinued operations was related to BIC Graphic North America and Asia.

As presented in Note 20, BIC Graphic North America and Asia were classified as discontinued operations at December 31, 2016. As a consequence, these BIC Graphic assets and liabilities (including the Norwood goodwill) were measured at December 31, 2016 in accordance with IFRS 5, Non-Current Assets Held For Sale And Discontinued Operations, at the lower of their carrying amount and fair value less costs to sell. Based on the expected net selling price, a full impairment expense (33.9 million euros) on the Norwood goodwill was recorded as of December 31, 2016 as well as an impairment of 20.6 million euros related to intangible and tangible assets ^(a).

The Group recorded foreign exchange (gains)/ losses with no cash impact in financial income and restated these in the consolidated cash flow statement. During 2017, this amount included a favorable foreign exchange impact (+18.2 million euros) due to reimbursement of an inter-company loan of 125 million U.S. dollars used to purchase BIC Graphic North America (see Note 6) ^(b).

During 2017, the loss on disposal before tax corresponded to BIC Graphic North America and Asian Sourcing operations and amounts to 10.0 million euros ^(c).

During 2016 and 2017, there was no disposal of individually significant fixed assets ^(d).

The working capital (see Note 14 for the definition) increase amounted to 9.5 million euros, including 2.2 million euros for continuing operations, compared to an increase in 2016 of 62.8 million euros. The 2017 variance is mainly explained by a slight increase in trade receivables. ^(d)

The payments related to employee benefits were mainly driven by the U.S. and France ^(e).

The decrease in the income tax paid is explained by the invalidation of the French 3% additional Corporate Income Tax on dividends amounting to 24.5 million euros, which 20.0 million euros had already been received at the end of 2017 (see Note 7.1) ^(f).

Net cash from investing activities

Net cash from investing activities amounted to -111.8 million euros in 2017 compared to -132.5 million euros in 2016.

During 2017 and 2016, there was no disposal of individually significant fixed assets ^(g).

During 2017, the BIC Group purchased 185.8 million euros of property, plant and equipment and intangible assets, including 11.0 million euros not disbursed in 2017 ^(h).

Purchases of property, plant and equipment do not include finance leases booked as a counterpart to a financial debt, as these transactions do not have any impact on cash ⁽ⁱ⁾.

The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as cash & cash equivalents under IAS 7. As of December 31, 2017, these investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within five days ^(h).

During 2017, the BIC Group disposed of BIC Graphic North America and Asian Sourcing operations. The net disposal price amounted to 55.7 million euros (63.6 million U.S. dollars) ⁽ⁱ⁾.

The expenses related to the sale of BIC Graphic North America and Asian Sourcing amounted to 1.9 million euros ⁽ⁱ⁾.

Net cash from financing activities

Net cash from financing activities amounted to -275.4 million euros in 2017 compared to -339.5 million euros in 2016.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 21) ^(j).

As of December 31, 2017, new borrowings amounted to 1.5 million euros (mainly in Turkey) compared to 20.6 million euros in 2016 related to a very short-term financing in France, which was repaid in 2017 ^(k).

During 2017, 995,854 shares were repurchased by SOCIÉTÉ BIC for 97.1 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 491,298 shares for 52.3 million euros and sold 484,558 shares for 51.6 million euros. In addition, 73,559 options were exercised in the period for 3.9 million euros, including 0.7 million euros which have not yet been received at end of December 2017. Moreover, in early 2017, SOCIÉTÉ BIC received 0.6 million euros related to stock options exercised at the end of 2016 ^(l).

During 2016, 652,745 shares were repurchased by SOCIÉTÉ BIC for 81.6 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 439,202 shares for 56.5 million euros and sold 437,650 shares for 56.4 million euros. In addition, 61,384 options were exercised in the period for 2.9 million euros, including 0.6 million euros which have not yet been received at end of December 2016. Moreover, in early 2016, SOCIÉTÉ BIC received 0.4 million euros related to stock options exercised at the end of 2015 ^(l).





FINANCIAL STATEMENTS
Consolidated financial statements





6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

Approval of the financial statements

The BIC Group's consolidated financial statements for FY 2017 were approved by the Board of Directors' Meeting of February 13, 2018 and are submitted for approval to the Annual Shareholders' Meeting to be held on May 16, 2018.

1-1 Accounting policies

1-1-1 General policies

Pursuant to European regulation (EC) no. 1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union as of December 31, 2017.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

At the end of the year, there were no differences between the reference standards used and the standards adopted by the IASB, whose application is mandatory for the period presented.

The financial statements have been prepared on a historical cost basis, except for the valuation of certain financial instruments. The main accounting policies remain unchanged compared to the prior year, except for the following policies, effective since January 1, 2017.

1-1-2 Adoption of new and revised IFRS, interpretations and amendments

Standards, interpretations and amendments effective for periods starting January 1, 2017

The following standards and amendments are effective since January 1, 2017 and have been applied to the consolidated financial statements for the period ended December 31, 2017:

- Amendments to IAS 7 – Disclosure initiative;
- Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses;
- Annual improvements - 2014-2016 cycle:
 - IFRS 1 – First-time Adoption of International Financial Reporting Standards,
 - IFRS 12 – Disclosure of Interests in Other Entities.

Standards, interpretations and amendments with mandatory application after 2017 and adopted by the European Union

In 2017, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, particularly regarding:

- IFRS 9 – Financial instruments.

According to the analysis made by the Group, the implementation of this standard will have the following main impacts on the financial statements:

- Impairment of financial assets (particularly trade receivables) will be based on expected credit losses (instead of observed), starting as from initial recognition,

The additional amount of provision to record will be booked through Shareholders' equity at the transition date. However, the Group does not expect a significant impact at the transition,

- BIC will apply IFRS 9 for hedge accounting. Therefore, for option and forward contracts documented in hedge accounting, the fair value change in:

- the time value component of options, and
- the forward points

will be recorded through OCI. These amounts will be recycled in financial income when the hedged item is recorded.

The estimation of the impact at the transition is -3.3 million euros. This adjustment will be booked in Shareholders' equity at the transition date and will not have any impact on the total Shareholders' equity;

- IFRS 15 – Revenue from Contracts with Customers and Amendments to IFRS 15 – Clarification.

In May 2014, the IASB released IFRS 15 with the FASB (Financial Accounting Standards Board). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date as of January 1, 2018: IAS 18 – Revenue; IAS 11 – Construction Contracts; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions Involving Advertising Services.

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is presented in a five-step model framework:

- Identify the contract(s) with a customer,



- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract,
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The implementation of the standard on revenue recognition was subject to a dedicated project by the BIC Group and that addressed all geographies. The work carried out to date shows that the expected effects on the consolidated financial statements will be limited and will concern certain contractual clauses in the sales agreements.

The main impact is related to business development funds that consist of general brand promotions or advertising services (that the Group could have also acquired from a third-party advertising supplier) and should be accounted for as an operating expense instead of net sales.

The Income from operations will not be affected significantly, but this new accounting treatment will mainly result in a reclassification between net sales and expenses that will amount to around 20 million euros in 2017. The Group has decided to apply the standard retrospectively to the prior reporting period presented in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;

- IFRS 16 – Leases

Upon its initial implementation on January 1, 2019 (or on January 1, 2018 if the Group decides to early adopt it), IFRS 16 will affect the accounting of leases by lessees:

- the lessees will account for all of their leases, whether they qualify as a finance lease or an operating lease under the current lease accounting standard (IAS 17), as an asset against a financial liability,
- in addition to the effect on the statement of financial position, the income statement will also be affected: instead of the current operating expense, lessees will recognize a depreciation charge and an interest expense,
- regarding the statement of cash flows, only the interest expense will continue to affect the operating cash flows, while the financing cash flows will be impacted by the repayment of the debt.

The financial reporting will be sensitive to a greater level of judgement required in applying the new accounting standard, notably:

- the definition of a lease,
- the estimation of the remaining duration of each lease,
- the determination of the discount rate.

During the second half of the year, the Group set up a project team, whose objective is to identify all the lease contracts the Group has entered into, collect all information required to apply the standard, select and implement a contract management tool and define its accounting policies.

The Group is yet to choose its transition method.

Standards, interpretations and amendments issued with mandatory application after 2017 but not yet adopted by the European Union that may have an impact on the Group's financial statements

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 – Uncertainty over Income Tax Treatments;
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.

Analysis of the practical consequences of these new standards is in progress.

1-1-3 Consolidation of subsidiaries

The consolidated financial statements include the financial statements of the parent company, SOCIÉTÉ BIC, and of the entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). An investor controls an investee if it has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by other entities of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1-1-4 Estimates and judgments

In preparing the consolidated financial statements, the BIC Group has to make estimates and assumptions that impact the consolidated financial statements and information reported in certain notes to the financial statements. The BIC Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment, especially in some key countries of the Group. The results of these reviews could lead to the amounts published in future consolidated financial statements differing from those previously disclosed.

The assumptions on which the main estimates are based and the assessment made are explained in the following notes:

- Note 1-2: Change in Group structure;
- Note 10: Goodwill;
- Note 17: Provisions;
- Note 18: Pensions and other employee benefits;
- Note 22-6: Fair value of financial assets and liabilities;
- Note 24: Derivative financial instruments and hedge accounting.





1-2 Change in Group structure

Accounting policies

In accordance with Revised IFRS 3 "Business Combinations", business combinations completed after January 1, 2010 are accounted for using the purchase method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interests in the acquiree are measured at either fair value or at the proportionate part in the fair value of the assets and liabilities of the acquired entity. This option is available on an individual basis for each business combination transaction.

Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the corresponding profit or the loss recorded in the income statement.

Badwill is recorded immediately in the income statement.

When incurred, acquisition costs are recognized immediately as expenses, except those relating to equity instruments (which reduce the Shareholders' equity amount).

Any potential price adjustment is estimated at fair value as of the acquisition date and this initial assessment can only later be adjusted against goodwill in the case of new information related to facts and circumstances existing at the date of acquisition and to the extent that the assessment was still described as provisional (assessment period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or receivable through the Group income statement.

Put options granted to non-controlling interests of fully consolidated subsidiaries are considered as financial debt. The value of the debt is estimated using the contract formulas or prices. When utilizing formulas based upon multiples of earnings minus debt, the Group uses the actual profit/loss of the entity in the period and its debt at the closing date of the fiscal year.

The Group recorded these put options as a financial debt at the present value of the put exercise price with Group Shareholders' equity as a counterpart; subsequent changes in debt are treated similarly.

Change in the consolidation scope

On June 6, 2017, BIC Group announced that it had signed an Asset and Share Purchase Agreement to sell its BIC Graphic North America and Asian Sourcing operations to H.I.G. Capital, a global U.S. private equity firm. The closing was effective as of June 30, 2017.

The net disposal price amounted to 73.6 million dollars, including 10 million dollars through a six-year subordinated note bearing 7% per annum capitalized interest.

Consequently, the subsidiaries BIC Graphic USA Manufacturing Co. Inc. and BIC Advertising and Promotional Products Co. Ltd. exited the Group structure as of December 31, 2017.

NOTE 2 OPERATING SEGMENTS

Accounting policies

According to IAS 18, revenue is measured at the fair value of the counterpart received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of commercial discounts and sales-related taxes. Thus, sales of goods are recognized when goods are delivered and titles are transferred.

2-1 General information

BIC Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The management considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

On February 7, 2017, the BIC Group confirmed the strategic alternatives review for BIC Graphic North America and the Asia

sourcing operations. Consequently, in the first half 2017, BIC Graphic is no longer considered as a separate category or reporting segment. The activities of BIC Graphic Europe and Developing Markets are now accounted and presented in the Stationery and Other Products categories. ⁽¹⁾

The categories are as follows: Stationery, Lighters, Shavers, Other Products.

These operating segments receive their revenues from the production and distribution of each product category.

(1) see Note 2-2 after.





2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). It constitutes the key financial metrics used within the Group;
- normalized income from operations excluding the impact of the special employee bonus that has been awarded to employees who have not been granted shares under our performance share plan and after approval of the exceptional dividend;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

(in million euros)	Dec. 31, 2016					Dec. 31, 2017				
	Stationery ⁽¹⁾	Lighters	Shavers	Other Products ⁽¹⁾	Total	Stationery ⁽¹⁾	Lighters	Shavers	Other Products ⁽¹⁾	Total
Income Statement										
• Net sales	780	696	467	82	2,026	792	704	454	70	2,020
• Depreciation and amortization	(27)	(19)	(23)	(15)	(84)	(25)	(21)	(29)	(19)	(93)
• Impairment loss	-	-	-	-	-	-	-	(1)	-	(1)
• Income from operations	68	275	69	(8)	403	54	278	60	(16)	376
Restatements made to obtain the normalized income from operations										
• Retiree medical adjustment in the United States	-	-	-	-	(1)	-	-	-	-	-
• Restructuring costs related to distribution reorganization in the Middle East and in the African regions	-	-	-	-	2	-	-	-	-	-
• Restructuring costs related to U.S. sales force reorganization	-	-	-	-	2	-	-	-	-	-
• Restructuring costs related to continuing BIC Graphic operations	-	-	-	-	1	-	-	-	-	24
• Other	-	-	-	-	2	-	-	-	-	-
• Normalized income from operations	70	277	70	(8)	409	65	278	61	(3)	401
• Special employee bonus	4	2	3	-	9	-	-	-	-	-
• Normalized income from operations excluding the impact of the special employee bonus	74	280	72	(8)	418	65	278	61	(3)	401

⁽¹⁾ The activities of BIC Graphic Europe and Developing Markets are now accounted and presented in the Stationery and Other Products categories.

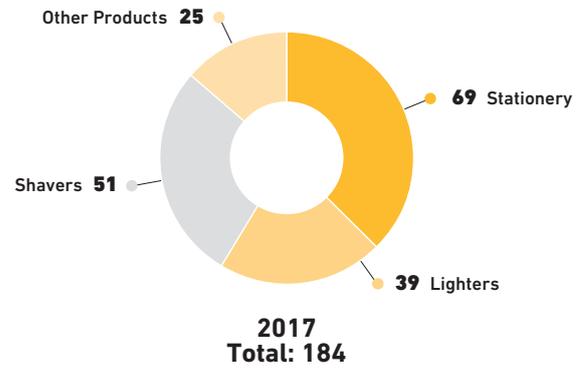
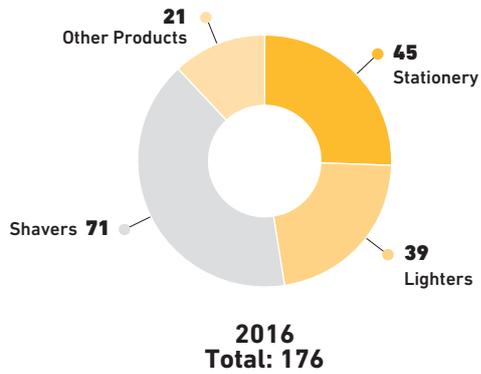




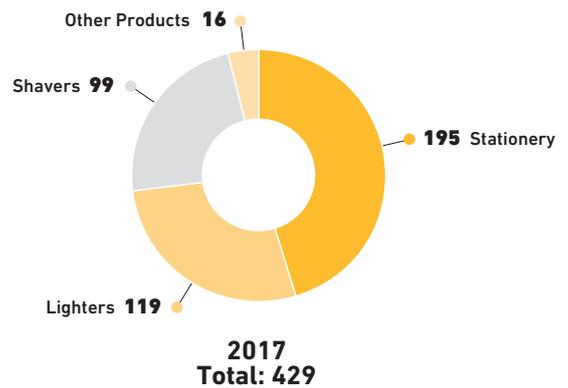
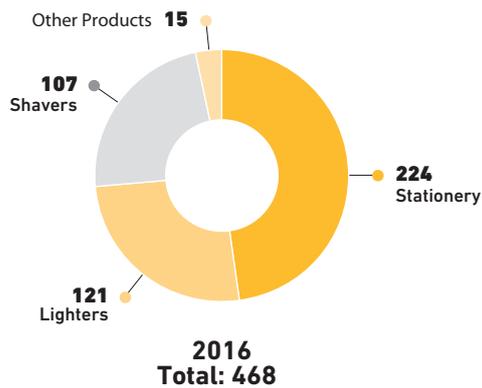
FINANCIAL STATEMENTS
Consolidated financial statements

As of December 31, 2017, Walmart Group has been identified as the major customer by the BIC Group.

CAPITAL ADDITIONS⁽¹⁾ (in million euros)



NET INVENTORIES (in million euros)



(1) Excluding capital additions of discontinued operations (2 million euros in 2017 and 5 million euros in 2016).

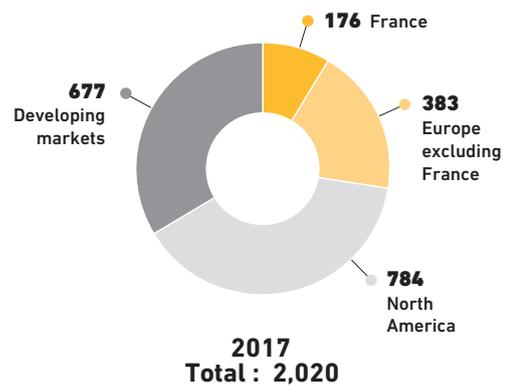
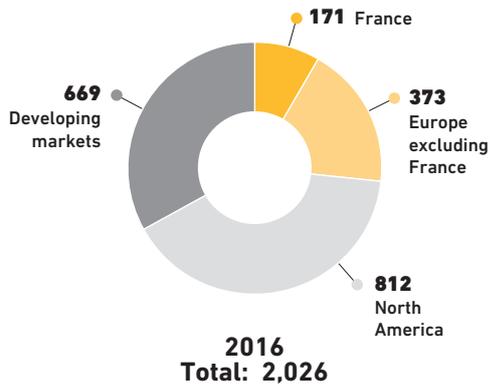




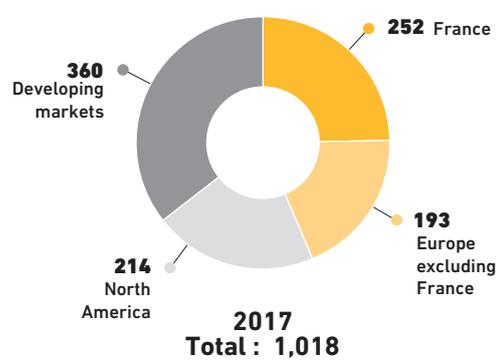
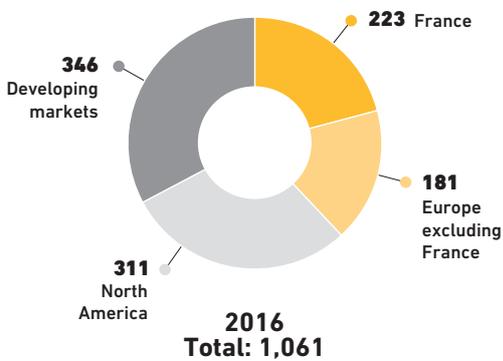
2-3 Information by geography

The geographies identified by the management are: France, Europe (excluding France), North America and Developing markets.

NET SALES (in million euros)



NON-CURRENT ASSETS^(a) (in million euros)



(a) Other than financial instruments (0.03 million euros in 2017 and in 2016) and deferred tax assets (140.6 million euros in 2017 and 174.7 million euros in 2016).





NOTE 3 FOREIGN CURRENCY EXCHANGE RATES

Accounting policies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the result and financial position of each entity are expressed in a common currency, the euro, which is the functional currency of SOCIÉTÉ BIC as well as the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each closing date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value are translated using the exchange rates prevailing at the date of the measurement.

Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risk, the Group enters into forward contracts and options (see Note 24 for details of the Group's accounting policies regarding derivative financial instruments).

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in euros using the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

The following table shows foreign currency equivalents of one euro (for instance: average 2017 1 euro = 1.13 U.S. dollars).

	Average 2016	Average 2017	Dec. 31, 2016	Dec. 31, 2017
	Euro	Euro	Euro	Euro
U.S. dollar – USD	1.11	1.13	1.05	1.20
Australian dollar – AUD	1.49	1.47	1.46	1.53
Canadian dollar – CAD	1.46	1.47	1.42	1.50
Swiss franc – CHF	1.09	1.11	1.07	1.17
Chinese renminbi – CNY	7.35	7.63	7.32	7.80
British pound – GBP	0.82	0.88	0.86	0.89
Hong Kong dollar – HKD	8.59	8.81	8.18	9.37
Indian rupee – INR	74.36	73.51	71.59	76.61
Japanese yen – JPY	120.25	126.74	123.40	135.01
Korean won – KRW	1,284.71	1,275.42	1,269.00	1,279.00
Malaysian ringgit – MYR	4.58	4.85	4.73	4.85
New Zealand dollar – NZD	1.59	1.59	1.52	1.69
Philippine peso – PHP	52.55	56.97	52.27	59.80
Polish zloty – PLN	4.36	4.26	4.41	4.18
Swedish krona – SEK	9.47	9.64	9.55	9.84
Singapore dollar – SGD	1.53	1.56	1.52	1.60
South African rand – ZAR	16.26	15.04	14.46	14.81
Argentinian peso – ARS	16.37	18.77	16.68	22.65
Brazilian real – BRL	3.85	3.61	3.43	3.97
Mexican peso – MXN	20.69	21.31	21.77	23.66
Venezuelan bolivar – VEF*	556.31	4,138	711.31	13,086.76
Ukrainian hryvnia – UAH	28.35	30.07	28.67	33.78
Russian ruble – RUB	74.03	65.93	64.30	69.39

* The Venezuelan subsidiary financial statements as of December 31, 2017, were translated using the SICAM rate representing the most conservative exchange rate.

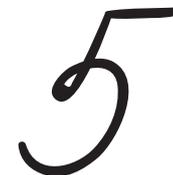
To date we do not see any significant impact attributable to Brexit. The British subsidiary of the BIC Group, BIC UK, has been importing most of its products from BIC factories located in the euro zone for years and is invoiced in euros by these entities.

The fluctuation of the exchange rate of the British pound against the euro is fully integrated into our foreign exchange risk management

processes and the volatility generated by the result of the UK referendum remained contained with regard to the movements triggered by the episode of the subprime crisis of 2008-2009.

The exposure of our British perimeter amounts to 10 million British pounds as of December 31, 2017.





NOTE 4 OPERATING EXPENSES

Accounting policies

- Government grants are recognized systemically in profit or loss over the periods necessary to match them with the associated costs and presented as a reduction to the related expenses.
- The research and development tax credit is deducted from operating expenses and the French tax credit for competitiveness and employment is deducted from labor costs.
- Research expenses are recognized as expenses in the period in which they were incurred.

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Raw materials, consumables used and change in inventory	516,279	525,962
Staff costs	532,026	524,648
Depreciation and amortization expenses	83,949	88,095
Other operating expenses	487,585	484,429
Loss on operational foreign currency translation	(2,578)	(90)
TOTAL	1,617,261	1,623,044

Other income and expenses are not included in the total amount and are disclosed in Note 5.

As of December 31, 2016, staff costs include special premiums for 8.8 million euros in 2016.

Other operating expenses mainly include outside services.

Research and development costs recognized under operating expenses for 2017 amounted to 36.4 million euros, versus 35.4 million euros for 2016.

They include the French research tax credit for 1.3 million euros, versus 1.1 million euros for 2016.

The tax credit for competitiveness and employment (CICE) amounted to 2.6 million euros in 2017, versus 1.8 million euros in 2016.

NOTE 5 OTHER INCOME AND EXPENSES

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Royalties income	24	8
Gain on disposal of fixed assets	209	940
U.S. Retiree Medical Plan	905	-
Other	4,269	8,845
Other income	5,407	9,793
Impairment loss	(33)	(837)
Restructuring costs related to distribution reorganization in the Middle East and Africa regions	(1,864)	-
Cost reduction plans – U.S.	(1,658)	-
Graphic restructuring costs	(1,380)	(23,742)
Cost reduction plans - Other	(1,688)	(967)
Other	(3,902)	(5,227)
Other expenses	(10,525)	(30,773)
TOTAL	(5,118)	(20,980)





Other income and expenses incurred in 2017 mainly include restructuring costs for -24.7 million euros related essentially to Graphic Europe reorganization costs (redundancy costs and inventory write down).

Other income and expenses incurred in 2016 mainly include:

- Restructuring costs for -1.4 million euros related to the reorganization of the Graphic business ;

- restructuring costs for -1.9 million euros related to distribution reorganization in the Middle East and Africa regions;
- restructuring costs for -1.7 million euros related to U.S. sales force reorganization;
- a favorable adjustment related to the change in the U.S. retiree medical plan for 0.9 million euros.

NOTE 6 FINANCIAL INCOME

Accounting policies

Interest income is accrued on a time basis, by reference to the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's initial value.

Dividend income from investments is recognized when the Shareholder's right to receive payment has been established.

Considering the nature of the BIC Group's activities, interest and dividends received are disclosed as financial income in the consolidated income statement.

All borrowing costs are recognized as expenses in the period in which they are incurred.

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Interest income from cash and cash equivalents	5,224	2,708
Interest on bank deposits	3,632	4,193
Moratorium interests related to the 3% CIT reimbursement	-	2,518
Income from cash and cash equivalents	8,856	9,419
Interest expense	2,349	(3,152)
Hedging instruments revaluation	(2,206)	674
Net financial foreign exchange difference	(4,198)	14,897
Net finance income/(Net finance costs)	(4,057)	12,418
FINANCE (COSTS)/REVENUE	4,799	21,837

The increase in financial income during the year 2017 compared to the year 2016 comes from several factors:

- An inter-company loan of 125 million U.S. dollars used to purchase BIC Graphic North America and previously considered as a net investment in a foreign operation was repaid during the year. Following the sale of BIC Graphic, the exchange differences recorded in equity in the translation reserve have been recycled in

the income statement at December 31, 2017 for an amount of 18.2 million euros;

- Income from cash and cash equivalents increased compared to the previous period due to the moratorium interests related to the 3% CIT reimbursement (see Note 7). This effect was offset by lower investment volumes.



NOTE 7 INCOME TAX

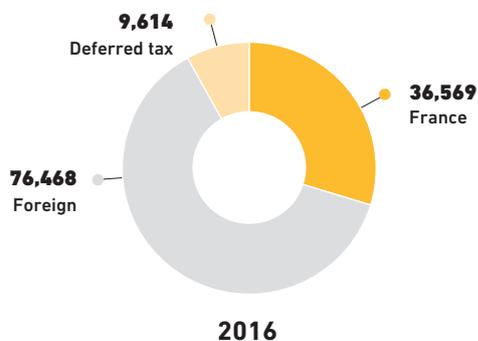
Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

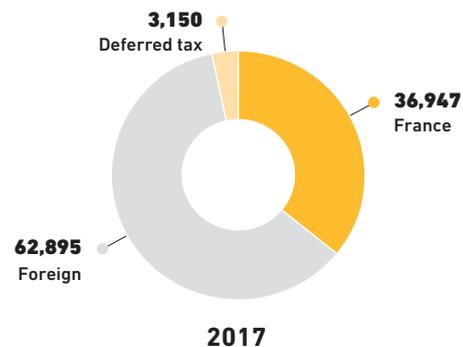
The tax currently payable is based on taxable profit for the year. Taxable income differs from income as published in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Liability for current tax is calculated using tax rates that have been enacted as of the balance sheet date.

BIC Sport, BIMA 83, BIC Écriture 2000, BIC Services, Conté, Société Immobilière, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, BIC International Développement, DAPE 74 Distribution, Styphen, Electro-Centre and BIC Éducation are part of the SOCIÉTÉ BIC tax group.

7-1 Income tax expense



Income tax expense
Total: 122,651



Income tax expense
Total: 102,991

The normal income tax rate in France is 34.43% (including social contributions) for the fiscal year 2017, as for 2016.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective countries.

The Group uses the French tax rate as the theoretical base for the reconciliation between the theoretical tax expense and the effective income tax expense. Thus one of the main elements of reconciliation is the effect of differences in tax rates.

As of December 31, 2017, the main contributors were the U.S., Greece, Spain and Mexico. (As of December 31, 2016, the main contributors were the U.S., Greece, Singapore, Spain and Mexico).

As of December 31, 2017, the invalidation of 3% additional French Corporate Income Tax on dividends amounted 24.5 million euros is included in the income tax. The related moratory interests amounting to 2.5 million euros was booked in financial income (see Note 6).

The French exceptional contribution of 15% amounting to 6.6 million euros is also included in the income tax as of December 31, 2017.



Reconciliation between theoretical tax expense and effective income tax expense:

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Income before tax	408,191	398,063
Tax rate	34.43%	34.43%
Theoretical tax expense	140,540	137,053
Effects of:		
• differences in tax rates	(8,206)	(10,956)
• income taxed at reduced rate	(5,715)	(4,753)
• initial recognition exemptions	12,651	(15,811)
• intra-Group accruals eliminations	580	7,733
• tax assets not recognised on tax losses	600	91
• tax assets/liabilities not recognised on prior years	(613)	4,620
• tax assets recognised on prior year tax losses	(2,215)	(5,505)
• tax credits	(16,576)	(11,119)
• foreign exchange differences	1,604	1,638
Income tax expense	122,651	102,991
EFFECTIVE TAX RATE	30.05%	25.87%

In addition, as of December 31, 2017, the BIC Group has 23.6 million euros of unrecognized deferred tax assets relating to unused tax losses, versus 19.6 million euros in 2016.

7-2 Deferred and current tax recognized in other comprehensive income

Deferred and current taxes recognized in other comprehensive income result from the following items:

At December 31, 2017

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	14,389	(30,691)
Cash flow hedge	33,252	(11,360)
Foreign exchange impact	(148,016)	11,241
Other	5	-
Total other comprehensive income (2)	(114,759)	(120)
TOTAL (1)+(2)	(100,371)	(30,811)

At December 31, 2016

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	(4,282)	479
Cash flow hedge	(14,107)	4,701
Foreign exchange impact	45,789	90
Other	2	47
Total other comprehensive income (2)	31,685	4,837
TOTAL (1)+(2)	27,403	5,316



NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share Group share and diluted earnings per share Group share correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share Group share is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share Group share is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of December 31, 2017, there are no shares with relative impact and the maximum dilutive effect from stock options not exercised is around 0.2% of the share capital.

	Dec. 31, 2016	Dec. 31, 2017
Numerator (in thousand euros)		
Net income Group share from continuing operations	285,540	295,072
Denominator (in number of shares)		
Weighted average number of ordinary shares outstanding	46,898,827	46,475,249
Dilutive effect of stock options	437,274	264,436
Diluted weighted average number of ordinary shares outstanding	47,336,101	46,739,685
Earnings per share Group share from continuing operations (in euros)		
Earnings per share Group share from continuing operations	6.09	6.35
Diluted earnings per share Group share from continuing operations	6.03	6.31

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Land and buildings held by the Group for use in the production or supply of goods or services, or for administrative purposes, are recognized in the balance sheet at their initial acquisition cost, less any accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss. Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment assets, starts when the assets are ready for their intended use.

Fixtures and equipment are stated at initial acquisition cost less accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss so as to reduce the carrying amount of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method.

Leases transferring risks and rewards linked to ownership (finance leases) are booked in assets with a financial debt as a counterpart. They are depreciated over their expected useful life on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation method is the straight-line method, on the following basis:

• Buildings	25 years
• Fixtures, machinery and equipment	5 to 8 years
• Vehicles	3 to 5 years





9-1 Property, plant and equipment - Gross value

<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Total
At January 1, 2016	412,722	1,165,174	85,979	30,118	1,693,993
Additions	7,581	39,574	120,870	2,593	170,618
Disposals/Write-offs	(656)	(33,758)	(482)	(5,854)	(40,750)
Transfers to non-current assets held for sale (see Note 20)	(42,822)	(103,402)	(1,666)	(879)	(148,768)
Other transfers	12,985	55,171	(69,723)	1,568	1
Exchange differences	6,422	18,014	3,388	(271)	27,553
At January 1, 2017	396,233	1,140,773	138,365	27,276	1,702,647
Acquisitions	5,663	35,929	132,558	1,185	175,336
Disposals/Write-offs	(1,194)	(26,172)	(2,585)	(2,249)	(32,201)
Other transfers	31,288	58,820	(90,608)	499	-
Exchange differences	(18,006)	(40,642)	(6,648)	(617)	(65,912)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	5,716	16,810	99	907	23,533
At December 31, 2017	419,701	1,185,519	171,181	27,000	1,803,402

The gross value of property, plant and equipment includes 2.6 million euros of finance lease assets as of December 31, 2017 (8 million euros as of December 31, 2016).

9-2 Property, plant and equipment - Depreciation and impairment loss

Accounting policies

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount should not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.





<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Total
At January 1, 2016	229,732	933,158	1,103	21,467	1,185,460
Amortization for the period	14,042	66,016	-	2,842	82,900
Impairment loss	6,600	6,735	141	-	13,476
Disposals/Write-offs	(457)	(33,254)	(113)	(5,285)	(39,109)
Transfers to non-current assets held for sale (see Note 20)	(29,008)	(94,249)	-	(577)	(123,834)
Exchange differences	4,308	15,292	(224)	(43)	19,333
At January 1, 2017	225,217	893,698	906	18,404	1,138,226
Depreciation for the period	14,542	65,715	-	2,343	82,600
Impairment loss	39	801	(3)	-	837
Disposals/Write-offs	(1,220)	(26,028)	(286)	(2,069)	(29,604)
Exchange differences	(7,371)	(31,274)	(6)	(332)	(38,982)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	4,149	14,516	-	577	19,242
At December 31, 2017	235,356	917,427	616	18,919	1,172,320
NET VALUE					
At December 31, 2017	184,344	268,092	170,565	8,082	631,083
At December 31, 2016	171,015	247,076	137,459	8,872	564,420

The net value of property, plant and equipment included 2.3 million euros of finance lease assets as of December 31, 2017 (4.7 million euros as of December 31, 2016).

As of December 31, 2017 the gross value of fully depreciated but still used property, plant and equipment was 294.5 million euros.

NOTE 10 GOODWILL

Accounting policies

Goodwill arising from the acquisition of a subsidiary represents the excess of the acquisition price over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is calculated in the currency of the acquired company. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU") representing the smallest level at which the goodwill is monitored at Group level. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of an activity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.





<i>(in thousand euros)</i>	Notes	Gross value	Impairment loss	Net value
At January 1, 2016		341,818	(16,924)	324,894
Transfers to assets held for sale	20	(33,939)	33,939	-
Impairment loss		-	(33,965)	(33,965)
Exchange differences		6,467	(91)	6,376
At January 1, 2017		314,345	(17,041)	297,304
Liquidation of Hungarian subsidiary		(3,057)	3,057	-
Exchange differences		(20,897)	444	(20,453)
At December 31, 2017		290,391	(13,540)	276,851

The balance, as of December 31, 2017, includes the following principal net goodwill:

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
BIC CORPORATION ^(a)	122,634	110,166
Cello Pens	102,579	95,908
BIC Viorex	49,174	49,174
PIMACO ^(a)	7,046	6,084
Others ^(a)	15,871	15,519
TOTAL	297,304	276,851

(a) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discounted and perpetual growth rates:

	Weighted average cost of capital (wacc) before tax		Perpetual growth rate	
	2016	2017	2016	2017
BIC CORPORATION	10.0%	10.6%	1.5%	1.5%
Cello Pens	13.5%	14.1%	8.0%	8.6%
BIC Viorex	13.3%	14.1%	2.9%	2.9%
PIMACO	19.7%	20.3%	1.7%	0%

Each goodwill item has been allocated to a cash-generating unit ("CGU") representing the lowest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello.

The remaining goodwill on BIC Viorex is allocated to the cash-generating unit linked to shavers developed and/or produced by BIC Viorex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

As every year, as of June 30, 2017, the Group performed impairment tests on these goodwill amounts.

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rate;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics.

At December 31, the Group assesses whether there is an indicator that the various cash-generating units tested annually at June 30 may be impaired.

When assessing the financial performance of Cello at that date compared to what was budgeted, the Group concluded that an indicator existed that the cash-generating unit may be impaired.

As a consequence, an additional impairment test was performed using the latest long-term strategic plan available, a 14.1 % weighted average cost of capital (WACC) before tax and an 8.6% perpetual growth rate.





Regarding the test performed on Cello Pens, sensitivity to the assumptions used in the calculation indicates that to cover assets, and for each factor taken independently:

- the discount rate before tax should not exceed 14.8%;
- the perpetual growth rate should not be less than 8.1%;
- Net Sales at constant Income From Operations margin over the future 5-year period should not be less than 6% compared to the level retained in the impairment test;
- Income From Operations on the future 5-year period should not be less than 8% compared to the level retained in the impairment test.

Additionally, Cello future economic performance is highly dependent upon the realization of its long term strategic plan, which includes growth in both domestic and export sales, as well as the realization of improved gross margin rates.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on tests conducted.

NOTE 11 INTANGIBLE ASSETS

Accounting policies

Internally-generated intangible assets - research and development expenditure

An internally-generated intangible asset arising from the development or a development phase of an internal project is only recognized on the balance sheet if all of the following conditions are met:

- the asset created is identifiable;
- it is probable that the asset created will generate future economic benefits for the Group;
- the development cost attributable to the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

When no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Patents, trademarks, licenses and software

Patents, trademarks, licenses and software are measured initially at purchase cost less accumulated amortization and impairment loss, if any. Amortization is booked to profit or loss so as to reduce the carrying amount of assets over their estimated useful life, using the straight-line method.

Intangible assets (excluding goodwill)

See Note 9-2.

<i>(in thousand euros)</i>	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
GROSS VALUE						
At January 1, 2016	104,510	101,939	6,445	3,358	3,769	220,021
Acquisitions	951	644	-	6,342	(4)	7,933
Internally-generated	-	-	-	2,279	-	2,279
Disposals/Write-offs	(578)	(80)	-	(195)	(11)	(864)
Transfers to non-current assets held for sale (see Note 20)	(37,172)	(4,125)	-	(84)	(453)	(41,834)
Other transfers	-	-	-	-	1	1
Exchange differences	6,165	3,102	83	(7,493)	3,609	5,466
At January 1, 2017	73,876	101,480	6,529	4,207	6,912	193,003
Acquisitions	1,268	914	-	3,253	-	5,435
Internally-generated	-	-	-	3,258	-	3,258
Disposals/Write-offs	(2,501)	(50)	(2,078)	(185)	-	(4,814)
Other transfers	3,914	-	-	(3,914)	-	-
Exchange differences	(3,516)	(9,417)	(321)	(6)	(9)	(13,270)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	476	412	-	-	168	1,056
At December 31, 2017	73,516	93,338	4,129	6,615	7,071	184,669





<i>(in thousand euros)</i>	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2016	70,186	45,871	6,442	103	642	123,244
Amortization for the period	9,791	778	2	28	104	10,704
Impairment loss	7,425	-	-	-	-	7,425
Disposals/Write-offs	(574)	(67)	-	-	(11)	(652)
Transfers to non-current assets held for sale (see Note 20)	(25,473)	(910)	-	-	(199)	(26,582)
Exchange differences	1,982	1,465	85	(6)	(109)	3,417
At January 1, 2017	63,337	47,137	6,529	125	428	117,556
Amortization for the period	4,770	697	-	34	93	5,593
Disposals/Write-offs	(2,405)	(28)	(2,078)	-	-	(4,511)
Exchange differences	(2,929)	(5,338)	(321)	(38)	(7)	(8,633)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	497	294	-	-	91	882
At December 31, 2017	63,271	42,762	4,130	120	606	110,888
NET VALUE						
At December 31, 2017	10,245	50,576	-	6,494	6,465	73,780
At December 31, 2016	10,539	54,343	-	4,082	6,483	75,447

Software

Internally-generated software is principally related to investments linked to the upgrade of information technology systems.

Trademarks and patents

The main trademarks booked in the balance sheet as of December 31, 2017 are the Pimaco® trademark for 4.3 million euros,

acquired in 2006 and the Cello Pens trademark for an amount of 3.6 billion Indian rupees (46.6 million euros at December 31, 2017).

These trademarks have an infinite lifetime. For impairment test purposes, they are linked to the PIMACO and Cello Pens subsidiaries' cash-generating units. Given the indefinite nature of the life of the trademark, no impact was recognized in the income statement.

NOTE 12 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Other investments		28	30
Guarantee deposits		4,779	4,932
Deferred pensions		2,471	9,813
Other non-current assets		22,194	30,065
TOTAL		29,472	44,840



NOTE 13 DEFERRED TAX

Accounting policies

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases, for using the balance sheet liability method and tax rates enacted or nearly enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures and branches, except when the Group is able to control the reversals of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred taxes is reviewed at each balance sheet date. Deferred tax assets are only recognized to the extent that it appears probable that the Group will generate future taxable profits against which these tax assets will be able to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the periods when the liability is settled or the asset realized.

Deferred tax is charged or credited to profit or loss in the period, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also recognized in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Deferred tax assets	174,669	140,637
Deferred tax liabilities	(51,358)	(48,593)
NET POSITION	123,311	92,044

The movement for the year in the Group's deferred tax position was as follows:

<i>(in thousand euros)</i>	Notes	Dec. 31, 2017
At January 1, 2017		123,311
Deferred tax income/(expense) for the period ^(a)		11,754
Booked in Shareholders' equity		(29,389)
Exchange differences		(14,014)
Reintegration of assets held for sale at December 31, 2016 not sold in 2017		382
At December 31, 2017		92,044

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016
At January 1, 2016		111,251
Deferred tax income/(expense) for the period ^(a)	CF	21,835
Booked in Shareholders' equity		6,984
Transfers to non-current assets held for sale (see Note 20)	20	(18,692)
Exchange differences		1,933
At December 31, 2016		123,311

(a) Excluding amounts booked to provision for risks and charges.





As of December 31, 2017, the Group used a deferred tax rate of 22.77% for the U.S. following the enactment of the new tax reform in December 2017.

Origin of deferred tax

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Pension and other employee benefits	86,742	45,300
Intra-Group profit elimination	37,154	35,676
Tax losses carried forward	2,215	5,505
Cello trademark	(16,939)	(15,830)
Other temporary differences	14,139	21,393
NET DEFERRED TAX	123,311	92,044

NOTE 14 CHANGE IN NET WORKING CAPITAL

Accounting policies

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct raw material costs and, where applicable, direct labor costs, as well as those overheads that have been directly incurred in bringing the inventories to their present location and condition. Cost is generally calculated using the weighted average cost method. Net realizable value represents the estimated selling price in the normal course of business less all estimated costs of completion and costs to be incurred in the sale (marketing, selling and distribution).

Trade receivables are measured at initial recognition at fair value. Impairment losses are recognized in profit or loss when there is an indication of impairment. The amount of the impairment loss recognized is equal to the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate calculated at initial recognition of the receivables.

Trade payables are initially measured at fair value.

<i>(in thousand euros)</i>	Dec. 31, 2016	Cash flows impact	Foreign exchange and others	Reintegration of assets/liabilities held for sale at December 31, 2016 not sold in 2017	Dec. 31, 2017	
Net inventory	468,142	(16,556)	(31,461)	8,852	428,977	
• Inventory - Gross value	483,629	(15,723)	(32,272)	9,060	444,694	
• Inventory - Impairment	(15,487)	(833)	811	(208)	(15,717)	
Trade and other receivables	483,099	25,425	(35,431)	3,652	476,745	
Trade and other payables	(118,676)	5,954	(11,937)	(881)	(125,539)	
Other assets and liabilities	(190,360)	(12,637)	6,645	(1,698)	(198,050)	
NET WORKING CAPITAL	CF	642,205	2,186	(72,183)	9,925	582,133

CF: See consolidated cash flow statement.

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.



NOTE 15 SHARE CAPITAL

15-1 Share capital

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Authorized, issued and fully paid share capital	181,649	178,126
Repurchase of shares of the Company	(3,316)	(2,985)
SHARE CAPITAL	178,333	175,141

As of December 31, 2017, the registered share capital of SOCIÉTÉ BIC was 178,126,244.74 euros divided into 46,629,907 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 781,495 treasury shares, acquired at an average price of 85.26 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 1.67 % of the share capital.

The share capital breakdown is shown in section 6-3 Shareholding.

15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2017

Purpose of the repurchase	Number of shares	Average acquisition price <i>(in euros)</i>	% of the share capital
Liquidity agreement ^(a)	11,288	92.02	0.02%
Free share grants ^(a)	770,207	85.16	1.65%
TOTAL	781,495	85.26	1.67%

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement with Natixis in respect of SOCIÉTÉ BIC shares, as of December 31, 2017, the liquidity account contained the following:

- 11,288 BIC shares;
- 2,509,029.10 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 10, 2017, to renew its share repurchase program.

Number of shares purchased in 2017 ^(b)

• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 10, 2017	880,277
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 18, 2016	115,577
Average share repurchase price for the purchases during 2017 (in euros)	97.54

(b) Excluding shares repurchased under the liquidity contract.

During the 2017 fiscal year, SOCIÉTÉ BIC cancelled 995,854 shares.

To the best of the Company's knowledge, as of December 31, 2017, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At December 31, 2017	
	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	27.25%	37.23%
Bich family	16.86%	22.91%



NOTE 16 BORROWINGS AND FINANCIAL LIABILITIES

<i>(in thousand euros)</i>	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Obligations under finance leases	Total
At January 1, 2016	4,545	1,974	10	3,702	10,231
Cash flows	22,092	19,824	(4)	(1,214)	40,698
"Non-cash" variations	(305)	34	-	372	101
• Variations in obligations under finance leases	-	-	-	-	-
• Exchange difference	(305)	34	-	372	101
At January 1, 2017	26,332	21,832	6	2,860	51,030
Cash flows	(24,674)	(18,487)	(3)	(1,168)	(44,332)
"Non-cash" variations	(1)	(302)	-	(160)	(462)
• Variations in obligations under finance leases	-	-	-	-	-
• Exchange difference	(1)	(302)	-	(160)	(462)
Subsidiary divestiture	-	-	-	(1,156)	(1,156)
At December 31, 2017	1,657	3,044	3	376	5,080

Bank overdrafts are due within one year.

The long-term portion of obligations under finance leases is not significant.

Bank loans and financial liabilities have the following maturities:

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
On demand or within one year	21,832	3,044
In the 2 nd year	-	3
In the 3 rd year	3	-
In the 4 th year	3	-
TOTAL	21,838	3,047

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country	Currency	Euro equivalents	
		Dec. 31, 2016	Dec. 31, 2017
<i>(in thousand euros)</i>			
• France	EUR	20,000	-
• Turkey	TRY	564	1,799
• South Korea	KRW	1,182	1,173
• Other	Misc.	92	75
TOTAL		21,838	3,047

As of December 31, 2016 the 20 million euros in borrowings consisted of very short-term financing to ensure the temporary liquidity needs of SOCIÉTÉ BIC.





Information on interest rates

As of December 31, 2017, outstanding loans and credit lines were contracted with floating rates ranging between 4.09% and 16%. Relative exposure, deemed not significant, has not been hedged.

Information on covenants

None of the loans contain any covenants that could trigger early repayment of the debt.

NOTE 17 PROVISIONS

Accounting policies

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow will be required to settle said obligation and such outflow can be reliably measured. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

In accordance with IAS 12, tax provisions relate to uncertain situations assuming a detection risk of 100% and retaining the most likely amount.

<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2017	25,560	5,477	1,075	3,447	35,560
Additional provisions	12,839	7,802	138	2,222	23,001
Reversals of provisions utilized	(1,422)	(1,074)	(134)	(1,741)	(4,371)
Reversals of provisions not utilized	(10,427)	(1,602)	(8)	(4)	(12,040)
Exchange differences	(734)	(624)	(144)	(261)	(1,763)
Non-current liabilities held for sale at December 31, 2016 not sold in 2017 and reclassified	1,236	150	223	174	1,783
At December 31, 2017	27,052	10,129	1,151	3,837	42,170





<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2016	29,377	6,855	2,019	3,275	41,526
Additional provisions	6,366	3,398	236	1,630	11,631
Reversals of provisions utilized	(2,221)	(2,948)	(309)	(629)	(6,106)
Reversals of provisions not utilized	(7,250)	(1,835)	(899)	(673)	(10,658)
Exchange differences	648	394	28	18	1,088
Transfers to non-current liabilities held for sale	(1,360)	(387)	-	(174)	(1,921)
At December 31, 2016	25,560	5,477	1,075	3,447	35,560

As of December 31, 2017, it was not deemed necessary to book provisions for the risks described in Part 1 Group Presentation that could affect:

- the Company's personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or the laws and regulations.

Tax and social risks and litigation

Provisions for tax and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance

with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation

As of December 31, 2017, the litigation provision mainly represents distributor and commercial agent risks for 1.9 million euros (2.2 million euros at December 31, 2016).

Product liability

Product liability mainly relates to the U.S.

NOTE 18 PENSION AND OTHER EMPLOYEE BENEFITS

Accounting policies

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit plans are dealt with as payments to defined contribution plans where the Group's obligation under these plans are equivalent to those arising in defined contribution retirement benefit plans.

For defined benefit retirement plans, the amount of provision is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. All actuarial differences are recognized in other comprehensive income in the period in which they occur. Past service costs are recognized for their full amount as a component of cost of services (in the income statement), whether benefits are vested definitively to their beneficiaries or are being acquired.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any net asset resulting from this calculation is limited to the present value of available refunds and reduction in future contributions to the plan.





18-1 Plan characteristics

Types of post-employment benefits and other long-term benefits

Pursuant to the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, in particular post-employment benefits:

- **In the U.S.**

Two pension plans ("Salaried Pension Plan" and "Local 134L Pension Plan") are effective (depending on the site) and are funded by their respective pension funds. In addition to these plans, medical and life insurance plans exist ("Salaried Retiree Medical and Life Insurance Plan" and "Local 134L Retiree Medical and Life Insurance Plan" depending on the site):

- a) **Salaried Pension Plan**

Beneficiaries hired prior to 2007 accrue retirement benefits under a final average pay formula that reflects years of service, average pay, and is integrated with Social Security retirement benefits. The formula provides for a life annuity, payable at normal retirement age (65), equal to 1.1% of average pay up to the average Social Security wage base multiplied by the number of years of service, which may not exceed 35 years plus 1.5% of average pay in excess of the average Social Security wage base, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. (Average pay is based on the highest three consecutive years within the last 10 years). In addition, the Plan provides reduced early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service). Eligible beneficiaries who terminate employment after January 1, 2015 are eligible for a lump sum payment from the plan.

Employees hired after 2006 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits of 5% of their year's pay for plan years before January 1, 2013, and for plan years after December 31, 2012, eligible beneficiaries receive annual credits of 5% for less than five years of service, 6% for at least five but less than 10 years of service, 7% for at least 10 but less than 15 years of service, 7.5% for at least 15 but less than 20 years of service and 8% for 20 or more years of service, which are accumulated with guaranteed interest equal to 30-year Treasury rates, to retirement. Participation in this plan is closed for BIC Graphic employees hired after January 1, 2011. The Plan is subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the Plan's liability. The Plan's assets are invested in the BIC Corporation Master Trust - with a target asset allocation of 32.5% U.S. equity, 5% global low volatility equity, 12.5% non-U.S. equity, and 50% fixed income.

- b) **Local 134L Pension Plan**

For beneficiaries hired before December 4, 2007, benefits under the Plan are based on a participant's years of service multiplied

by a fixed set amount (40.75 U.S. dollars per month for 2013, increasing by 1 U.S. dollar each year until 2017).

Employees hired after December 4, 2007 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits equal to 3.00% of pay through November 30, 2012, and 3.75% of pay beginning on December 1, 2012, which are accumulated with interest, equal to 30-year Treasury rates, to retirement.

These two schemes are subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the liability. The Plan's assets are invested in the BIC Corporation Master Trust - with a target asset allocation of 13.6% U.S. equity, 1.8% global low volatility equity, 4.6% non-U.S. equity, and 80% fixed income.

- c) **Salaried Retiree Medical and Life Insurance Plan**

Employees hired prior to 2007 are eligible to receive medical coverage if they are at least age 55 and have 20 or more years of service at retirement. The Plan is closed to new employees. Effective January 1, 2011 post-retirement medical coverage was eliminated for BIC Graphic employees who were not at least age 50 with 15 or more years of service at December 31, 2010. Effective October 1, 2013, as part of an exchange, certain covered retirees and future retirees, age 65 and over, will receive a fixed payment of 3,500 U.S. dollars annually to purchase retiree medical coverage. This amount will be reviewed in the future to reflect the upward trends in healthcare costs.

Retiree life insurance is available to employees who retire at or after age 55 with 10 or more years of service. BIC Graphic employees hired after January 1, 2011 are no longer eligible for retiree life insurance. The benefit is equal to 100% of final salary with a cap ranging from 10,000 U.S. dollars for managerial employees to 100,000 U.S. dollars for BIC Level 4s and above.

The Plan does not have any assets.

- d) **Local 134L Retiree Medical and Life Insurance Plan**

Employees who retire at or after age 60 with 10 or more years of service are eligible to receive medical and life insurance coverage.

Retirees prior to December 1, 2002 receive fixed annual payments ranging from 2,600 U.S. dollars to 3,500 U.S. dollars to purchase retiree medical coverage. Post-age 65 retirees who retire on or after December 1, 2002, receive a fixed annual payment of 900 U.S. dollars to purchase prescription drugs. The amounts will be reviewed in the future to reflect the upward trends in healthcare costs. The Plan is closed to new employees hired after November 30, 2012.

Pre- age 65 eligible retirees and spouses, BIC pays 50% and the retiree pays 50% of the premium for the coverage in effect at the time of retirement.

Retiree life insurance benefits are 11,500 U.S. dollars for employees who retire on or after December 1, 2017 and will increase by 500 U.S. dollars on December 1, 2019.

The Plan does not have any assets.





● **In the United Kingdom**

There is a closed defined-benefit plan for a specified list of beneficiaries (plan closed to new entrants) and closed to the acquisition of further rights. An independent professional Trustee, an employer-representative Trustee and an employee-representative Trustee oversee the governance of the scheme. Plan assets are currently invested in a portfolio of stocks, bonds and real estate. Asset allocation is reviewed regularly to ensure that the assets held are still appropriate and sufficient to cover future pension obligations.

Both schemes are subject to the same risks as the majority of final salary occupational pension schemes, *i.e.* inflation risks, investment risks, life expectancy risks, etc. The strategic asset allocation must comply with the investment guidelines laid out in the "Statement of Investment Principles" set up by the Trustee to limit the risks.

● **In France**

Retirement indemnities are mandatory in France. The rights granted (expressed in months of salary) are determined by the national collective agreement for companies and on the employee's seniority at retirement date. The benefit payment is subject to the employee working for the Company when he/she retires.

The defined-benefit supplementary pension plan provides a percentage of the final salary for each year of service to senior managers working for BIC's French companies. There is a ceiling applied to the pension benefits. The benefits are vested only if the beneficiary is working for the Company when he/she retires.

● **In Canada**

The Plan is funded chiefly through employer contributions and investment earnings on Plan assets. Prior to 1992, beneficiaries were required to contribute to the Plan, however since January 1, 1992; they are no longer required or permitted to make contributions to the Plan. BIC Inc. contributions to the Plan comply with the minimum funding requirements of the "Pensions Benefits Act of Ontario".

The Pension fund set up to finance the retirement scheme for employees of BIC Inc. is held by an Independent Trust in the interests of beneficiaries. This fund is not part of the income or assets of BIC Inc.

This Plan is closed to new employees hired after November 14, 2011.

For hourly paid employees, the retirement benefit is defined as a fixed amount per year of service, whose value varies according to the date on which the beneficiary retires (400 CAD per year for retirement after January 1, 2010). For employees receiving a regular salary, the formula for calculating the retirement benefit is 1.5% of final average salary per year of service (the calculation of the final average salary is based on the highest three consecutive years out of the last 10 years preceding retirement). The total benefit under the Plan is capped by the limits imposed by the Income Tax Act in Canada. The normal retirement age is 65, however beneficiaries can retire from age 55, with a reduced benefit for early retirement. The benefit is unreduced at age 63 for members who commence their pension immediately following termination of employment.

To monitor and control the performance of the Fund, BIC Inc. and the Investment Manager must comply with the objectives set out in the "Statement of Investment Policy and Objectives". The basic goal underlying the establishment of these guidelines is to ensure that the Fund assets, together with the expected contributions and investment returns are invested in a prudent manner so that the Fund will be sufficient to meet the obligations of the Plan as they come due. The long-term investment strategy is to invest approximately 36% in bonds, 35% in Canadian equities, 27% in foreign equities and 2% in cash and cash equivalents.

● **For other countries**, the plans depend on local legislation, the activity and other historical practices of the subsidiary.





18-2 Change in the net obligation of defined-benefit plans

<i>(in thousand euros)</i>	Pension	Including U.S. Pension	Other employee benefits	Including U.S. other employee benefits	Total employee benefits	Including total U.S. employee benefits
PRESENT VALUE OF OBLIGATION						
At January 1, 2017	565,516	431,854	102,025	99,721	667,541	531,576
Period costs:	18,178	12,766	4,958	5,116	23,136	17,882
• Current service costs	11,510	7,957	1,662	1,827	13,172	9,784
• Past service costs (including plan curtailment)	(10,601)	(10,541)	(287)	(287)	(10,888)	(10,828)
• Settlement	(1,191)	-	-	-	(1,191)	-
• Interest costs	18,460	15,350	3,583	3,576	22,043	18,926
Benefits paid	(52,112)	(42,960)	(4,000)	(3,062)	(56,113)	(46,022)
Actuarial difference on gross obligation	28,356	27,236	4,384	4,381	32,740	31,617
• Financial assumptions	20,426	31,620	11,668	11,668	32,095	43,287
• Demographic assumptions	(1,422)	(453)	(2,224)	(2,224)	(3,646)	(2,677)
Taxes paid included in DBO	(385)	-	-	-	(385)	-
Contributions paid	8	-	-	-	8	-
Administrative expenses	(3)	-	-	-	(3)	-
Exchange differences	(56,736)	(52,859)	(12,562)	(12,444)	(69,298)	(65,303)
Non-current liabilities held for sale at December 31, 2016 not sold in 2017 and reclassified	1,203	-	-	-	1,203	-
At December 31, 2017	A	504,026	376,038	94,805	93,713	598,830
FAIR VALUE OF PLAN ASSETS						
At January 1, 2017	464,556	391,061	-	-	464,556	391,061
Total period income:	14,726	14,208	-	-	14,726	14,208
• Interest income	16,196	14,208	-	-	16,196	14,208
• Curtailment and settlement	(1,470)	-	-	-	(1,470)	-
Benefits paid	(49,978)	(42,960)	(3,062)	(3,062)	(53,040)	(46,022)
Contributions paid by participants	8	-	-	-	8	-
Contributions paid by employer	11,438	5,807	3,062	3,062	14,501	8,869
Taxes paid from plan assets	(385)	-	-	-	(385)	-
Administrative expense	(1,179)	(1,053)	-	-	(1,179)	(1,053)
Return on assets (excluding interest income)	47,129	45,346	-	-	47,129	45,346
Exchange differences	(51,811)	(49,048)	-	-	(51,811)	(49,048)
At December 31, 2017	B	434,506	363,361	-	434,506	363,361
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2017	C = A-B	69,520	12,676	94,805	93,713	164,325
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2016		100,960	40,793	102,025	99,721	202,985





18-3 Funded/unfunded obligations

<i>(in thousand euros)</i>	Notes	Pension	Other employee benefits	Total
At December 31, 2017				
Amount of funded obligations		476,769	-	476,769
Fair value of plan assets		(434,506)	-	(434,506)
Surplus of obligation over assets		42,263	-	42,263
Fair value of unfunded obligations		27,257	94,804	122,061
Net value in the balance sheet		69,520	94,804	164,325
• Asset	12,18-7			9,813
• Liability				174,139

<i>(in thousand euros)</i>	Notes	Pension	Other employee benefits	Total
At December 31, 2016				
Amount of funded obligations		511,392	-	511,392
Fair value of plan assets		(464,556)	-	(464,556)
Surplus of obligation over assets		46,836	-	46,836
Fair value of unfunded obligations		55,328	102,024	157,352
Transfers to non-current liabilities held for sale	20	(1,203)		(1,203)
Net value in the balance sheet		100,961	102,024	202,985
• Asset				2,471
• Liability				205,455

18-4 Period costs

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Current service costs	15,598	13,172
Past service costs (including plan curtailment)	(1,069)	(10,888)
Settlement	(196)	279
Net interest costs	7,667	5,847
Administrative expenses and taxes	1,310	1,176
TOTAL PERIOD COSTS	23,310	9,586

18-5 Additional information

Nature of plan assets

At December 31, 2017 <i>(in thousands euros)</i>	Fair value of plan assets		Including fair value of plan assets with a quoted market price	
Equity	172,264	39.6%	172,264	39.6%
Bond and other fixed income	234,084	53.9%	234,084	53.9%
Cash and cash equivalents	3,087	0.7%	3,087	0.7%
Real estate	23,198	5.3%	23,198	5.3%
Assets held by insurance companies	1,677	0.4%	1,677	0.4%
Other	196	-	196	-
TOTAL	434,506	100.0%	434,506	100.0%





At December 31, 2017 <i>(in thousands euros)</i>	U.S. fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	159,456	43.9%	159,456	43.9%
Bond and other fixed income	201,082	55.3%	201,082	55.3%
Cash and cash equivalents	2,824	0.8%	2,824	0.8%
TOTAL	363,362	100.0%	363,362	100.0%

At December 31, 2016 <i>(in thousands euros)</i>	Fair value of plan assets		Including fair value of plan assets with a quoted price on an active market	
Equity	193,984	41.8%	193,984	41.8%
Bond and other fixed income	239,080	51.5%	239,080	51.5%
Cash and cash equivalents	4,947	1.1%	4,947	-
Real estate	24,246	5.2%	24,246	5.2%
Assets held by insurance companies	2,100	0.5%	2,100	0.5%
Other	201	-	201	-
TOTAL	464,556	100.0%	464,556	100.0%

At December 31, 2016 <i>(in thousands euros)</i>	U.S. fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	178,441	45.6%	178,441	45.6%
Bond and other fixed income	209,833	53.7%	209,833	53.7%
Cash and cash equivalents	2,788	0.7%	2,788	-
TOTAL	391,062	100.0%	391,062	100.0%

18-6 Actuarial assumptions for main countries

Actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. They have been adjusted according to the actual interest rate and the mortality table. Assumptions for plans representing the main obligations are set out below:

At December 31, 2017	United States	United Kingdom	France
Discount rate	3.62%	2.60%	1.32%
Inflation rate	2.50%	3.50%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	14.65	17.63	11.93

At December 31, 2016	United States	United Kingdom	France
Discount rate	4.19%	2.80%	0.95%
Inflation rate	2.50%	3.55%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	14.80	18.69	10.97

The discount rates for our U.S. and UK retirement plans were developed using the Mercer Pension Discount Yield Curve, which is built from the yields of high quality (AA) corporate bonds. For our other international plans, the discount rates were set by benchmarking against corporate bonds rated AA or better on the various markets.

The discount rate for the French obligation is based on the IBOXX AA 10+ index. The rate shown for France is that of the main plan (retirement indemnities).

The rate shown for the U.S. is for the main plan, each U.S. plan being valued with a specific discount rate (from 3.15% to 3.69%).





Sensitivity of the obligation to a change in discount rate

According to the Group's estimates, a +/-1% change in the discount rate would result in a change of, respectively, -13.34% and +15.19% in the obligations. This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets may partly offset the impact.

Sensitivity of the obligation to a change in inflation rate

According to the Group's estimates, a +/-0.5% change in the inflation rate would result in a change in the obligations for the following countries of respectively:

- +0.23% and -0.23% for the U.S.;
- +6.80% and -6.03% for the UK;
- +0.00% and -0.00% for France.

This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets fair value may partly offset the impact.

Cash flows for future years

The Group is expected to pay 15.3 million euros in employer contributions for 2018.

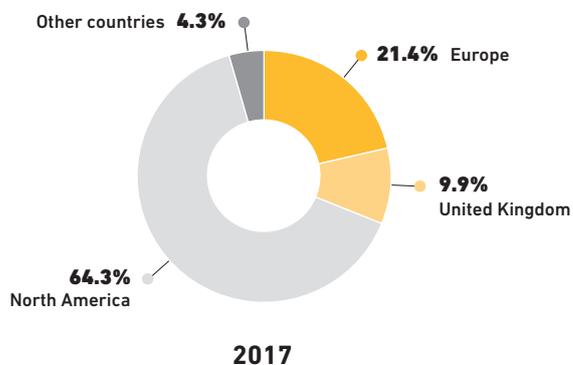
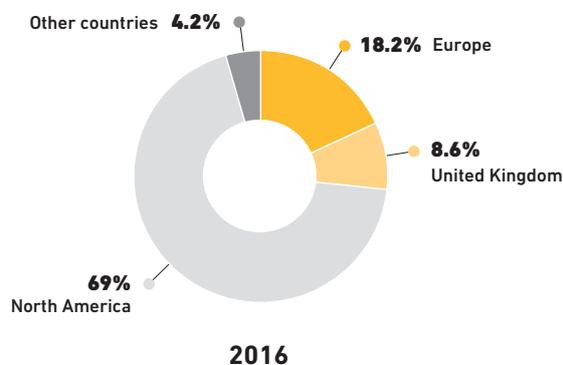
The expected total benefit payments, in million euros, is:

2018	32
2019	30
2020	37
2021	33
2022	33
Beyond 2022	192

18-7 Information by geography

At December 31, 2017 (in thousand euros)		Obligation		Plan assets		Net liability
Europe	43,836	7.3%	8,621	2.0%	35,216	21.4%
United Kingdom	55,213	9.2%	38,918	9.0%	16,295	9.9%
North America	492,662	82.3%	386,964	89.1%	105,696	64.3%
Other countries	10,429	1.7%	-	-	7,118	4.3%
TOTAL	598,830	100.0%	434,505	100.0%	164,325	100.0%

At December 31, 2016 (in thousand euros)		Obligation		Plan assets		Net liability
Europe	46,000	6.9%	8,995	1.9%	37,005	18.2%
United Kingdom	57,594	8.6%	40,181	8.6%	17,413	8.6%
North America	553,857	83.0%	413,873	89.1%	139,984	69.0%
Other countries	10,089	1.5%	1,507	0.3%	8,582	4.2%
TOTAL	667,541	100.0%	464,556	100.0%	202,985	100.0%



For plans located in North America and Europe (mainly the United Kingdom), plan assets levels as of December 31, 2017 comply with minimum funding obligations, as legally or contractually defined.





NOTE 19 OTHER CURRENT LIABILITIES

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Social liabilities	98,104	96,470
Other tax liabilities	12,123	10,893
Other current liabilities	121,884	131,569
OTHER CURRENT LIABILITIES	232,111	238,932

NOTE 20 DISCONTINUED OPERATIONS

BIC Graphic North America and Asia were classified as discontinued operations at December 31, 2016 following the planned disposal of these activities, which represented almost all the assets and liabilities of BIC Graphic (operating segment).

As a consequence these assets and liabilities (including the Norwood goodwill) were measured at December 31, 2016 in accordance with IFRS 5, Non-Current Assets Held For Sale And Discontinued Operations at the lower of their carrying amount and fair value less costs to sell.

On June 6, 2017, the BIC Group was announced that it had signed an Asset and Share Purchase Agreement to sell its BIC Graphic North America and Asian Sourcing operations to H.I.G. Capital, a global U.S. private equity firm. The closing was effective as of June 30, 2017.

The net disposal price amounted to 73.6 million U.S. dollars, including 10 million U.S. dollars through a six-year subordinated note bearing a 7% per annum capitalized interest.

The related loss net of tax amounted to 4.0 million euros, subject to final adjustments.

These activities have been subject to a restatement in the income statement and the cash flow statement, given their significance, and break down as follows:

Consolidated income statement

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Net sales	2-2	246,673	100,291
Cost of goods	4	(167,261)	(69,033)
Gross profit		79,412	31,258
Distribution costs	4	(38,325)	(18,246)
Administrative expenses	4	(24,463)	(13,115)
Other operating expenses	4	(4,274)	(2,738)
Other income	5	215	11
Other expenses	5	(60,908)	(1,156)
Income from operations		(48,343)	(3,986)
Income from cash and cash equivalents	6	66	91
Net finance income/(Net finance costs)	6	(5,637)	(41)
Income before tax		(53,914)	(3,935)
Income tax expense	7	18,060	1,184
Net income from consolidated entities		(35,854)	(2,751)

Net income from discontinued operations amounts to -6.8 million euros including the net loss on disposal of -4.0 million euros and the 2017 net income of -2.8 million euros.





Consolidated cash flow statement

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Opening cash and cash equivalents net of bank overdrafts	30,288	-
Net cash from operating activities	22,548	6,081
Net cash from investing activities	(5,310)	(3,360)
Net cash from financing activities	(47,958)	(2,302)
Exchange difference	432	(419)
Net cash from discontinued operations	-	-

NOTE 21 DIVIDENDS

For the 2016 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 24, 2017.

For the 2015 fiscal year, an ordinary dividend of 3.40 euros per share and a special dividend of 2.50 euros per share were distributed to the Shareholders on June 1, 2016.

NOTE 22 EXPOSURE TO MARKET RISKS

22-1 Counterparty risk

All financial instruments are set up with banking institutions awarded top ratings by international rating agencies, making counterparty risk very low. The minimum Standard & Poor's long-term rating of the main banking counterparties is A-, the rating range being from A+ to A-.

Cash investment decisions are subject to strict counterparty risk assessment (both depositories and custodians). The main part of the portfolio as of December 31, 2017 is on investment grade-rated supports. Counterparty risk is estimated not significant as of December 31, 2017.

22-2 Foreign exchange risk

See Note 24-2.

22-3 Interest rates risk

See Note 24-3.

22-4 Liquidity risk

The BIC Group manages its equity in order to keep a positive and liquid cash position, so as to be able to achieve its development and/or external growth strategy.

The excess cash and the funding needs of the Group are directly managed by the Treasury Department, following prudent policy guidelines, that aim for capital security and to maintain a satisfactory liquidity position.

Excess cash is mainly invested in money market UCITS, negotiable debt securities and cash equivalents whose volatility is below 0.5, with a recommended holding period of less than three months.

The more structural portion of the cash can be invested in money market funds qualified as "dynamics", with a holding period that can be in excess of six months.

All the investments are valued mark-to-market twice a month by the Group Treasury Department and the target is to reach an average annual performance that outperforms the capitalized Eonia rate.

As of December 31, 2017, the total invested by Group Treasury amounted to 4.7 million euros divided into three individual positions. They consist in UCITS not benefiting from the "Cash and Cash Equivalent" qualification. It should be noted that given the negative rates currently applying on short-term investments in euros, it seems pertinent to simply place available cash in a bank account. In this respect, as of December 31, 2017, Group Treasury had 30.1 million euros in cash position on its principal operational bank account.

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Cash equivalents: marketable securities	88,523	51,919
Cash	155,239	136,707
CASH AND CASH EQUIVALENTS, EXCLUDING BANK OVERDRAFTS	243,762	188,626





22-5 Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credits. These trade and other receivables are short-term assets, with maturity dates within 12 months;

- an allowance for estimated unrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and based on the current economic environment. It is booked in a separate account.

The BIC Group considers that the carrying amount of trade and other receivables is close to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2017.

Maximum exposure to credit risk corresponds to the carrying amount value of financial assets in the balance sheet, including derivatives with positive market values (see table below):

<i>(in thousand euros)</i>	Note	Dec. 31, 2016	Dec. 31, 2017
Gross receivables			
Not yet due or past due for less than 60 days		437,704	425,462
Past due for 60 to 90 days		5,622	5,609
Past due for 90 to 120 days		3,323	6,086
Past due for more than 120 days		6,244	8,162
Total gross receivables		452,892	445,319
Doubtful receivables		12,022	12,447
TOTAL BEFORE ALLOWANCES		464,914	457,766
Allowance on specific trade receivables		(16,932)	(15,809)
Allowance on statistically calculated trade receivables		(3,856)	(3,226)
Other receivables		38,972	38,015
TRADE AND OTHER RECEIVABLES – NET	14	483,099	476,745





22-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

Dec. 31, 2017

Breakdown by category of instruments

Balance sheet items <i>(in thousand euros)</i>	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost	At fair value through equity
Financial assets		710,455	710,455	73,314	23,658	-	613,452	30	-	-
Non current										
• Derivatives financial instruments	24-4	38	38	-	38	-	-	-	-	-
• Other investments		30	30	-	-	-	-	30	-	-
Current										
• Trade and other receivables	14	476,745	476,745	-	-	-	476,745	-	-	-
• Derivative financial instruments	24-4	23,620	23,620	-	23,620	-	-	-	-	-
• Other current financial assets		21,395	21,395	21,395	-	-	-	-	-	-
• Cash and cash equivalents		188,626	188,626	51,919	-	-	136,707	-	-	-
Financial liabilities		132,944	132,944	-	2,324	-	-	-	130,620	-
Non-current										
• Borrowings and financial liabilities	16	215	215	-	-	-	-	-	215	-
• Derivative instruments	24-4	104	104	-	104	-	-	-	-	-
Current										
• Borrowings and financial liabilities	16	4,866	4,866	-	-	-	-	-	4,866	-
• Derivative instruments	24-4	2,220	2,220	-	2,220	-	-	-	-	-
• Trade and other payables	14	125,539	125,539	-	-	-	-	-	125,539	-





Dec. 31, 2016

Breakdown by category of instruments

Balance sheet items <i>(in thousand euros)</i>	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost	At fair value through equity
Financial assets		758,063	758,063	116,534	1,735	1,428	638,337	28	-	-
Non-current										
• Derivatives financial instruments	24-4	33	33	-	33	-	-	-	-	-
• Other investments		28	28	-	-	-	-	28	-	-
Current										
• Trade and other receivables	14	483,099	483,099	-	-	-	483,099	-	-	-
• Derivative financial instruments	24-4	1,702	1,702	-	1,702	-	-	-	-	-
• Other current financial assets		29,439	29,439	28,011	-	1,428	-	-	-	-
• Cash and cash equivalents		243,762	243,762	88,523	-	-	155,239	-	-	-
Financial liabilities		189,531	189,531	-	19,825	-	-	-	169,706	-
Non-current										
• Borrowings	16	1,452	1,452	-	-	-	-	-	1,452	-
• Derivative instruments 24-4		4,234	4,234	-	4,234	-	-	-	-	-
Current										
• Borrowings	16	49,578	49,578	-	-	-	-	-	49,578	-
• Derivative instruments 24-4		15,591	15,591	-	15,591	-	-	-	-	-
• Trade and other payables	14	118,676	118,676	-	-	-	-	-	118,676	-

The valuation methods adopted for financial instruments are as follows:

- financial instruments other than derivatives recorded in the balance sheet:

The carrying amounts used are reasonable estimates of their market value except for marketable securities whose carrying amounts used are determined based on the last known net asset values as of December 31, 2017;

- derivative financial instruments:

Market values were calculated internally on the basis of last-known closing prices as of December 31, 2017. They are consistent with valuation reports provided by financial institutions.

Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives - hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of December 31, 2017.

Category of instruments <i>(in thousand euros)</i>	Dec. 31, 2017			
	Total	Level 1	Level 2	Level 3
At fair value through the income statement – Assets	73,314	73,314	-	-
Derivative hedges – Assets	23,658	-	23,658	-
Derivative hedges – Liabilities	2,324	-	2,324	-





22-7 Net income impact by category of instruments

Net income related to the different categories of financial assets and liabilities are as follows:

At December 31, 2017

Breakdown by category of instruments

Nature of impact <i>(in thousand euros)</i>	Breakdown by category of instruments						
	Total	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost
Interests income/(expense)	6,279	3,536	-	-	5,975	-	(3,232)
Revaluation at fair value	675	-	675	-	-	-	-
Translation	(169)	-	-	-	(4,674)	-	4,504
Net depreciation	5,243	-	-	-	5,243	-	-
TOTAL	12,027	3,536	675	-	6,544	-	1,272

At December 31, 2016

Breakdown by category of instruments

Type of impact <i>(in thousand euros)</i>	Breakdown by category of instruments						
	Total	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost
Interests income/(expense)	5,668	2,966	-	-	5,947	-	(3,246)
Revaluation at fair value	(2,207)	-	(2,207)	-	-	-	-
Translation	(15,109)	-	-	-	(13,044)	-	(2,828)
Net depreciation	(1,038)	-	-	-	(1,038)	-	-
TOTAL	(12,686)	2,966	(2,207)	-	(8,134)	-	(6,074)

NOTE 23 SHARE-BASED PAYMENTS

The Group issues shares and stock options to certain employees as compensation for services provided. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value on the vesting date is expensed over the vesting period, based on the Group's estimate of the shares that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given below. The expected life used in the model has been adjusted, based on management's best estimates, for the effect of non-transferability, exercise restrictions and behavioral considerations.

Share-based payments are booked in staff costs (see Note 4 Operating expenses, line "staff costs" and in the lines of the income statement presented by functions).

23-1 Grant of stock option plans

All granted plans are equity-settled plans.

Group stock option plans

As part of a policy recommended by the Compensation and Nomination Committee, the Board of Directors decided not to award stock options with effect from 2011 and to set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible managers) received share grants subject to three-year performance conditions. To replace the stock option programs rewarding staff selected by Management, free share grants without performance conditions were introduced.





BREAKDOWN BY PLAN	Plan no. 12	Plan no. 13
Annual Shareholders' Meeting date	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	602	643
Number of subscription options	360,000	382,950
Date from which options may be exercised	Dec. 16, 2012	Dec. 17, 2013
Option expiry date	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	47.99	63.71
Number of options exercised as of December 31, 2017	318,650	261,350
Number of void options as of December 31, 2017	41,350	42,850
Number of remaining options as of December 31, 2017	-	78,750

(a) No discount on the exercise price.

Plans no. 12 expired on December 14, 2017.

Assumptions for fair value calculation of stock options plans according to binomial model

	Plan no. 12	Plan no. 13
Expected volatility	26.00%	26.00%
Risk-free rate	2.95%	3.31%
Expected dividend yield	2.75%	2.9%
Expected life in years ^(a)	6.36 & 5.94	6.32 & 5.87

(a) The first figure applies to French tax residents, the second figure to foreign tax residents.

23-2 Free share allocations with performance conditions

From 2005, exercising the power placed at its disposal by successive Annual Shareholders' Meetings, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of free share awards subject to three-year performance conditions.

The shares delivered by the current plans are existing shares.

For plans nos. 1 to 5, shares are granted either by SOCIÉTÉ BIC or BIC CORPORATION. Shares granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date. Beneficiaries must hold the shares during an additional period of three years.

For U.S. tax reasons, the shares granted by BIC CORPORATION will only be delivered at the conclusion of a three-year period following the definitive grant date. As a compensation for dividends not received between the conclusion of the vesting period and the actual date of delivery, additional shares will be delivered at that time.

For plans nos. 6 to 12, shares are only granted by SOCIÉTÉ BIC. For French tax resident beneficiaries, shares are delivered at the definitive grant date.

For foreign tax resident beneficiaries, shares are delivered at the conclusion of a three-year period following the definitive grant date. For plans nos. 6 and 7, as compensation for dividends not received between the conclusion of the vesting period and the actual date of delivery, additional shares will be delivered at that time. From Plan no. 8, this compensation system by delivery of shares has been terminated and is replaced by a cash compensation system.

From plan no. 13, shares still granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date. The cash compensation system has been terminated.





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	Plan no. 1		Plan no. 2		Plan no. 3		Plan no. 4		Plan no. 5		Plan no. 6
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007
Board of Directors' Meeting date	May 19, 2005		Dec 14, 2005		Dec 13, 2006		Dec 11, 2007		Feb 10, 2009		Feb. 16, 2010
Grant	M	S	M	S	M	S	M	S	M	S	M
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27
Number of free shares granted	31,800	2,618	31,800	2,618	33,450	2,352	37,550	2,644	57,500	2,643	83,475
Definitive grant date	May 19, 2008	May 19, 2012	Mar. 14, 2009	Mar. 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	Mar. 16, 2013
Number of free share grants definitively acquired at December 31, 2017	20,405	1,162	15,741	512	32,547	-	37,550	1,436	57,500	2,156	76,797
Of which number of shares transferred or to be transferred to beneficiaries by:											
SOCIÉTÉ BIC	7,420	498	5,724	-	7,473	-	9,950	-	25,250	577	76,797
BIC CORPORATION	12,985	664	10,017	512	25,074	-	27,600	-	32,250	1,579	N/A
Delivery date of the shares by:											
SOCIÉTÉ BIC	May 19, 2008	May 19, 2012	Mar. 14, 2009	Mar. 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	
French beneficiaries											Mar. 16, 2013
Foreign beneficiaries											Mar. 16, 2016
BIC CORPORATION	May 19, 2011	May 19, 2014	Mar. 14, 2012	Mar. 14, 2015	Mar. 13, 2013	Mar. 13, 2016	Mar. 11, 2014	Mar. 11, 2017	Mar. 10, 2015	Mar. 10, 2018	N/A
Shares delivered by BIC CORPORATION as a compensation for dividends not received	1,645	20	1,127	24	3,148	48	3,231	80	3,689	-	3,323
Shares to be delivered by BIC CORPORATION as a compensation for dividends not received	-	-	-	-	-	-	-	-	-	77	-
Total number of void free share grants as of December 31, 2017 ^(a)	11,395	1,456	16,059	2,106	903	2,352	-	1,208	-	487	6,678
Total number of free share grants still vesting as of December 31, 2017	-	-	-	-	-	-	-	-	-	-	-

(a) These free share grants are void due to beneficiaries leaving the Company or to a part of the performance conditions not being achieved.

M = Main.

S = Secondary.





Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016
Feb. 15, 2011	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014	Feb. 10, 2015	May 18, 2016	Feb. 10, 2017
M	M	M	M	M	M	M
28	536	525	536	539	546	519
87,650	159,940	161,010	159,660	176,740	159,680	155,790
Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018	Mar.31, 2019/ May 18, 2019	Mar. 31, 2020
57,551	135,452	148,050	139,040	-	-	-
55,551	135,452	148,050	139,040	-	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018	Mar.31, 2019/ May 18, 2019	Mar.31, 2020
Mar. 15, 2017	Mar. 14, 2018	Mar. 12, 2019	Mar. 11, 2020	Mar. 10, 2021	Mar. 31, 2022	Mar. 31, 2020
N/A	N/A	N/A	N/A	N/A	N/A	N/A
3,486	N/A	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A	N/A
30,099	24,488	12,960	20,620	20,660	15,810	3,930
-	-	-	-	156,080	143,870	151,860





Estimated fair value of shares granted and impact on the income statement

Free share grant date	Plans' unit fair value (in euros)		Expense/(income) booked in income statement (in thousand euros)	
	Main grant	Secondary grant	Dec. 31, 2016	Dec. 31, 2017
May 19, 2005	40.51	38.00	-	-
Dec. 14, 2005	48.09	45.10	-	-
Dec. 13, 2006	50.67	46.77	-	-
Dec. 11, 2007	44.99	40.71	-	-
Feb. 10, 2009	36.10	32.34	1	-
Feb. 16, 2010	47.17	N/A	-	-
Feb. 15, 2011	58.83	N/A	-	-
Feb. 14, 2012	64.81	N/A	(15)	-
Feb. 12, 2013	87.99	N/A	491	-
Feb. 11, 2014	77.82	N/A	3,515	236
Feb. 10, 2015	114.61	N/A	6,000	735
May 18, 2016	113.52	N/A	3,399	2,215
Feb. 10, 2017	109.05	N/A	-	3,069
TOTAL			13,391	6,255

The fair value of the free shares is the share price at the grant date discounted by the present value of potential future dividends.

For plans nos. F1, F2, F3, F4, F5 and F6 the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or foreign country tax residents. French tax residents must hold the shares for an additional period of two years for Plans F1 to F4. From Plan F5, this holding period has been eliminated.

23-3 Free share allocations without performance conditions

From 2012, as recommended by the Compensation and Nomination Committee, the Board of Directors decided to set up a policy of free share grants without performance conditions, to replace the stock option programs rewarding staff selected by Management and key contributors during the year.

These plans provide for the allocation of existing shares.

	Plan no. F1	Plan no. F2	Plan no. F3	Plan no. F4	Plan no. F5	Plan no. F6
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016
Board of Directors' Meeting date	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014	Feb. 10, 2015	May 18, 2016	Feb. 10, 2017
Number of beneficiaries	223	233	243	258	258	271
Number of free shares granted	20,050	19,950	19,700	21,700	20,750	17,100
Definitive grant date	Feb. 14, 2016	Feb. 12, 2017	Feb. 11, 2018	Feb. 10, 2019	May 18, 2020	Mar. 31, 2020
Number of free share grants definitively acquired at December 31, 2017	16,600	16,250	-	-	-	-
Total number of void free share grants at December 31, 2017 ^(a)	3,450	3,700	3,150	2,700	1,750	50
Total number of free share grants still vesting at December 31, 2017	-	-	16,550	19,000	19,000	17,050

(a) These free share grants are void due to beneficiaries leaving the Company.



Estimated fair value of shares granted and impact on the income statement

Free share plan date	Plans' unit fair value - binomial model (in euros)	Expense/(income) booked in income statement (in thousand euros)	
		Dec. 31, 2016	Dec. 31, 2017
Feb. 14, 2012	62.90	25	-
Feb. 12, 2013	85.39	382	(63)
Feb. 11, 2014	75.70	301	301
Feb. 10, 2015	111.49	551	438
May 18, 2016	109.85	295	453
Feb. 10, 2017	109.05	-	467
TOTAL		1,554	1,596

As of December 31, 2017, the total fair value of options and shares granted amounted to 7,851 thousand euros.

NOTE 24 FINANCIAL INSTRUMENTS

Accounting policies

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Trade receivables

See Note 14.

b) Investments

Investments are recognized and derecognized on a transaction date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by regulations or the market concerned, and are initially measured at fair value, plus directly attributable costs.

After initial recognition, investments for which the Group has the positive intention and ability to hold to maturity (Held-to-maturity investments) are measured at amortized cost using the effective interest method, less any impairment loss booked to reflect unrecoverable amounts.

An impairment loss is recognized in the income statement when there is objective evidence that the asset is impaired and the amount of the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The impairment loss is reversed in a subsequent period if there is objective evidence that the amount of the impairment loss has decreased and the reversal will not result in a carrying amount of the financial asset that exceeds the amortized cost that would have been obtained on the date of reversal if the impairment had not been recognized. The amount of the reversal is recognized in profit or loss for the period.

Investments other than those held to maturity are classified as either investments held for trading (marketable securities) or as available-for-sale assets (equity investments), and are measured at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period.

For available-for-sale securities, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the period. Impairment losses recognized in profit or loss for equity investments (shares) classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments (bonds), are subsequently reversed if an increase in the fair value of the instrument can be objectively observed.



c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term (less than three-months) highly liquid money market investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The implementation of IAS 7 has resulted in money market UCITS with a historical volatility over the last 12 months of above 0.50% being considered non-eligible as "cash equivalents." These items are now classified as "Other current financial assets."

d) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deduction of all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

e) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognized in profit or loss over the term of the borrowing in accordance with this method.

f) Trade payables

See Note 14.

g) Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs.

h) Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risk of changes in foreign exchange and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts and currency options) to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group designates these as cash flow hedges.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written guidelines on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Measurement and presentation

Derivatives are initially recognized at fair value of received counterpart on the contract date and are remeasured to fair value at subsequent reporting dates. They are disclosed in the balance sheet in current assets for the part within one year and in non-current assets for the part beyond one year.

The fair value of forward exchange contracts and currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).

The fair value of foreign exchange options is determined in the same way, using interest rate curves, exchange rates, as well as the volatility of each related currency.

Counterparty risk was measured under IFRS 13 and is not significant.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group clearly identifies the hedging instrument and the hedged item as soon as the hedge is set up, and formally documents the hedging relationship stating the hedging strategy, the risk hedged and the method used to determine the effectiveness of the hedge. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.



Hedge accounting uses specific measurement and recognition methods for each category of hedge:

- **cash flow hedges:** no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.

If the cash flow hedge of a commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial carrying amount of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts transferred to equity are recognized in the income statement in the same period in which the hedged item affects the net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument initially recognized directly in equity while the hedge was effective, is retained in equity until the forecast transaction occurs.

The Group stops hedge accounting if the commitment or forecast transaction is no longer expected to occur, and the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation:** the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and financial characteristics are not closely related to those of the host contract and the hybrid instrument is not carried at fair value with gains or losses reported in profit or loss. The BIC Group did not carry out any such transactions over the past three years.

i) Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 13):

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: observable inputs other than quoted prices included within level 1;
- level 3: non-observable inputs.

24-1 Derivatives and hedge accounting

The financial risk management is mainly concentrated at the SOCIÉTÉ BIC level and managed and/or coordinated by the Group Treasury.

This department is not a profit center.

Group Treasury has ongoing contact with subsidiaries and collects information throughout the year to identify, follow and lead risk management.

Regarding foreign exchange risk, the Group policy is to hedge the net position currency by currency on a yearly basis. Buyer and seller positions are aggregated and the determined net nominal is hedged on the market.

Depending on the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favorable trends or slow it down so as not to fix too early a rate and remain flexible. All the positions are constantly monitored in real-time by the Group Treasury, which has the necessary information and analytical tools. An update of all the positions is

transmitted to management each month and detailed by currency, product (forward, option, etc.), and purpose (commercial flows or net investments).

In case of local constraints that would not permit the centralization at optimum conditions, the hedges are performed locally under the strict control of Group Treasury.

24-2 Foreign exchange risk

To manage its exchange rate exposure, the Group uses forward foreign currency contracts, currency swaps and currency options. Forward foreign currency contracts are recognized as hedges insofar as they are designated as such. These hedges may cover the net investment of the Group in certain foreign entities, foreign currency receivables or debts, or budgets in foreign currency.

As Group Treasury is centralized, SOCIÉTÉ BIC has current accounts with its main subsidiaries. Credit balances in foreign currencies are swapped against the euro for a very short term and the euro is invested in money market UCITS and other short-term investments.



Every day, Group Treasury adjusts the liquidity situation of the current accounts as a result of currency swaps realized on the market. This strategy, even though it uses exchange instruments, cannot be considered as a full foreign exchange risk management hedging program, as there is no definitive translation of bank accounts. It only equates to optimization of funding by SOCIÉTÉ BIC through foreign liquidity management.

24-3 Interest rate risk

As of December 31, 2017 BIC Group has no significant debt or related hedging instruments.

The exposure to interest rate fluctuations on borrowings is very limited. All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are of too limited a time scale to require any relevant hedging.

24-4 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2017

The following amounts have been booked as the fair value of derivatives as of December 31, 2017 (in thousand euros):

Derivative instruments and revaluation	Hedge income qualification/hedged risk	Net financial income/(expense) before tax ^(a) - Note 6	Income from operations - Note 4	Other comprehensive income before tax ^(a)	Current assets ^(b)	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	396	5,584	30,361	23,488	38	(1,915)	(104)
Dividends	Net investment/Foreign exchange risk	-	-	2,892	2	-	-	-
Subtotal (1)		396	5,584	33,253	23,490	38	(1,915)	(104)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	192	-	-	131	-	(305)	-
Subtotal (2)		192	-	-	131	-	(305)	-
TOTAL 1+2		588	5,584	33,253	23,621	38	(2,220)	(104)

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2017, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2016.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 701 thousand euros.





24-5 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2016

The following amounts have been booked as the fair value of derivatives as of December 31, 2016 (in thousand euros):

Derivative instruments and revaluation	Hedge income qualification/hedged risk	Net financial income/ (expense) before tax ^(a) – Note 6	Income from operations – Note 4	Other comprehensive income before tax ^(a)	Current assets ^(b)	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	(2,164)	(1,977)	(10,977)	1,702	33	(12,335)	(4,234)
Dividends	Net investment/Foreign exchange risk	-	-	(3,129)	-	-	(2,890)	-
Subtotal (1)		(2,164)	(1,977)	(14,107)	1,702	33	(15,225)	(4,234)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk							
Subtotal (2)		152	-	-	-	-	(366)	-
TOTAL 1+2		(2,012)	(1,977)	(14,107)	1,702	33	(15,591)	(4,234)

a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2016, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2015.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 979 thousand euros.

24-6 Portfolio of foreign exchange risk hedges as of December 31, 2017

To cover its future cash flows, the BIC Group had the following hedges as of December 31, 2017.

Maturity	Hedge	Forward	Currency	Purchase of options	Sale of options	Currency
2018	USD/EUR	297,000,000	USD	49,000,000	78,000,000	USD
	USD/CAD	14,400,000	USD	13,000,000	19,500,000	USD
	USD/AUD	10,000,000	USD	-	-	-
	USD/JPY	2,000,000	USD	-	-	-
	GBP/EUR	7,500,000	GBP	16,000,000	24,000,000	GBP
	AUD/EUR	8,000,000	AUD	18,000,000	29,000,000	AUD
	CHF/EUR	3,000,000	CHF	2,000,000	2,500,000	CHF
	EUR/MXN	4,000,000	EUR	-	-	-
	JPY/EUR	1,000,000,000	JPY	300,000,000	400,000,000	JPY
	CAD/EUR	6,000,000	CAD	12,000,000	18,500,000	CAD
	NZD/EUR	8,000,000	NZD	-	-	-
	PLN/EUR	2,000,000	PLN	35,000,000	51,500,000	PLN
	RON/EUR	5,000,000	RON	-	-	-
	SEK/EUR	31,000,000	SEK	-	-	-
USD/NZD	1,600,000	USD	-	-	-	
2019	USD/CAD	3,000,000	USD	-	-	-
	CAD/EUR	-	-	2,000,000	2,000,000	CAD
	GBP/EUR	-	-	4,000,000	8,000,000	GBP
	USD/JPY	9,500,000	USD	-	-	-





As of December 31, 2017, regarding the 2018 exposure, the main significant exchange exposure identified relates to EUR/USD for 336 million U.S. dollars. This exposure is 100% hedged as of December 31, 2017 and related cash flows will occur in 2018.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2017, as defined in IFRS 7, is not considered to be significant for the Group.

As of December 31, 2016, regarding the 2017 exposure, the main significant exchange exposure related to EUR/USD for 381.5 million U.S. dollars. This exposure was 90% hedged as of December 31, 2016 and related cash flows took place in 2017.

24-7 Main balance sheet items declared in foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2017 for the main non-current items:

<i>(in thousand euros)</i>	Total	EUR	Translated from USD	Translated from BRL	Translated from MXN	Translated from INR	Other
Net property, plant and equipment	631,083	365,830	72,424	69,462	45,455	42,418	35,494
Net goodwill	276,851	78,150	90,514	7,258	-	95,299	5,630
Cash and cash equivalents (excluding bank overdrafts)	188,626	48,830	54,363	9,244	10,150	29,407	36,632
Employee benefit obligations	(174,139)	(32,561)	(115,936)	-	(3,310)	(1,957)	(20,375)

NOTE 25 RELATED PARTIES

Pursuant to IAS 24, BIC Group considers the following to be related parties:

- all consolidated subsidiaries (see Note 30);
- all members of the Board of Directors (see Corporate Governance – section 3.1.1.1.4. Mandates and duties of the Corporate Officers and Directors as of December 31, 2017) as well as their close relatives;

- all companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right.

25-1 Consolidated subsidiaries

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

25-2 Members of the Board of Directors and of the Leadership Team

Transactions concluded in 2017 with members of the Board of Directors and of the Leadership Team are as follows:

<i>(in thousand euros)</i>	Expenses	Net amount in balance sheet
Short-term employee benefits	9,117	2,456
Post-employment benefits	1,744	26,280
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
TOTAL OF TRANSACTIONS	10,861	28,736

Directors' fees are not included in the above table and are disclosed under Corporate Governance – section 3.2.2.5. Directors' fees.

25-3 Companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right

As of December 31, 2017, no such related parties were identified.





NOTE 26 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for the Group. All significant items are disclosed in this table.

No pledge of assets or registered shares is reported.

26-1 Sureties, deposits and guarantees issued

None.

26-2 Sureties, deposits and guarantees received

<i>(in thousand euros)</i>	Due			Dec 31, 2017	Dec 31, 2016
	< 1 year	1 to 5 years	> 5 years		
Guarantees for credit lines	2,120	2,145	-	4,265	4,197
Trade guarantees	95	-	-	95	95
Operating lease guarantees	747	-	320	1,067	959
Sureties and deposits	-	396	290	686	569
Other guarantees and commitments	500	1,000	36	1,536	217
TOTAL	3,462	3,541	645	7,648	6,038

As of December 31, 2017, the guarantees for credit lines mainly related to the Group's subsidiaries in Turkey, South Korea and Singapore for 4.3 million euros.

As of December 31, 2016, the guarantees for credit lines mainly related to the Group's subsidiaries in Turkey, South Korea and Singapore for 3.9 million euros.

NOTE 27 OBLIGATIONS UNDER FINANCE LEASES

Finance-leases represent a non-significant portion of the Group's property, plant and equipment (1%).

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

The fair value of the Group's finance lease obligations approximates to their carrying amount.

NOTE 28 CONTINGENT LIABILITIES

As of December 31, 2017, neither SOCIÉTÉ BIC nor its subsidiaries had any pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.





NOTE 29 OPERATING LEASE ARRANGEMENTS

Accounting policies

Leases are classified as finance-leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expenses on a straight-line basis over the lease term.

The Group is only involved as lessor in operating leases on land and buildings disclosed in the balance sheet as investment properties.

b) The Group as lessee

Assets held under finance-leases are recognized as assets of the Group at their fair value at inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance-lease obligation. Lease payments are broken down between financial expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

29-1 The BIC Group as lessee

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Rentals under operating leases recognized as an expense in the year	10,843	9,234

At the balance sheet date, the BIC Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

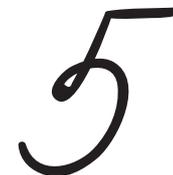
<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Within one year	9,637	9,147
In the second to fifth years inclusive	19,495	19,356
Beyond five years	2,506	4,619
TOTAL	31,638	33,122

Operating lease rentals are primarily linked to office properties.

29-2 The BIC Group as lessor

The activity of the BIC Group as lessor is not significant.





NOTE 30 CONSOLIDATED SUBSIDIARIES

All entities that are more than 50% owned are consolidated.

The main operating companies at December 31, 2017, are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
Fully consolidated subsidiaries				
FRANCE				
BIC Assemblage SARL	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIC Clichy SAS (merged into SOCIÉTÉ BIC SA as of January 1, 2017)	Clichy	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Services SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIMA 83 SASU	Clichy/Cernay	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Société du Briquet Jetable 75 SASU	Clichy/Redon	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
DAPE 74 Distribution SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Électro-Centre SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Technologies SA	Clichy	SOCIÉTÉ BIC SA	99.9%	Industrial equipments production
BIC Rasoirs SASU	Verberie	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Sport SASU	Vannes	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
Conté SASU	Boulogne-sur-Mer	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Graphic France SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Éducation SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of IT solutions
SI Valiton Gesnoux SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
SI BIC Clichy SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
Stypen SASU	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC International Development SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	BIC Erzeugnisse GmbH BIC Verwaltungs GmbH	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Verwaltungs GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
Mondialoffice Verwaltungs-und Vertriebsgesellschaft mit beschränkter Haftung	Germany	BIC Deutschland GmbH & Co.	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft mbH	Austria	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Iberia SA	Spain	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Graphic Europe SA	Spain	BIC Iberia SA	100.0%	Manufacturing and distribution of consumer products
Norwood Promotional Products Europe S.L.U.	Spain	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Violax SA	Greece	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Hungaria k.f.t. - liquidated in 2017	Hungary	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Ireland) Private Company Limited By Shares	Ireland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Italia Spa	Italy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA (liquidation in progress)	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands B. V	Netherlands	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Polska SP ZOO	Poland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Romania) Marketing & Distribution SRL	Romania	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC UK Ltd.	United Kingdom	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Slovakia s.r.o.	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC CIS ZAO	Russia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

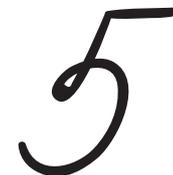




FINANCIAL STATEMENTS
Consolidated financial statements

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
BIC Pazarlama Ltd. Sti.	Turkey	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Ukraine CA	Ukraine	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
BIC CORPORATION	United States	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC USA Inc.	United States	BIC CORPORATION	100.0%	Distribution of consumer products
BIC Consumer Products Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
BIC Graphic USA Manufacturing Co. Inc. (sold on June 30th, 2017)	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
BIC Sport North America Inc.	United States	BIC Sport SASU	100.0%	Manufacturing and distribution of consumer products
Wite-Out Products Inc.	United States – Delaware	BIC CORPORATION	100.0%	Holding company
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
SLS Insurance Company	United States	BIC CORPORATION	100.0%	Insurance coverage company
BIC International Co.	United States	SOCIÉTÉ BIC SA	100.0%	Delivery of services
Wite-Out Products Inc.	United States – Marinland	Wite-Out Products Inc. – Delaware	100.0%	Distribution of consumer products
OCEANIA				
BIC Australia Pty. Ltd.	Australia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Sport Australia Pty. Ltd.	Australia	BIC Sport SASU	100.0%	Distribution of consumer products
BIC (NZ) Ltd.	New Zealand	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
LATIN AMERICA				
BIC Argentina SA	Argentina	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Graphic Brasil Ltda. (liquidation in progress)	Brazil	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Amazonia SA	Brazil	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
PIMACO Autoadesivos Ltda.	Brazil	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC Chile SA	Chile	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Colombia SAS	Colombia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC de Costa Rica SA	Costa Rica	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC Ecuador SA	Ecuador	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC de Guatemala SA	Guatemala	BIC CORPORATION	100.0%	Distribution of consumer products
No Sabe Fallar SA de CV	Mexico	BIC CORPORATION	100.0%	Manufacturing and distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	BIC CORPORATION	100.0%	Manufacturing and distribution of consumer products
Servicios administrativos Industrial de Cuautitlán, SA de CV	Mexico	Industrial de Cuautitlan SA de CV	100.0%	Delivery of services
BIC Andina Peru SA (liquidation in progress since October 2017)	Peru	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Uruguay SA	Uruguay	BIC Amazonia SA	100.0%	Distribution of consumer products
Nelgor SA	Uruguay	BIC Amazonia SA	100.0%	Holding company
Nelgor Trading CA (liquidation in 2017)	Venezuela	Nelgor SA	100.0%	Distribution of consumer products
BIC de Venezuela CA (liquidation in progress)	Venezuela	BIC Amazonia SA	100.0%	Distribution of consumer products
ASIA				
BIC Stationery (Shanghai) Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Shanghai) Stationery Manufacturing Co. Ltd. (liquidation in 2017)	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC (Nantong) Plastic Products Co., Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Product (Korea) Ltd.	South Korea	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Advertising and Promotional Products Asia Ltd. (sold in 2017)	Hong-Kong	BIC Graphic France SASU	100.0%	Distribution of consumer products
BIC India Pvt. Ltd. (Liquidation in April 2017)	India	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Cello Writing Instruments and Containers private Ltd. (merged into BIC Cello (India) Pvt. Ltd.)	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products





Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
Cello Stationery Products private Ltd. (merged into merged into BIC Cello (India) Pvt. Ltd.)	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Pentek Pen and Stationery private Ltd. (merged into BIC Cello (India) Pvt. Ltd.)	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Cello (India) Pvt. Ltd. (ex-Cello Plastic Products private Ltd.) since September 2017	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
Cello Tips and Pens private Ltd. (merged into BIC Cello (India) Pvt. Ltd.)	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Cello Pens private Ltd. (merged into BIC Cello (India) Pvt. Ltd.)	India	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Cello Exports Private Ltd. (ex Cello Writing Aids Private Ltd. since October 2016)	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Japan Co. Ltd.	Japan	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Malaysia) Sdn. Bhd.	Malaysia	SOCIÉTÉ BIC SA BIC UK Ltd.	100.0%	Distribution of consumer products
BIC Product (Singapore) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Asia) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Thailand) Ltd.	Thailand	SOCIÉTÉ BIC SA	99.0%	Distribution of consumer products
MIDDLE-EAST AND AFRICA				
BIC (South Africa) (Pty.) Ltd.	South Africa	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Manufacturing and distribution of consumer products
BIC Holdings Southern Africa (Pty.) Ltd.	South Africa	BIC UK Ltd.	100.0%	Holding company
BIC Middle East FZ-LLC	Dubai	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Malawi Pty. Ltd.	Malawi	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Mozambique Ltd.	Mozambique	BIC Holdings Southern Africa (Pty.) Ltd. BIC (South Africa) (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Bizerte	Tunisia	SOCIÉTÉ BIC SA BIC Assemblage	100.0%	Manufacturing of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Maroc SARL	Morocco	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products





NOTE 31 AUDITORS' FEES

Annual fees paid by the Group to the Statutory Auditors' and members of their networks are as follows:

	Deloitte & Associés				Grant Thornton			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
(in thousand euros)	2016	2017	2016	2017	2016	2017	2016	2017
Audit								
Statutory Audit, certification, review of statutory and consolidated financial statements								
• Issuer	286	522	14%	27%	129	129	12%	19%
• Fully consolidated subsidiaries	1,178	1,207	58%	62%	535	542	50%	81%
Other due diligence and services directly linked to the Statutory Auditors' mission								
• Issuer	210	8	10%	0%	-	-	-	-
• Fully consolidated subsidiaries	43	107	2%	6%	411	-	38%	-
Subtotal	1,717	1,844	84%	95%	1,075	671	100%	100%
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	328	90	16%	5%	-	-	-	-
Subtotal	328	90	16%	5%	-	-	-	-
TOTAL	2,045	1,934	100%	100%	1,075	671	100%	100%



5.2. Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the annual shareholders meeting,

I. Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SOCIETE BIC for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

III. Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.





Impairment test of the Cello goodwill

Risk identified	Our answer
<p>Goodwill represents an important part of the total assets of the Bic Group (€ 277 million out of € 2 352 million at December 31, 2017). The assessment of the recoverability of those goodwill, especially the one related to the most recent acquisition (Cello in India – € 96 million), is a matter of attention for management as the underlying business plan is ambitious reflecting existing opportunities in the country.</p> <p>A high degree of judgement is exercised by management around the assumptions used to determine the value in use of the cash generating unit ("CGU") to which the Cello Pens goodwill has been allocated and which was determined using discounted cash flows of the Cello Pens CGU.</p> <p>We have therefore considered the Cello goodwill valuation as a key audit matter.</p> <p>The main assumptions used to determine the value in use as well as the sensitivity analysis for the main parameters (discounted cash flows, discount rate and perpetual growth rate) are presented in Note 10 to the consolidated financial statements.</p>	<p>We have examined how the CGUs' value in use were determined with a specific focus on the Cello Pens' value in use. Besides the assessment of management's competency and objectivity, we have performed certain specific audit procedures:</p> <ul style="list-style-type: none">• Testing of internal control related to the preparation of the future cash flows forecast.• Verifying consistency of the main data used in the future cash flows determination comparing them with the historical performance and the CGU strategical plan validate by the appropriate level of governance.• Corroborating the perpetual growth rate and discount rate used with historical data observed on those markets. <p>We finally performed our own sensitivity analysis to evaluate the impact of a modification of the main assumptions on the value in use. We finally assessed the appropriateness of the sensitivity information provided in note 10 to the consolidated financial statements.</p>

Valuation of year end rebates or volume rebates

Risk identified	Our answer
<p>As part of its normal business, the Bic Group commits itself to certain discounts that are generally based on volumes purchased or to certain commercial efforts with its main customers (collectively the "rebates").</p> <p>The accrual for such rebates are determined by management using both the actual contract terms as well as existing relationships with each customer.</p> <p>We have considered this rebates evaluation as a key audit matter considering the judgement that applied by management in the accrual determination and utilization of those accruals.</p>	<p>We have considered the basis upon which those accruals are accounted for.</p> <p>Our work mainly consisted in:</p> <ul style="list-style-type: none">• Test internal control used by the Group to ensure that it properly identifies and gathers the contractual clauses that generate an expected rebate payment to be accrued for.• Test the computation of the accruals using the underlying contractual agreements• Verify reliability of the accrual estimates comparing the amounts effectively paid to the customers with the original estimates ("backtesting" procedures for a selection of customers and agreements).

Post employment obligations

Risk identified	Our answer
<p>The Bic Group is involved in several post employment benefits schemes (defined benefits). Those schemes are mainly located in the United States, in France and in the United Kingdom. Those three countries represent approximately 88% of the total post employment benefit obligation at December 31, 2017.</p> <p>Considering the plan assets for which the fair value is €435 million at December 31, 2017, the net obligation amounts to 164 million as of that date.</p> <p>The main plan assets are also located in the United States, in the United Kingdom and in France.</p> <p>The evaluation of the pension assets and liabilities together with the actuarial expense of the period require management to exercise a significant degree of judgement to retain the most relevant assumptions to be used (e.g. discount rate, inflation, future salary increase, turnover rate, mortality).</p> <p>Deviations from reality for those parameters can have a significant impact on the net pension liability that is recorded. In that context, management uses external actuarial firms to assist in the determination of those assumptions and computation.</p> <p>Considering the level of the obligations and assets, the degree of judgement exercised and the technicality required to appropriately evaluate those elements, we have considered those post employment obligation as a key audit matter.</p>	<p>We have considered the process in place to evaluate the post employment obligations.</p> <p>We have used our internal specialist (actuaries) to evaluate the assumptions retained by the Group, especially in the United States, France and United Kingdom. We have:</p> <ul style="list-style-type: none"> • Compared the discount rates and inflation rates used with actual market conditions • Compared the assumptions used for salary increase, turnover and mortality with specific requirements for each regime and when the case may be with national or sector observable datas. • Performed auditing procedures on the actuarial computation made by external actuarial firms. <p>With regard to the dedicated plan assets, we have considered whether the assumptions retained by management to evaluate those assets as well as the documentation provided by management to record those plan assets were met.</p> <p>We have also verified that the disclosures provided in Note 18 to the consolidated financial statements were appropriate.</p>

IV. Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

V. Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of company Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2017, Deloitte & Associés and Grant Thornton were in the 19th year and 11th year of total uninterrupted engagement respectively.

VI. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved for issuance by the Board of Directors.



FINANCIAL STATEMENTS

Statutory Auditors' Report on the consolidated financial statements

VII. Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, March 13, 2018

The Statutory Auditors

French original signed by

Grant Thornton

French Member of Grant Thornton International

Vianney Martin

Deloitte & Associés

François Buzy





5.3. Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

1. Income statement	230	4. Notes to the parent company financial statements	234
2. Balance sheet	231	5. Additional information on the parent company financial statements	247
3. Cash flow statement	233		





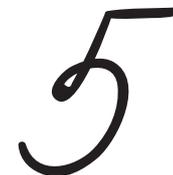
FINANCIAL STATEMENTS

Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

1. INCOME STATEMENT

<i>(In thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Net sales	11	675,728	715,515
Reversal of depreciation, amortization and provisions, transfer of charges		9,737	7,313
Other income	12	101,806	100,511
Total operating income		787,271	823,339
Purchases of goods and changes in inventories		(408,210)	(426,835)
Purchases of raw materials, other supplies and changes in inventories		(20,884)	(25,680)
Other external purchases and charges		(183,355)	(187,752)
Taxes, levies and similar payments		(4,607)	(4,738)
Payroll costs	13	(4,440)	(2,866)
Depreciation, amortization and provisions		(19,579)	(9,979)
Other expenses		(247)	(5,530)
Total operating expenses		(641,322)	(663,380)
NET OPERATING INCOME		145,949	159,959
NET FINANCIAL INCOME	14	27,566	628,887
NON-RECURRING INCOME AND EXPENSES	15	(5,030)	14,330
Income tax expense	16 to 18	(49,850)	(55,051)
NET INCOME		118,635	748,125





2. BALANCE SHEET

Assets

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017		
		Net	Gross	Deprec., amort. and provisions	Net
Research and development expenses		-	1,745	(1,745)	-
Patents and similar rights		20,088	63,524	(40,734)	22,790
Intangible assets	3, 4	20,088	65,269	(42,479)	22,790
Land		1,345	1,345	-	1,345
Buildings		2,421	16,407	(14,302)	2,105
Industrial fixtures and equipment		1,244	12,723	(10,957)	1,766
Other property, plant and equipment		3,571	6,401	(2,919)	3,482
Fixed assets under construction		1,883	584	(51)	533
Property, plant and equipment	3, 4	10,464	37,460	(28,229)	9,231
Equity Investments	23	862,184	1,286,072	(49,560)	1,236,512
Other long-term investments	3	72,554	66,852	-	66,852
Long-term investments		934,738	1,352,924	(49,560)	1,303,364
Non-current assets		965,290	1,455,653	(120,268)	1,335,385
Raw materials and supplies		1,495	1,424	-	1,424
Work-in-process goods		-	387	(387)	-
Goods		37,425	38,114	(1,629)	36,485
Inventories		38,920	39,925	(2,016)	37,909
Advances and prepayments		2,393	2,503	-	2,503
Trade receivables and related accounts	5, 6	129,251	138,011	(9,170)	128,841
Other receivables	5, 6	192,318	223,228	(7,079)	216,149
Short-term financial investments	7	38,944	4,409	-	4,409
Cash and cash equivalents		11,332	38,847	-	38,847
Prepaid expenses	5	1,022	576	-	576
Unrealized losses from foreign exchange	8	128	530	-	530
Current assets		414,308	448,029	(18,265)	429,764
TOTAL ASSETS		1,379,598	1,903,682	(138,533)	1,765,149





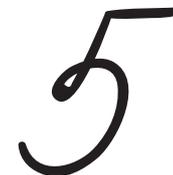
FINANCIAL STATEMENTS

Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

Liabilities & Shareholders' equity

<i>(in thousand euros)</i>	Notes	Dec.31, 2016	Dec.31, 2017
Share capital		181,649	178,126
Share issue premiums, merger contributions		136,435	140,069
Legal reserve		22,410	22,410
General reserve		180,408	180,447
Retained earnings		250,564	114,781
Net income for the year		118,635	748,125
Shareholders' equity	9	890,101	1,383,958
Provisions for contingencies and losses	10	35,318	33,273
Provisions for contingencies and losses		35,318	33,273
Bank borrowings (Bank overdraft)	5	45,914	774
Other borrowings	5	291,291	233,213
Financial liabilities		337,205	233,987
Trade payables and related accounts	5, 6	96,916	100,330
Tax and employee-related liabilities	5	7,700	8,111
Other liabilities	5	10,619	4,415
Deferred income	5	13	1
Operating liabilities		115,248	112,857
Unrealized gains from foreign exchange		1,726	1,074
Liabilities		454,179	347,918
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,379,598	1,765,149





3. CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2016	Dec. 31, 2017
Operating activities			
Net income		118,635	748,125
Merger gain		-	(492,377)
Dividends received	14	(19,397)	(115,712)
Depreciation, amortization and provisions on non-current assets		(15,151)	11,055
(Gain)/Loss on the disposal of fixed assets		(11)	(36)
Gross cash flow from operating activities		84,076	151,055
(Increase)/Decrease in net current working capital		(24,001)	12,296
NET CASH FLOW FROM OPERATING ACTIVITIES		60,075	163,351
Investing activities			
Dividends received from subsidiaries	14	19,397	115,712
Proceeds from disposals of property, plant and equipment and intangible assets		11	36
Purchases of property, plant and equipment	3	(3,915)	(813)
Acquisition of intangible assets	3	(6,275)	(4,437)
(Increase)/Decrease in treasury shares		(78,819)	(93,679)
(Increase)/Decrease in other investing expenses	3	(168)	190
Acquisitions of subsidiaries	23-2	(3,008)	74,813
NET CASH FLOW FROM INVESTING ACTIVITIES		(72,777)	91,822
Financing activities			
Dividends paid	9.2	(277,042)	(161,045)
Loans/(Repayments)		(3)	(3)
Movement in current accounts		53,233	(56,008)
NET CASH FLOW FROM FINANCING ACTIVITIES		(223,812)	(217,056)
Net increase/(decrease) in cash and cash equivalents		(236,514)	38,117
Opening cash and cash equivalents		240,879	4,365
CLOSING CASH AND CASH EQUIVALENTS		4,365	42,482





NOTE 1 MAIN EVENTS

The BIC Clichy subsidiary merged within SOCIÉTÉ BIC as of September 30, 2017 with retroactive effect as of January 1st, 2017. As a consequence, a merger gain was recognized in the 2017 income statement.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with the accounting policies and methods defined by the French *Plan Comptable Général*, as presented by Regulation no. 2014-03 of the French Accounting Standards Authority of June 5, 2014 on the *Plan Comptable Général*, repealing Regulation no. 99-03 of the French Accounting Regulatory Commission of April 29, 1999 on annual financial statements.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- independence of financial years. The items presented in the financial statements are valued on a historical cost basis.

The main accounting rules and methods adopted are the following:

a) Intangible assets

Research and development expenditures are capitalized when major applied research and development projects in progress (above 500 thousand euros) can be clearly defined, costs separately identified and reliably measured, and the project has a significant chance of commercial profitability. Capitalized research and development expenditures are amortized on a straight-line basis over a period of three to five years from the commencement of production.

Research and development expenditures that do not meet these criteria are expensed in the fiscal year.

Patents and technical processes are amortized over their period of protection or use.

Software is depreciated on a straight-line basis over a period of three to five years.

b) Property, plant and equipment

Property, plant and equipment are valued at their purchase price or production cost. Depreciation is calculated on a straight-line basis over periods depending on the asset type:

Buildings	25 years
Fixtures and fittings	8 to 10 years
Vehicles	3 to 4 years
Industrial plant, machinery and fittings	2 to 8 years
Office and IT equipment, furniture	3 to 8 years

c) Fixed assets valuation

At year end, SOCIÉTÉ BIC checks the existence of internal or external indicators that could lead to a change in the net realizable value of its assets.

When the net booked value of fixed assets exceeds the market value or the asset in use, an impairment charge is recorded.

d) Long-term investments

Long-term investments are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is less than its purchase cost. The value is determined in reference to Shareholders' equity of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives. In addition, BIC shares purchased pursuant to Article L. 225-209 of the French Commercial Code (*Code de commerce*), not intended exclusively for stock option plans, are recorded within long-term investments. Treasury shares are valued at purchase cost and provision for impairment is booked at year-end when the probable trading value (based on the average share market price during the last month of the fiscal year) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Goods are valued at purchase cost, including incidental expenses, in accordance with the weighted average cost method. Inventory provisions are booked, when necessary, to reduce inventory value to the market value.

f) Receivables and payables

Receivables and payables are recorded at nominal value. Receivables are written down by way of provision, when appropriate, to take into consideration recovery risks. Foreign currency denominated receivables and payables are translated at the official closing exchange rate.

Unrealized gains on foreign exchange are booked as unrealized gains, while unrealized losses on foreign exchange are booked as unrealized foreign exchange losses with a provision for contingencies and losses.

Profit and loss on foreign exchange for current accounts are directly recognized in the profit and loss account and are not the subject of a translation difference.

According to the new ANC rule n°2015-05 related to the accounting of derivative instruments, applicable as of January 1, 2017, the method of accounting for derivative instruments varies according to whether the derivative qualifies for hedge accounting or not.

For non-hedged transactions, the global foreign exchange position is only used to calculate the provision for foreign exchange losses.





FINANCIAL STATEMENTS

Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

It is calculated currency-by-currency and hedging instruments and hedged items (for the hedged portion) are excluded from this global foreign exchange position.

The maturity dates of items included in the position should be in the same fiscal year and only realizable items should be included (receivables, payables, derivative instruments, etc.). Cash and cash equivalents are excluded.

For hedged transactions, the currency hedging impact is only recognized in the income statement when receivables (or payables) are settled.

g) Financial investments

Financial investments comprise investments in marketable securities, and SOCIÉTÉ BIC shares bought back pursuant to Article L. 225-209 of the French Commercial Code (*Code de commerce*). Treasury shares are valued at purchase cost. An impairment

provision is booked when the probable trading value (based on the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) at year-end is less than the purchase cost.

h) Provisions for contingencies and charges

Provisions for contingencies and charges are liabilities for which maturity or amounts cannot be precisely measured. They are calculated using the best estimate of funds required to settle the liability.

i) Borrowings

Borrowings in foreign currency are translated at the closing exchange rate.

NOTES TO THE BALANCE SHEET

NOTE 3 NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Gross value as of Dec. 31, 2016	Merger	Acquisitions	Disposals	Gross value as of Dec. 31, 2017
Research and development expenses	3,823	-	-	(2,078)	1,745
Other intangible assets	59,087	-	7,250	(2,813)	63,524
TOTAL INTANGIBLE ASSETS	62,910	-	7,250	(4,891)	65,269
Land	1,345	-	-	-	1,345
Buildings	16,296	-	111	-	16,407
Industrial fixtures and equipment	11,306	-	1,418	-	12,724
Other property, plant and equipment	6,214	-	186	-	6,400
Property, plant and equipment under construction	2,075	-	945	(2,436)	584
TOTAL PROPERTY, PLANT AND EQUIPMENT	37,236	-	2,660	(2,436)	37,460
Equity Investments ^(a)	887,191	478,441	14,775	(94,335)	1,286,072
Treasury Shares ^(b)	72,139	-	153,578	(159,089)	66,628
Loans and other long-term investments	415	-	67	(258)	224
TOTAL LONG-TERM INVESTMENTS	959,745	-	168,420	(253,682)	1,352,924

(a) Equity Investments are detailed in Note 23.

(b) These refers to 770.207 shares for the free share plans and 11.288 shares related to the liquidity contract.





NOTE 4 DEPRECIATION AND AMORTIZATION

<i>(in thousand euros)</i>	Deprec. and amort. as of Dec. 31, 2016	Increase in the period	Reduction in the period	Deprec. and amort. as of Dec. 31, 2017
Research and development expenses	3,823	-	(2,078)	1,745
Other intangible assets	36,453	1,735	-	38,188
TOTAL INTANGIBLE ASSETS	40,276	1,735	(2,078)	39,933
Buildings	13,875	427	-	14,302
Industrial fixtures and equipment	10,062	895	-	10,957
Other property, plant and equipment	2,643	276	-	2,919
TOTAL PROPERTY, PLANT AND EQUIPMENT	26,580	1,598	-	28,178

NOTE 5 MATURITY OF RECEIVABLES AND PAYABLES

<i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes receivables	o/w related parties
Other long-term investments	66,852	66,852	-	-	-
Trade receivables and related accounts	138,011	138,011	-	920	91,469
Other receivables	223,228	223,228	-	-	178,747
Prepayments	576	576	-	-	-
TOTAL	428,667	428,667	-	920	270,216

<i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes payables	o/w related parties
Bank borrowings	774	774	-	-	-
Other borrowings	233,213	233,210	3	-	233,206
Trade payables and related accounts	100,330	100,330	-	-	50,344
Tax and employee-related liabilities	8,111	8,111	-	-	-
Other liabilities	4,414	4,414	-	-	-
Deferred Income	1	1	-	-	-
TOTAL	346,843	115,647	3	-	283,550

NOTE 6 INFORMATION ON RELATED PARTIES

<i>(in thousand euros)</i>	Dec.31, 2017
Gross value	
Assets	
Equity investments	1,286,072
Trade receivables and related accounts	91,469
Other receivables	178,747
Liabilities	
Other long-term loans and investments	233,206
Trade payables and related accounts	50,344
Deferred income	-





NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

Gross value <i>(in thousand euros)</i>	Dec.31, 2017
Marketable securities ^(a)	4,409
TOTAL	4,409

(a) These are money market UCITS or short-term deposit certificates.

NOTE 8 UNREALIZED FOREIGN EXCHANGE LOSSES

Unrealized losses related to receivables and payables were recorded in unrealized exchange foreign losses in the amount of 530 thousand euros.

NOTE 9 SHAREHOLDERS' EQUITY

9.1 Share capital

As of December 31, 2017, the share capital of SOCIÉTÉ BIC amounted to 178,126,244.74 euros divided into 46,629,907 shares with a par value of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

To the best of the Company's knowledge, as of December 31, 2017, Shareholders known to hold more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	27.25%	37.23%
Bich family	16.86%	22.91%

As of December 31, 2017, SOCIÉTÉ BIC held 781,495 BIC shares classified as long-term investments (770,207 shares for the free share plans and 11,288 shares in relation to the liquidity contract).

9.2 Changes in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2016 (before distribution)	890,101
Dividend distribution with respect to fiscal year 2016	161,045
Shareholders' equity as of December 31, 2016 (after distribution)	729,056
Increase in share capital ^(a)	281
Decrease in share capital ^(b)	(3,804)
Share issue premium ^(a)	3,634
Retained earnings ^(b)	(93,334)
Net income for the year	748,125
Shareholders' equity as of December 31, 2017 (before distribution)	1,383,958

(a) The increase in share capital relates to 73,559 subscription options exercised during 2017.

(b) During the fiscal year 2017, SOCIÉTÉ BIC cancelled 995,854 shares.





NOTE 10 PROVISIONS

<i>(in thousand euros)</i>	Dec. 31, 2016	Merger	Allocations during the year	Reversals during the year (used)	Reversal during the year (unused)	Dec. 31, 2017
Risk - Subsidiaries	4,140	1,938	806	(300)	(5,344)	1,240
Risk - Tax audit	1,104	-	4,105	(1,104)	-	4,105
Foreign exchange losses	493	1,846	174	(2,339)	-	174
Share grant plan	28,548	-	1,718	(3,628)	-	26,638
Other provisions for contingencies	1,031	-	203	(28)	(90)	1,116
PROVISIONS FOR CONTINGENCIES AND LOSSES	35,316	3,784	7,006	(7,399)	(5,434)	33,273

<i>(in thousand euros)</i>	Dec. 31, 2016	Merger	Allocations during the year	Reversals during the year	Dec. 31, 2017
Property, plant and equipment	2,738	-	-	(141)	2,597
Investments	25,007	29,250	3,925	(8,623)	49,559
Work-in-process goods	532	-	-	(145)	387
Goods	1,402	-	1,629	(1,402)	1,629
Trade receivables	7,852	-	4,981	(3,663)	9,170
Provisions for other receivables	22,184	-	21	(15,126)	7,079
PROVISIONS FOR DEPRECIATION AND AMORTIZATION	59,715	29,250	10,556	(29,100)	70,421

NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales of SOCIÉTÉ BIC break down as follows:

<i>(in thousand euros)</i>	Dec. 31, 2016			Dec. 31, 2017		
	France	Export	Total	France	Export	Total
Stationery	118,933	229,815	348,748	138,454	233,615	372,069
Lighters	20,057	200,757	220,814	24,623	228,945	253,568
Shavers	20,641	69,553	90,194	24,781	67,336	92,117
Other	4,673	11,299	15,972	4,965	15,762	20,727
TOTAL	164,304	511,424	675,728	192,823	545,658	738,481





NOTE 12 OTHER REVENUES

Other revenues mainly comprise royalties (60,408 thousand euros) and management fees (36,824 thousand euros) invoiced to affiliates, as well as the foreign exchange gain on receivables and payables (3,033 thousand euros).

NOTE 13 MANAGEMENT COMPENSATION

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Administrative bodies	325	400
Management bodies	1,160	644

SOCIÉTÉ BIC has no salaried employees as of December 31, 2017.

One member of the Management bodies retired in 2016. Another member benefits from a supplementary pension scheme (defined-benefit plan, additive type) for which he has validated the maximum number of years provided for by the regulation and for which the Board of Directors of May 2016 decided that he would not acquire any additional rights during the term of his new mandate.

NOTE 14 FINANCIAL INCOME

Net financial income amounted to 628,887 thousand euros and is detailed as follows:

The BIC Clichy subsidiary merged with SOCIÉTÉ BIC as of September 30, 2017 with retroactive effect as of January 1st, 2017.

The merger gain represents the difference between the net financial position of BIC Clichy and the value of BIC Clichy securities in the SOCIÉTÉ BIC financial statements as of December 31, 2016.

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Dividends received	19,397	115,712
Merger gain	-	492,377
Net reversal of provisions	3,082	21,442
Foreign exchange gains and losses	5,718	(2,230)
Other	(631)	1,586
FINANCIAL INCOME	27,566	628,887

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses break down as follows:

<i>(in thousand euros)</i>	Dec. 31, 2016	Dec. 31, 2017
Capital gains/(losses) on asset disposals	6	36
Provision for contingencies (net of reversal)	20,524	4,838
Tax adjustments	(925)	(3,831)
Income related to the invalidation of 3% additional corporate income tax on dividends for fiscal years 2013 to 2017	-	24,484
Debt waivers	(20,396)	(5,088)
Loss on liquidation of subsidiaries	-	(1,952)
Other	(4,239)	(4,156)
NON-RECURRING INCOME AND EXPENSES	(5,030)	14,331





NOTE 16 INCOME TAX BREAKDOWN

<i>(in thousand euros)</i>	Net income before tax	Income Tax expense	Net income after tax
Current net income	788,846	(59,427)	729,419
Non-recurring income and expenses	14,330	4,376	18,706
TOTAL	803,176	(55,051)	748,125

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax group comprising the following companies as of December 31, 2017: BIC Sport, BIMA 83, BIC Écriture 2000, BIC Services, Conté, Société Immobilière BIC Clichy, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, BIC International Development formerly Compagnie de

Moulages, DAPE 74 Distribution, Stypen, BIC Clichy, Electro-Centre and BIC Education.

As parent company, SOCIÉTÉ BIC recognizes in its accounts the gain or loss related to the effects of the tax consolidation. In this respect, the gain recorded by SOCIÉTÉ BIC in 2017 amounts to 1,812,859 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

<i>(in thousand euros)</i>	Dec. 31, 2017
C3S	1,248
Provision on current account	21
Provision for contingencies	806
Provision on trade receivables	2,309
Foreign exchange losses	(3,761)
Financial investments	271
Provision on free shares	21,584
Other	201
TOTAL	22,679
Decrease in deferred tax liabilities	(7,808)





NOTES ON THE OFF-BALANCE SHEET COMMITMENTS

NOTE 19 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC's main off-balance sheet financial instruments:

19.1 Currency derivatives

Hedge nominals denominated in currencies other than the euro are converted to euros at December 31, 2017 closing rates.

The valuation of the hedges computed in accordance with market practices in terms of inputs (spot, yield curves, volatility curves) and calculation models.

Forward portfolio detail

Hedging support	Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2018	312,067,293	17,369,634	Forward
Commercial Flows 2019	10,422,747	(134,255)	Forward
Intra-Group Dividends	465,732	1,849	Forward
Loans/Borrowings	158,095,620	(174,431)	Currency Swap
TOTAL	481,051,392	17,062,797	

Options portfolio detail

Hedging support	Options purchased Nominal (euros)	Options sold Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2018	101,750,170	156,976,157	4,407,166	Option
Commercial Flows 2019	5,838,442	13,006,760	(37,669)	Option
Intra-Group Dividends	-	-	-	Option
TOTAL	107,588,612	169,982,917	4,369,497	

As of December 31, 2017, SOCIÉTÉ BIC had contracted:

- derivative contracts (foreign currency forwards and options) maturing in 2018 and 2019 for an equivalent of 600.1 million euros in gross nominal value. These contracts hedge, on the basis of forecast cash flow, a significant part of the Group's foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollars, Pounds sterling, Canadian dollars, Australian dollars, New Zealand dollars, Japanese yens, Swiss francs, Polish zlotys, Romania lei and Mexican pesos. The market value of these contracts is positive for 21.6 million euros;

- derivative contracts (foreign currency forwards and options) maturing in 2018 for an equivalent of 0.5 million euros in gross nominal value, dedicated to the hedge of the intra-Group dividends received in foreign currencies. The market value of these contracts is not significant;
- foreign currency swaps for an equivalent of 158.1 million euros, in connection with the Group's foreign currency liquidity and intra-Group foreign currency loans and borrowings. The market value of these contracts is negative for 174,431 euros.

In 2018, more than 90% of the Group's foreign currency transaction exposure is hedged.

19.2 Interest rate derivatives

As of December 31, 2017, SOCIÉTÉ BIC does not have any interest rate derivatives.

All local funding needs are directly indexed on variable rate. Borrowers' positions are insignificant and are of a too limited timescale to require any hedging.



NOTE 20 OFF-BALANCE SHEET COMMITMENTS

20.1 Guarantees

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this table.

No other assets or registered shares have been pledged.

Sureties, deposits and guarantees issued

<i>(in thousand euros)</i>	Dec. 31, 2016	Maturity			Dec. 31, 2017
		< 1 year	1 to 5 years	> 5 years	
Sureties and deposits	4,800	-	-	-	-
Other guarantees and commitments	20,511	500	1,000	19,608	21,108
TOTAL	25,311	500	1,000	19,608	21,108

Sureties, deposits and guarantees received

<i>(in thousand euros)</i>	Dec. 31, 2016	Maturity			Dec. 31, 2017
		< 1 year	1 to 5 years	> 5 years	
Guarantees for credit lines	3,599	4,004	-	-	4,004
Sureties and deposits	397	397	-	-	397
TOTAL	3,996	4,401	-	-	4,401

20.2 Pension obligations

<i>(in thousand euros)</i>	Dec. 31, 2017
Present value of pension obligation	5,740
NET PENSION LIABILITY	5,740





OTHER INFORMATION

NOTE 21 STOCK MARKET PRICE

<i>(in euros)</i>	Dec. 31, 2016	Dec. 31, 2017
BIC shares	129.15	91.66

NOTE 22 STOCK OPTION PLANS

As part of a policy recommended and approved by the Compensation and Nomination Committee, the Board of Directors decided not to award stock options from 2011 and to set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible managers) will

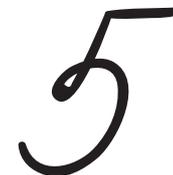
receive three-year performance-based share grants. To replace the stock option programs rewarding staff selected by Management, share grants without performance conditions will be awarded.

	Plan 13
Annual Shareholders' Meeting date	May 12, 2010
Board of Directors' Meeting date	Dec. 16, 2010
Number of beneficiaries	643
Number of options available for subscription	382,950
<ul style="list-style-type: none"> • <i>o/w options granted to the current members of the Leadership Team as of December 31, 2017</i> 	1,000
Date from which options may be exercised	Dec. 17, 2013
Option expiration date	Dec. 15, 2018
Exercise price (euros) ^(a)	63.71
Number of options exercised as of Dec. 31, 2017	261,350
Number of void options as of Dec. 31, 2017	42,850
Number of remaining options as of Dec. 31, 2017	78,750

(a) No discount on the exercise price.

Bruno and François Bich were not issued any options under this plan.





NOTE 23 EQUITY INVESTMENTS

23.1 Subsidiaries and equity interests

	Number of shares	S: Shares P:Parts	% interest	Net book value	Net loans	Share capital	Currency
I – French Subsidiaries							
BIC Assemblage SARL	1,000	P	100%	15,245	-	15,240	EUR
BIC International Development SASU	65,000	S	100%	1,478,761	-	990,600	EUR
Société du Briquet Jetable 75 SASU	2,954,600	S	100%	40,568,296	-	45,028,104	EUR
BIC Rasoirs SASU	131,291	S	100%	6,128,497	-	5,999,999	EUR
BIMA 83 SASU	23,689	S	100%	5,550,661	-	355,335	EUR
BIC Technologies SA	14,039,568	S	99%	5,139,252	-	7,440,988	EUR
BIC Services SASU	69,625	S	100%	1,042,612	-	1,061,085	EUR
CONTE SASU	5,465,181	S	100%	34,270,085	-	27,325,905	EUR
Électro-Centre SASU	4,000	S	100%	837,875	-	60,960	EUR
BIC Écriture 2000 SASU	3,202,500	S	100%	51,302,021	-	39,198,600	EUR
SI Valiton Gesnoux SASU	748,440	S	100%	18,777,264	-	14,295,204	EUR
SI BIC Clichy SASU	65,595	S	100%	2,498,167	-	997,044	EUR
BIC Éducation SASU	1,000	S	100%	841,915	-	1,000,000	EUR
BIC Graphic France SASU	5,000	S	100%	315,904	-	76,200	EUR
BIC Sport SASU	489,750	S	100%	5,701,593	-	1,812,075	EUR
Stypen SASU	151,500	S	100%	1,702,518	-	2,121,000	EUR
DAPE 74 Distribution SASU	70,000	S	100%	910,000	-	1,070,000	EUR
Sub total I				177,080,666			
II – Foreign subsidiaries							
BIC Erzeugnisse GmbH - Germany	2	P	100%	16,345,730	-	664,700	EUR
BIC Verwaltungs GmbH - Germany	2	P	100%	73,814	-	50,000	EUR
BIC GmbH - Germany	1	P	100%	-	-	25,600	EUR
BIC Portugal SA - Portugal	464,715	S	100%	6,586,179	-	2,323,575	EUR
BIC Slovakia S.R.O. - Slovakia	1	P	100%	15,444,502	-	15,574,255	EUR
BIC Belgium - Belgium	136,410	S	100%	51,939,519	-	124,235,677	EUR
BIC Netherland BV - Netherlands	450	S	100%	9,216,000	-	5,204,750	EUR
BIC Nordic AB - Sweden	110,295	S	100%	12,261,705	-	11,029,500	SEK
BIC (Austria) Vertriebsgesellschaft mbh - Austria	-	P	100%	381,123	-	109,009	EUR
SOCIÉTÉ BIC (Suisse) SA - Switzerland	2,000	S	100%	7,747,853	-	2,000,000	CHF
BIC UK Ltd - United Kingdom	12,000,000	S	100%	85,133,465	-	1,500,000	GBP
BIC (Ireland) Private Company Limited - Ireland	50,000	S	100%	6,072,660	-	63,487	EUR
BIC Iberia SA - Spain	2,052,145	S	100%	81,612,686	-	12,333,391	EUR
BIC Italia Spa - Italia	5,000,000	S	100%	24,580,000	-	5,150,000	EUR
BIC Violex SA - Greece	13,895,505	S	51%	13,692,742	-	43,175,000	EUR
BIC Polska SP ZOO - Poland	485,430	S	100%	7,439,031	-	24,271,500	PLN
BIC (Romania) Marketing & Distribution SRL	641,818	P	100%	1,950,234	-	6,418,180	RON
BIC CIS ZAO - Russia	34,028,258	S	100%	10,049,727	-	357,296,709	RUB
BIC Ukraine CA - Ukraine	-	-	100%	3,300,471	-	34,168,470	UAH
BIC Pazarlama Ltd. Sti. - Turkey	89,930	S	99%	4,468,228	-	13,489,500	YTL
BIC CORPORATION - United States	22,769,073	S	100%	318,192,042	-	16,106,978	USD
BIC INTERNATIONAL Co. - U.S. - United States	100	S	100%	1	-	1	USD
BIC Australia Pty. Ltd. - Australia	700,000	S	100%	11,927,000	-	7,400,000	AUD
BIC (NZ) Ltd. - New Zealand	332,500	S	100%	2,966,000	-	665,000	NZD
BIC Amazonia SA - Brazil	274,485,734	S	99.99%	18,565,900	-	662,059,590	BRL
BIC Argentina SA - Argentina	295,135,938	S	95%	21,753,380	-	15,000	ARS
BIC Andina Peru SA	108	S	99%	-	-	5,400,000	PEN
BIC Colombia SAS - Colombia	637,483	S	71%	3,385,614	-	9,000,000	COP
Bic TECHNOLOGIES ASIA Ltd. Hong Kong	7,800,000	P	100%	-	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. - China	-	-	100%	2,657,408	-	12,408,000	USD
BIC Product (Singapore) Pte. Ltd. - Singapore	297,000	S	99%	33,865	-	300,000	SGD
BIC Product (Asia) Pte. Ltd. - Singapore	5,627,602	S	100%	-	-	5,627,602	SGD
Ball Point Manufacturing Co. - Iran	90	S	45%	-	-	16,000,000	IRR
BIC India Pvt. Ltd. - India	8,087,396	S	100%	-	-	80,873,960	INR





FINANCIAL STATEMENTS

Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

	Number of shares	S: Shares P:Parts	% interest	Net book value	Net loans	Share capital	Currency
BIC Product (Korea) Ltd. - South Korea	345,320	S	100%	-	-	1,726,600,000	KRW
BIC Product (Thailand) Ltd. - Thailand	1,713,993	S	100%	-	-	171,400,000	THB
Mondial Sdn. Bhd. - Malaysia	1,140,000	S	30%	-	-	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. - Malaysia	1,260,000	S	100%	-	-	1,260,000	MYR
BIC (Nantong) Plastic Products Co. Ltd. - China	-	-	100%	16,108,937	-	23,300,000	USD
BIC JAPAN Co. Ltd.	750	S	100%	2,550,763	-	100,000,000	JPY
BIC Cello (India) Pvt	8,333,334	S	100%	177,433,803	-	83,333,340	Rs.
BIC Cello Exports Pvt.	18,800,000	S	100%	86,972,970	-	188,000,000	Rs.
BIC Bizerte	216,999	P	100%	27,700,000	-	21,700,000	EUR
BIC Middle East FZ-LLC	20,300	P	100%	2,053,061	-	7,105,000	USD
BIC Maroc SARL	791,000	P	100%	7,312,376	-	79,100,000	DHS
Sub total II				1,057,908,788	-		
III – Participating interests							
BIC Graphic Europe SA	1	S	0.01%	245	-	1,303,330	EUR
BIC Holdings South Africa Pty. Ltd. - South Africa	41,860	S	5%	1,522,934	-	8,372	ZAR
BIC Chile SA - Chile	1	P	0.01%	-	-	480,000	USD
Sub total III				1,523,179	-		
TOTAL				1,236,512,632	-		

Net sales, net income and Shareholder's equity other than the share capital of subsidiaries and investments are not provided for reasons of confidentiality related to commercial and industrial strategy.

It is mentioned, pursuant to Article L. 232-1 of the French Commercial Code, that SOCIÉTÉ BIC has no branch.

23.2 Analysis of movements in equity investments

(in thousand euros)

Equity investments (net) as of December 31, 2016	862,184
Acquisitions, capital increases, creations and disposals in 2017	
BIC Clichy merger	478,441
BIC Argentina SA	13,070
BIC Stationery (Shanghai) Co. Ltd. - China	1,704
BIC Belgium	(84,334)
BIC (Shanghai) Stationery Manufacturing Co. Ltd. - China (liquidation)	(2,985)
BIC Hungaria k.f.t. (liquidation)	(199)
BIC India Pvt. Ltd - India (liquidation)	(1,797)
Sheaffer Slovakia (liquidation)	(5,020)
(Allocations to)/Reversals of provisions in 2017	
BIC Clichy merger	(29,250)
BIC Éducation SASU	(37)
BIC (Nantong) Plastic Products Co. Ltd.	(655)
BIC Stationery (Shanghai) Co. Ltd. - China	(1,807)
BIC Technologies SA	(137)
BIC Product (Singapore) Pte. Ltd. - Singapore	(130)
BIC Pazarlama Ltd. Sti.	(1,159)
BIC Middle East FZ-LLC	79
BIC CIS ZAO	2,622
BIC Hungaria k.f.t. (liquidation)	199
BIC India Pvt. Ltd. - India (liquidation)	1,797
BIC Polska SP ZOO	2,235
BIC (Romania) Marketing & Distribution SRL	914
BIC Ukraine CA	175
Sheaffer Slovakia (liquidation)	602
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2017	1,236,512



5. ADDITIONAL INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

SOCIÉTÉ BIC five-year financial summary

<i>(in euros)</i>	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
1 – Shareholders' equity at year-end					
Share capital	181,976,098	183,213,854	183,139,039	181,649,411	178,126,244
Number of shares outstanding	47,637,722	47,961,742	47,942,157	47,552,202	46,629,907
Number of bonds convertible into shares	-	-	-	-	-
2 – Net results					
Net sales	591,748,483	611,424,057	661,573,108	675,728,517	715,515,323
Net profit before tax, deprec., amort. and provisions	227,503,156	249,664,309	280,814,295	154,721,960	782,139,238
Income tax	29,267,191	53,444,920	55,985,737	49,849,725	55,051,438
Net profit after tax, deprec., amort. and provisions	185,282,676	195,350,462	210,665,506	118,634,879	748,125,345
Dividend distribution ^(a)	119,959,980	134,247,645	278,271,488	161,060,428	158,177,021
3 – Income form operations, per share data					
Net profit after tax, but before deprec., amort. and provisions	4.16	4.09	4.69	2.21	15.59
Net profit after tax, deprec., amort. and provisions	3.89	4.07	4.39	2.49	16.04
Dividend per share	2.60	2.85	5.90	3.45	3.45
4 – Payroll					
Non-salaried staff	3	3	3	2	2
Total payroll	1,325,148	1,440,406	1,502,331	811,476	636,303
Social welfare benefits (social security, social work)	1,190,885	794,168	983,317	3,628,184	2,229,864

(a) Applicable to the issued number of shares (treasury shares deducted) as of December 31. The final amount depends on the number of shares entitled to dividends on the day of payment

Publication of customer payment periods

Article L. 441-6-1 of the French Commercial Code

<i>(in thousand euros)</i>	Total	Current	Overdue		
			30 days	60 days	90 days
Dec. 31, 2017	134,143	117,053	1,442	1,581	14,067
Dec. 31, 2016	131,027	113,116	2,053	2,973	12,885

Publication of supplier payment periods

Article L. 441-6-1 of the French Commercial Code

The Company has opted for the payment of supplier invoices with a due date of 60 days.

<i>(in thousand euros)</i>	Total	Current	Overdue		
			30 days	60 days	90 days
Dec. 31, 2017	55,854	49,162	4,447	696	1,549
Dec. 31, 2016	53,284	48,002	2,381	1,164	1,737



5.4. Statutory Auditors' Report on the financial statements

For the year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual shareholders meeting,

I. Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of SOCIETE BIC for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

Emphasis of Matter

Without questioning the opinion expressed above, we draw your attention to the note 2 (f) of the notes to the financial statements which discloses the change in accounting methodology related to the first application of the ANC regulation ("Règlement ANC") 2015-05 dated 2 July 2015 related to the financial instruments and hedging operations.

III. Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments

Risk identified

As at 31 December 2017, investments are recorded in the balance sheet at a net carrying amount of €1,236.5 million and represent 70% of total assets. They are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is below its net book value.

As disclosed in note 2.d) of the notes to the financial statements, the value in use is determined in reference to shareholders' equity of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives.

Given the weight of investments in the balance sheet, we considered the determination of the value in use of investments to be a key audit matter presenting a risk of material misstatement.



Our answer

We tested the operation of Group controls covering the process for determining the value in use of investments.

Our procedures notably consisted in:

- Control the shareholders' equity of the relevant investment and analyse the coherence of the adjustments, retained by the management, relating to the development and profit perspectives;
- Test, for a sampling population, the arithmetical accuracy of values in use adopted by the Company.

Valuation of year end rebates or volume rebates

Risk identified

As part of its normal business, the Company commits itself to certain discounts that are generally based on volumes purchased or to certain commercial efforts with its main customers (collectively the "rebates").

The accrual for such rebates are determined by management using both the actual contract terms as well as existing relationships with each customer.

We have considered this rebates evaluation as a key audit matter considering the judgement that applied by management in the accrual determination and utilization of those accruals

Our answer

We have considered the basis upon which those accruals are accounted for

Our work mainly consisted in:

- Test internal control used by the Company to ensure that it properly identifies and gathers the contractual clauses that generate an expected rebate payment to be accrued for.
- Test the computation of the accruals using the underlying contractual agreements
- Verify reliability of the accrual estimates comparing the amounts effectively paid to the customers with the original estimates ("backtesting" procedures for a selection of customers and agreements)

IV. Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.





V. Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Société Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2017, Deloitte & Associés and Grant Thornton were in the 19th year and 11th year of total uninterrupted engagement respectively.

VI. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

VII. Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.



Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, March 13th 2018

The Statutory Auditors

French original signed by

Grant Thornton

French Member of Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





5.5. Statutory Auditors' Special Report on regulated agreements and commitments

Annual General Meeting to approve the financial statements for the year ended December 31, 2017

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments with related parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions, as well as the reasons justifying the interest for the Company, of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments previously approved by the Shareholders' Meeting.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements and commitments previously approved by the Shareholders' Meeting

Agreements and commitments approved in previous years

a) which were performed during the year

We hereby inform you that we have not been advised of any agreement or commitment, previously approved by the Shareholders' Meetings, which would have continuing effect during the year.

b) that were continued but not performed during the year

In addition, we have been informed of the continuation of the following commitment, previously approved by the Shareholders' Meetings of prior years, which was not performed during the year.

Additional pension plan

On May 19, 2005, the Board of Directors authorized the adoption of a "top-up" retirement plan (to replace the plan set up in 1986). The beneficiaries are grade 6 Senior Executives and Corporate Officers of BIC in France, who are also members of the Group's Executive Committee and who will finish their career with the Group.

The amount of their supplementary pension will be equal to 1.25% of the yearly last remuneration of the last three years of service, per year of participation in the plan, subject to a maximum of 20 years, representing a maximum pension of 25% of the final remuneration.

The Board of Directors, during its meeting of May 18, 2016, decided to freeze the rights of Mrs. Marie-Aimée Bich-Dufour under this plan, with effect from May 18, 2016.

Person involved: Marie-Aimée Bich-Dufour, Executive Vice-President.

Paris and Neuilly-sur-Seine, March 13th, 2018

The Statutory Auditors

French original signed by

Grant Thornton

French Member of Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





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6.1. Information on the Company

HISTORY AND DEVELOPMENT OF THE ISSUER

Legal and commercial name of the issuer

Legal name: SOCIÉTÉ BIC

Commercial name: BIC

Place of registration of the issuer and registration number

Place of registration: Nanterre

Registration number: 552 008 443

APE Code:

- 7010Z – Registered offices activities
- 3299Z – Other manufacturing activities

Date of incorporation and length of life of the issuer

Date of incorporation: March 3, 1953

Date of expiration: March 2, 2052, unless an Extraordinary Shareholders' Meeting decides to wind up the Company earlier or to extend it.

Registered office and legal form of the issuer

Registered office: 14 rue Jeanne d'Asnières – 92110 Clichy – France

Telephone: 33 (0)1 45 19 52 00

Legal form and legislation governing the issuer: Limited Company (*société anonyme*) governed by French law and subject to all texts applicable to commercial companies in France and in particular the French Commercial Code.

Significant change in the issuer's financial or trading position

No significant event has occurred since the end of the last fiscal period.

Important events in the development of the issuer's business

No events to report other than those mentioned in *Group Presentation – section 1.2. History*.

MEMORANDUM AND ARTICLES OF INCORPORATION

The memorandum and articles of incorporation can be consulted at the registered office of the Company. The articles of incorporation are also available on the website www.bicworld.com (under Regulated information).

Corporate purpose

Extract from the articles of incorporation (Article 3) – “Corporate Purpose”

“The Company's corporate purpose is, in all countries, the purchase, sale, commissioning, brokerage, representation, manufacturing, operation, import and export of all tangible and intangible property, and in particular of all items that are used for writing.

And generally all movable property, real property, industrial or commercial operations pertaining directly or indirectly to the abovementioned purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the above-mentioned purpose.

The Company may carry out all operations falling within its purpose, either alone and for its own account, or for the account of third parties, as representative, licensee or intermediary, for the commissioning, brokerage, subcontracting, as lessee, farmer, manager, in a joint venture or partnership, in any form whatsoever.”

Members of the administrative and management bodies

See *Corporate Governance – Section 3.1. “Administrative and Management Bodies”*.

Rights, preferences and restrictions attached to each class of existing shares

Double voting rights

Extract from the articles of incorporation (Article 15.5) – “Shareholders' Meetings”

“A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same Shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted at no charge to a Shareholder on account of existing shares for which he or she enjoys this right.”



Indivisibility of the shares

Extract from the articles of incorporation (Article 8 ter) – “Indivisibility of the shares”.

1. “The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Shareholders’ Meetings by one of them or by a joint representative of their choice. If they are unable to agree, a representative will be appointed by the Presiding Judge of the Commercial Court, ruling in chambers (référé), at the request of the most diligent joint-owner.
2. If the shares are burdened with a right of usufruct, the entry in the books recording their registration will mention this right of usufruct. Unless the Company is informed of an agreement to the contrary, the voting right will belong to the usufructuary at Ordinary Shareholders’ Meetings and to the bare owner at Extraordinary Shareholders’ Meetings. However, notwithstanding any agreement to the contrary, when the usufruct results from a donation of the bare ownership of shares performed under the provisions of Article 787 B of the General Tax Code, the usufructuary’s voting right will be limited to decisions concerning the allocation of profits. For all other decisions that lie within the competence of an Ordinary or Extraordinary Shareholders’ Meeting, the voting right will belong to the bare owner. The usufructuary and the bare owner must notify the Company that they intend to take advantage of these provisions.”

Action necessary to change the Shareholders’ rights

The articles of incorporation do not contain any special condition relating to changing the Shareholders’ rights.

Shareholders’ Meetings – Methods of calling meetings – Conditions of admission – Conditions for exercising voting rights

Extract from the articles of incorporation (Article 15) – “Shareholders’ Meetings”.

“15.1 Shareholders’ Meetings are convened, and deliberate under the conditions stipulated by law and the decrees in force.

Meetings take place either at the registered office or at any other place specified in the notice.

15.2 Any Shareholder may take part, personally or by proxy, in the Shareholders’ Meetings, upon presenting proof of his/her identity and of the ownership of his/her shares, in accordance with the terms and conditions provided for by the laws and regulations in force.

Upon decision of the Board of Directors published in the notice of meeting, the Shareholders can participate and vote at the Shareholders’ Meeting by videoconference or by telecommunication or teletransmission means allowing their identification, in compliance with legal and regulatory conditions in force at the moment of their use. These Shareholders are deemed present or represented.

15.3 Remote voting is exercised in compliance with legal and regulatory conditions in force.

Upon decision of the Board of Directors published in the notice of meeting, Shareholders can use for this purpose, within the mandatory deadlines, the electronic remote proxy or voting form available on the website put in place by the Meeting’s centralizing agent. These Shareholders are deemed present or represented.

The proxy or the vote addressed by such electronic means before the Meeting, as well as their acknowledgement of receipt, will be deemed irrevocable written instructions enforceable on all parties, it being specified that if the shares are sold before the record date provided by Article R. 225-85 of the French Commercial Code, the Company shall invalidate or amend accordingly, as the case may be, the proxy or vote expressed before such date and time.”

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See section 6.3 “Shareholding”.

Provision setting the ownership threshold above which Shareholder ownership must be disclosed

Extract from the articles of incorporation (Article 8 bis) – “Crossing thresholds”.

“Any individual or legal entity, acting alone and/or in concert, coming into possession, in any manner whatsoever within the meaning of Articles L. 233-9 and L. 233-10 of the French Commercial Code, of a number of securities representing a fraction of the capital and/or of the voting rights equal or higher than 2% and, starting from this threshold, equal to any whole multiple of 1%, must communicate to the Company the total number of shares, of voting rights and of securities giving access to the capital (and voting rights potentially attached to these securities), that this individual or legal entity holds, alone and/or in concert, directly and/or indirectly. The information shall be sent by registered letter with acknowledgement of receipt within fifteen days following the date the threshold has been crossed.

This obligation applies under the same conditions and within the same deadline, when the holding in the share capital falls below the foregoing thresholds.

Upon request, recorded in the minutes of the Shareholders’ Meeting, of one or several Shareholders holding at least 2% of the capital and/or of the voting rights of the Company, the Shareholder who has not carried on the declarations provided for in the present article is deprived of the voting rights attached to the shares exceeding the fraction of the capital that has not been declared, at any Shareholders’ Meeting held until the expiry of a two-year period following the date at which such disclosure is properly made”.

A resolution to modify this article of the articles of incorporation will be presented to the Combined Shareholders’ Meeting dated May 16, 2018 (see chapter 7).

Conditions imposed by the articles of incorporation, governing changes in the capital, where such conditions are more stringent than is required by law

Not applicable.





6.2. Share capital

As of December 31, 2017, the outstanding capital of SOCIÉTÉ BIC amounts to 178,126,245.74 euros divided into 46,629,907 shares with a par value of 3.82 euros each. Issued shares are fully paid-up.

SHARE CAPITAL EVOLUTION OVER THE LAST THREE YEARS

Date	Type of operation	Amount of capital change (in euros)	Impact on share premium/ retained earnings (in euros)	Total share capital (in euros)	Shares outstanding at conclusion of the operation
2017 (Dec. 13 BM)	Cancellation of treasury shares as authorized by AGM of May 10, 2017	(3,804,162.28)	(93,333,700.56)	177,914,677.86	46,615,862
2017 (Dec. 13 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	334,570.88	4,095,176.58	181,718,840.14	47,611,716
2016 (Dec. 10 BM)	Cancellation of treasury shares as authorized by AGM of May 18, 2016	(1,724,114.98)	(54,063,361.01)	181,384,269.26	47,524,132
2016 (Dec. 10 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	157,914.98	1,913,145.41	181,542,184.24	47,975,471
2015 (Dec. 16 BM)	Cancellation of treasury shares as authorized by AGM of May 6, 2015	(688,413.66)	(25,622,684.34)	182,427,392.84	47,934,132
2015 (Dec. 16 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	680,991.40	8,984,556.85	183,108,384.24	48,114,345

BM: Board Meeting.

AGM: Annual General Meeting.

AUTHORIZATIONS TO INCREASE THE CAPITAL AT THE CLOSING OF THE 2017 FISCAL YEAR

SOCIÉTÉ BIC has, as at December 31, 2017, the following authorizations which were granted by the Annual General Meeting:

I. Authorization to increase the capital with Shareholders' pre-emptive subscription rights^(a)

Maximum amount (in million euros)	Shares: 50 Complex capital securities: 650
Date	May 18, 2016 (resolutions 15 and 16)
Term	26 months
Expiration date	July 17, 2018
Use in 2017	No
Issuance price	The issuance price of new ordinary shares and/or complex capital securities (and the shares to which the latter shall give right), is set by the Board of Directors, with or without premium, in compliance with the law and regulations in force.

(a) Articles L. 225-129, L. 228-91 and L. 228-92 of the French Commercial Code.



II. Authorization to increase the capital by capitalization of reserves, profits, premiums or other^(b)

Maximum amount	Total maximum amount of reserves, profits and/or premiums or other sums that may be capitalized into the share capital and which will exist at the moment of the decision to increase the share capital, net of the amount that may be necessary to preserve, in compliance with the law, the rights of bearers of already issued securities giving right to the shares of the Company.		
Date	May 18, 2016 (resolution 17)		
Term	26 months		
Expiration date	July 17, 2018		
Use in 2017	No		

(b) Articles L. 225-129 and L. 225-130 of the French Commercial Code.

III. Authorizations to increase the capital in favor of employees and corporate officers

	Issue of shares reserved for members of an employee savings plan^(c)	Grantings of free shares to be issued^(d)	Share options^(e)
Maximum amount	3% of the share capital	4% of the share capital over 38 months (with a maximum of 0.4% for the Corporate Officers) and 6% of the share capital (taking into account the stock options)	2% of the share capital over 38 months (with a maximum of 0.8% for the Corporate Officers) and 6% of the share capital (taking into account the free grant of shares)
Date	May 18, 2016 (resolution 18)	May 18, 2016 (resolution 20)	May 18, 2016 (resolution 21)
Term	26 months	38 months	38 months
Expiration date	July 17, 2018	July 17, 2019	July 17, 2019
Use in 2017	No	No	No
Issuance price	Determined by the Board of Directors pursuant to Article L. 3332-19 of the French Labor Code	-	Cannot be lower than the average share price on the Paris Stock Exchange, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange before the day the options are granted

(c) Articles L. 225-138 and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code.

(d) Articles L. 225-197-1 et seq. of the French Commercial Code.

(e) Articles L. 225-177 et seq. of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/investors/shareholders/AGM.





6.3. Shareholding

SHARE CAPITAL BREAKDOWN

The table below lists the Shareholders who, to the best of the Company's knowledge, hold more than 5% of the share capital and/or of the voting rights of the Company. The Company is not

aware of any other Shareholder holding more than 5% of the share capital or of the voting rights. This table also gives information regarding treasury shares owned by SOCIÉTÉ BIC.

Dec. 31, 2017						
Name	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^{(c)(d)}	% of theoretical voting rights	Number of voting rights exercisable in SM ^{(c)(d)}	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,566,738	44.11	40,946,702	60.14	40,946,702	60.84
• SOCIÉTÉ M.B.D.	12,705,000	27.25	25,347,000	37.23	25,347,000	37.66
• Bich family (excluding M.B.D.)	7,861,738	16.86	15,599,702	22.91	15,599,702	23.18
Other Shareholders	25,281,674	54.22	26,352,963	38.71	26,352,963	39.16
Treasury shares ^(b)	781,495	1.68	781,495	1.15	-	-
TOTAL	46,629,907	100	68,081,160	100	67,299,665	100

Dec. 31, 2016						
Name	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^{(c)(d)}	% of theoretical voting rights	Number of voting rights exercisable in SM ^{(c)(d)}	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,543,956	43.20	40,913,554	59.21	40,913,554	59.96
• SOCIÉTÉ M.B.D.	12,689,506	26.69	25,331,506	36.66	25,331,506	37.13
• Bich family (excluding M.B.D.)	7,854,450	16.51	15,582,048	22.55	15,582,048	23.83
Other Shareholders	26,140,226	54.97	27,316,596	39.53	27,316,596	40.04
Treasury shares ^(b)	868,020	1.83	868,020	1.26	-	-
TOTAL	47,552,202	100	69,098,170	100	68,230,150	100

Dec. 31, 2015						
Name	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^{(c)(d)}	% of theoretical voting rights	Number of voting rights exercisable in SM ^{(c)(d)}	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,481,818	42.72	40,841,149	58.79	40,841,149	59.46
• SOCIÉTÉ M.B.D.	12,642,000	26.37	25,284,000	36.40	25,284,000	36.81
• Bich family (excluding M.B.D.)	7,839,818	16.35	15,557,149	22.39	15,557,149	22.65
Other Shareholders	26,682,841	55.66	27,845,464	40.09	27,845,464	40.54
Treasury shares ^(b)	777,498	1.62	777,498	1.12	-	-
TOTAL	47,942,157	100	69,464,111	100	68,686,613	100

(a) The Bich family concert is composed of SOCIÉTÉ M.B.D. (a company – société en commandite par actions) and of Bich family members holding direct interests in SOCIÉTÉ BIC. Most Bich family members hold direct interests in SOCIÉTÉ BIC as well as indirect interests through SOCIÉTÉ M.B.D.

(b) Treasury shares without voting rights.

(c) The difference between the number of shares and the number of voting rights is caused by double voting rights (see section 6.1. "Information on the Company").

(d) Voting rights attached to treasury shares are included in the number of theoretical voting rights but excluded from the number of exercisable voting rights.



To the best of the Company's knowledge, there are no agreements between the Shareholders providing preferential transfer or purchase conditions for BIC shares or agreements whose implementation could result in a change of control.

It is specified that the Bich family holding, SOCIÉTÉ M.B.D., which holds more than 20% of the share capital and of the voting rights, has concluded various collective agreements relating to the retention of at least 12 million BIC securities. These agreements date back as far as December 15, 2003 for the oldest and are, for the most part, still in force. They include various members of the family's concert in order to allow these members, if the need arises, to take advantage of Article 787 B of the French General Tax Code. The following officers are part of all or of some of these agreements: Bruno Bich, Gonzalve Bich, Marie-Aimée Bich-Dufour. All the signatories have close personal links with the officers and none of them – with the exception of SOCIÉTÉ M.B.D. – holds more than 5% of the share capital or of the voting rights of the Company.

Except for the granting of double voting rights to nominative shares owned for at least two years, no special voting rights are granted to the main Shareholders.

The Company is controlled as described in the table above. The prevention of potential abusive exercise of its power by a Shareholder is ensured by regular meetings of the Board of Directors and by the presence of four Independent Directors who are in the majority in the committees (Audit Committee, Compensation Committee and Nominations, Governance and CSR Committee).

EMPLOYEES' SHAREHOLDING

No profit sharing scheme exists in respect of the issuer (SOCIÉTÉ BIC has no employees) but each subsidiary can have its own agreement in accordance with the applicable law. Stock options plans and free share plans are described in Note 23 to the consolidated financial statements. As of December 31, 2017, there is no employees' shareholding (as defined in Article L. 225-102 of French Commercial Code).

CROSSING OF LEGAL THRESHOLDS

To the best of the Company's knowledge, no crossing of legal thresholds has been declared during fiscal year 2017 and up to March 7, 2018.

ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR THAT COULD DELAY OR PREVENT A CHANGE OF CONTROL (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

To the best of the Company's knowledge, no element other than those mentioned below is likely to have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., SOCIÉTÉ BIC's family holding, is a *société en commandite par actions*;
- The articles of incorporation provide:
 - the granting of double voting right to nominative shares owned for at least two years (see section 6.1. "Information on the Company"),
 - the obligation to inform the Company when the holding of share capital or of voting rights becomes equal to or higher than 2% and, beyond this threshold of 2%, higher than a whole multiple of 1% (see section 6.1. "Information on the Company");
- Shareholders' Meeting authorizations to increase the share capital (see section 6.2. "Share Capital – Table relating to these authorizations").





6.4. Treasury shares and share buyback

TREASURY SHARES HELD BY SOCIÉTÉ BIC AS OF DECEMBER 31, 2017

Purpose ^(a)	Number of shares	% capital	Nominal value (in euros)
Liquidity agreement	11,288	0.02	43,120.16
Free share grants	770,207	1.65	2,942,190.74
Cancellation	-	-	-
External growth operations	-	-	-
TOTAL^(b)	781,495	1.68	2,985,310.90

(a) Article L. 225-209 of the French Commercial Code.

(b) As of December 31, 2017, the book value of BIC shares held by SOCIÉTÉ BIC in accordance with Articles L. 225-209 et seq. of the French Commercial Code amounts to 66,627,942.65 euros. As of the same date, the market value of these shares is 71,631,831.70 euros (on the basis of the closing price at this date, that is to say 91.66 euros).

SHARE BUYBACK PROGRAM – OPERATIONS CARRIED OUT IN 2017

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	995,854	2.14	3,804,162.28	97.54
Liquidity agreement ^(a) :				
• Share buyback	491,298	1.05	1,876,758.36	106.35
• Sale of shares	484,558	1.04	1,851,011.56	106.38
Shares transferred under free share plans	93,265	0.20	356,272.30	64.74
Cancelled shares	995,854	2.14	3,804,162.28	97.54
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 442,949.41 euros.

During the last 24 months, the Board of Directors cancelled 1,447,193 shares, representing 3.10% of the share capital as of December 31, 2017.



DESCRIPTION OF THE SHARE BUYBACK PROGRAM SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2018

The Board of Directors will submit to the Shareholders' Meeting of May 16, 2018, a resolution authorizing the Board of Directors to undertake operations with regards to the shares of the Company (see section 7. "Board of Directors' Report and draft resolutions to the Shareholders' Meeting of May 16, 2018 – Resolution 5). If this resolution is approved by the Shareholders, the Board of Directors will implement the share buyback program described below. This paragraph constitutes the description of the share buyback program provided by Articles 241-1 *et seq.* of the General Regulation of the AMF.

TREASURY SHARES HELD BY SOCIÉTÉ BIC AS OF MARCH 1ST, 2018

Purpose	Number of shares
Liquidity agreement	19,467
Free share grants	756,107
Cancellation	100,009
External growth operations	-
TOTAL	875,583

If the Shareholders' Meeting of May 16, 2018 approves the above-mentioned resolution, the Board of Directors will be authorized to buy back shares representing a maximum of 10% of the share capital on the date of the decision to buy back the shares (as of March 1st, 2018 and for information purposes: 4,663,409 shares), for a maximum amount of 1.4 billion euros and in order to:

- provide liquidity and stimulate the market of the shares of the Company through an investment service provider acting pursuant to a liquidity agreement compliant with professional ethics standards recognized by the French Financial Markets Authority;
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations in accordance with the market practices approved by the French Financial Markets Authority;

- remit them at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers, notably within the scope of sharing in the Company's success, employee profit-sharing schemes, the stock option program, the free share plan or through an employee savings scheme;
- cancel them entirely or partly, in accordance with the conditions provided by the regulations in force, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months;
- implement all market practices that may be authorized by the French Financial Markets Authority.

If some shares are bought back in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation, the above-mentioned limits shall be decreased to 5% of the share capital on the date of the decision to buy back the shares (as of March 1, 2018 and for information purposes: 2,331,704 shares) and to a maximum amount of 700 million euros. The Company will not at any time hold more than 10% of the total number of its own shares forming the share capital.

The purchase price may not be higher than 300 euros per share.

The authorization so given by the Shareholders' Meeting would be valid for a period of 18 months starting from May 16, 2018.

It could be used during public offers on the Company's shares in accordance with the legislation in force.

The purchase of shares of the Company carried out pursuant to this authorization shall also comply with the rules enacted by the French Financial Markets Authority regarding the conditions and the periods of intervention on the market.





6.5. Investor relations

The Investor Relations Department is dedicated to answering all inquiries from individual and institutional investors alike. Shareholder and general financial and economic information regarding SOCIÉTÉ BIC is available via the Company's website: <http://www.bicworld.com/> or by addressing an email to investors.info@bicworld.com or actionnaires@bicworld.com or by sending a written letter by post to BIC Group – Investor Relations Department, 14 rue Jeanne d'Asnières, 92611 Clichy Cedex, France.

Throughout the year, BIC holds meetings with analysts and institutional investors during roadshows and brokers' conferences in

the major financial marketplaces. In 2017, meetings were organized in Paris, London, New York City, Boston, Frankfurt, Edinburgh, Montreal and Toronto. We also organized various meetings with dedicated SRI (Socially Responsible Investment) investors.

At the individual investor level, BIC continued its proactive communication policy, issuing its Shareholders' newsletters four times a year. BIC organizes regular meetings in different French cities. In 2017, the Investor Relations Department met individual Shareholders in Paris, Strasbourg and Bordeaux. Three meetings are already scheduled in 2018.



6.6. Share information

BIC shares are listed on Euronext Paris (continuous quotation) and are part of the SBF 120 and CAC Mid 60 indexes.

BIC is also part of the following Socially Responsible Investment indexes: CDP's Climate A List, CDP's Supplier Climate A List, Euronext Vigeo – Eurozone 120, Euronext Vigeo – Europe 120,

FTSE4Good indexes, Ethibel Pioneer and Ethibel Excellence Investment Registers, Ethibel Sustainability Index (ESI) Excellence Europe, Stoxx Global ESG Leaders Index.

Its ISIN Code is FR0000120966.

BIC SHARE PRICE IN 2017

	Closing price	Average price (closing)	Highest	Lowest	Number of shares traded	Trading amounts (in thousand euros)
December 2016	129.15	125.47	129.50	119.70	1,108,113	138.18
January 2017	121.05	125.22	130.50	121.05	1,069,833	133.60
February 2017	116.75	119.46	124.35	115.05	1,504,736	179.16
March 2017	116.80	115.74	119.05	112.55	1,557,261	180.12
April 2017	103.20	115.57	121.35	103.20	1,616,466	181.68
May 2017	108.75	108.07	111.40	102.15	2,345,859	253.20
June 2017	103.90	107.78	112.40	101.50	2,053,250	221.20
July 2017	99.07	102.35	105.60	97.86	1,372,133	140.19
August 2017	100.95	101.12	107.80	98.49	1,976,241	200.78
September 2017	101.40	101.55	104.05	98.55	1,705,904	173.46
October 2017	90.67	90.90	97.89	80.39	3,451,120	309.25
November 2017	97.54	90.89	97.54	87.40	2,325,796	212.09
December 2017	91.66	93.48	97.49	91.06	1,686,930	158.01
January 2018	92.30	94.75	99.05	91.25	1,598,323	151.42
February 2018	86.15	85.00	87.20	80.50	2,848,109	240.85

SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES
Département des Titres
32, rue du Champ-de-Tir
BP 81236
44312 Nantes Cedex 3
(France)





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BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 16, 2018





7.1. Ordinary Shareholders' Meeting

DRAFT RESOLUTIONS 1 TO 3 – APPROVAL OF THE FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – SETTING OF DIVIDENDS

Board of Directors' report:

By voting on the first and second resolutions, we ask you to approve the statutory and consolidated financial statements of the fiscal year ending December 31, 2017.

The third resolution aims at allocating the 2017 net income and set the dividend.

We propose the distribution of a total dividend of 158,177,021.40 euros corresponding to a dividend per share of 3.45 euros. The dividend will be paid as from May 30, 2018. If the number of shares carrying rights to the dividend is not 45,848,412, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be determined on the basis of the amount of the dividends actually paid.

The gross amount of the dividend is subject to social charges amounting to 17.2%, plus a lump-sum levy at a single rate of 12.8% for the income tax of natural persons resident of France (art. 117 quater and 200-A of the French Tax Code). In the event of a taxpayer's overall option for the progressive income tax scale, this dividend will be eligible for the 40% tax allowance (art. 158-3 and 243 bis of the French Tax Code).

We remind you the amount of the dividends paid during the last three years (income eligible for the tax allowance provided for in Article 158-3 of the French Tax Code):

- 2.85 euros in respect of fiscal year 2014;
- 5.90 euros in respect of fiscal year 2015 (3.40 euros + 2.50 euros of exceptional dividend);
- 3.45 euros in respect of fiscal year 2016.

Draft resolution 1 – Approval of the Statutory Financial Statements of Fiscal Year 2017

The Shareholders, after having considered the reports of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the statutory financial statements of the fiscal year ending December 31, 2017. They also approve all transactions presented in these statutory financial statements or summarized in these reports.

Draft resolution 2 – Approval of the Consolidated Financial Statements of Fiscal Year 2017

The Shareholders, after having considered the reports of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the consolidated financial statements of the fiscal year ending December 31, 2017. They also approve all transactions presented in these consolidated financial statements or summarized in these reports.

Draft resolution 3 – Appropriation of Earnings and Setting of Dividends

The Shareholders approve the total net income after deduction of income tax for the fiscal year ending December 31, 2017 of 748,125,345.37 euros and decide to allocate this amount in the following manner (*in euros*):

<i>Net income for 2017</i>	748,125,345.37
To add:	
• Retained earnings from previous year	114,781,289.36
TOTAL DISTRIBUTABLE INCOME	862,906,634.73
Appropriation of earnings:	
• Works of art special reserve	53,637.28
• Dividends (excluding treasury shares)	158,177,021.40
• Retained earnings	704,675,976.05
TOTAL EQUAL TO DISTRIBUTABLE INCOME	862,906,634.73

The amount of the dividends for the fiscal year ending December 31, 2017 will be 158,177,021.40 euros corresponding to a dividend per share of 3.45 euros. It will be paid as from

May 30, 2018. If the number of shares carrying rights to the dividend is not 45,848,412, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to





retained earnings will be adjusted on the basis of the amount of the dividends actually paid.

The gross amount of the dividend is subject to social charges amounting to 17.2%, plus a lump-sum levy at a single rate of 12.8% for the income tax of natural persons resident of France (art. 117

quater and 200-A of the French Tax Code). In the event of a taxpayer's overall option for the progressive income tax scale, this dividend will be eligible for the 40% tax allowance (art. 158-3 and 243 bis of the French Tax Code).

In accordance with the law, we also remind you that the following dividends were distributed during the last three years:

Fiscal year	Number of shares	Dividend per share (in euros)	Dividend entitled to the tax allowance defined in Art. 158-3 of the CGI ^(a) (in euros)
2014	47,308,363	2.85	2.85
2015	46,956,216	5.90 ^(b)	5.90
2016	46,679,869	3.45	3.45

(a) French Tax Code (CGI).

(b) 3.40 euros ordinary dividend + 2.50 euros exceptional dividend.

DRAFT RESOLUTION 4 - DETERMINATION OF THE AMOUNT OF THE DIRECTORS' FEES

Board of Directors' report:

It is proposed to set the amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2018 at 500,000 euros (compared to 502,400 euros for fiscal year 2017).

Draft resolution 4 - Determination of the amount of the Directors' fees

The Shareholders decide to set the annual amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2018 at 500,000 euros.





DRAFT RESOLUTION 5 – AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO UNDERTAKE OPERATIONS REGARDING THE SHARES OF THE COMPANY

Board of Directors' report:

We propose that you authorize the Board of Directors to buy back by any means, on one or more occasions, shares of the Company in accordance with the legislation in force.

This authorization may be used during public offers on the Company's shares in compliance with Article L. 233-32 of the French Commercial Code, *i.e.* subject to the powers expressly assigned to the Shareholders within the limit of the Company's interest.

The Company would be authorized, during a period of 18 months, to buy back its own shares for a maximum price per share of 300 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum amount of 1.4 billion euros. This authorization would be used to fulfill the following objectives:
 - provide liquidity in the securities market pursuant to a liquidity agreement managed by an external service provider,
 - allow their subsequent remittance as payment, exchange or otherwise, within the scope of external growth operations (with the exception of mergers, demergers or contribution operations mentioned below),
 - remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital,
 - allocate them to employees and/or officers (in the scope of an employee saving scheme, a stock option program, free allocations of shares, etc.),
 - cancel the shares,
 - implement any market practice authorized by the French Financial Markets Authority (AMF);
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum global amount of 700 million euros. The shares would be bought back to be kept and subsequently remitted as payment or exchange within the scope of a merger, demerger or contribution operation.

This authorization may be used during public offers on the Company's shares in accordance with Article L. 233-32 of the French Commercial Code, subject to the powers expressly assigned to the Shareholders' Meeting within the limits of the Company's interest.

SHARE BUYBACK PROGRAM – OPERATIONS REALIZED IN 2017

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	995,854	2.14	3,804,162.28	97.54
Liquidity agreement ^(a) :				
• Share buyback	491,298	1.05	1,876,758.36	106.35
• Sale of shares	484,558	1.04	1,851,011.56	106.38
Shares transferred under free share plans	93,265	0.20	356,272.30	64.74
Canceled shares	995,854	2.14	3,804,162.28	97.54
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 442,949.41 euros.

During the last 24 months, the Board of Directors cancelled 1,447,193 shares, representing 3.10% of the share capital as of December 31, 2017.

For further information, please refer to section 6.4. page 260.





Draft resolution 5 – Authorization to be given to the Board of Directors to undertake operations regarding the shares of the Company

The Ordinary Shareholders' Meeting, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the French Financial Markets Authority (AMF), of Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014, and after considering the report of the Board of Directors, authorizes the Board of Directors to buy back by any means, on one or more occasions, the shares of the Company:

1. Within the limit of a number of shares representing a maximum of 10% of its share capital on the date of the Board of Directors' decision to buy back the shares:
 - for a maximum amount of 1.4 billion euros, under the conditions and limits provided by the laws and regulations in force;
 - for a maximum purchase price of 300 euros, exclusive of costs;

In accordance with the above-mentioned provisions and with the market practices allowed by the French Financial Markets Authority (AMF), this authorization can be used by the Board of Directors in order to:

- provide liquidity and stimulate the market for the securities of the Company through an investment services provider acting independently in the name and on behalf of the Company, pursuant to a liquidity agreement compliant with professional ethics standards recognized by the French Financial Markets Authority,
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations (with the exception of mergers, demergers or contribution operations referred to in paragraph 2 below) in accordance with the market practices approved by the French Financial Markets Authority,
- remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means,
- allocate them to employees and officers under the conditions and according to the methods prescribed by the law, notably within the scope of employee profit-sharing and incentive schemes, the stock option program, the free allocation of shares plan or through an employee savings scheme,
- cancel them entirely or partly, according to the conditions provided by the regulations in force, by reducing the share capital accordingly, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months,
- implement all market practices that may be authorized by the French Financial Markets Authority.

2. Within the limit of a number of shares representing a maximum of 5% of its share capital on the date of the Board of Directors' decision to buy back the shares:
 - for a maximum amount of 700 million euros,
 - for a maximum purchase price fixed at 300 euros, exclusive of costs,and in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation.

The limits provided in paragraphs 1 and 2 above are not cumulative and the Company cannot at any time, directly or through a third party, hold more than 10% of the total number of its own shares forming the share capital.

The acquisition, assignment, transfer or exchange of shares can be carried out by the Board of Directors by any means, on one or more occasions, notably on the market, over the counter or in block and if necessary, using option mechanisms or to derivative financial instruments negotiated on a regulated market or by mutual consent, excluding the sale of put options, in accordance with the conditions authorized by the legal, regulatory and stock exchange rules in force, and at the times that the Board of Directors or its proxy shall deem appropriate, or by a third party acting on behalf of the Company in compliance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code. It is specified that the part of the share buyback program realized by acquisition or transfer of blocks of shares may represent the entire program.

The Ordinary Shareholders' Meeting decides that the maximum purchase price per share, excluding costs, should not exceed that of the last independent transaction or, if it is higher, that of the highest current independent offer on the market where the purchase is made.

In the case where the options provided in the fifth paragraph of Article L. 225-209 of the French Commercial Code were used, the sale price (in the event that such a sale price would be necessary) shall thus be determined in accordance with the legal provisions in force.

The acquisition of shares of the Company realized pursuant to this authorization shall also comply with the rules enacted by the applicable regulations regarding the conditions and the periods of intervention on the market. The Company shall abstain from buying more than 25% of the daily average quantity of shares traded on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 10, 2017 (Resolution 5). This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting.

This authorization may be used during public offers on the Company's shares in compliance with the legislation in force.





BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 16, 2018
Ordinary Shareholders' Meeting

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the shares of the Company acquired pursuant to this authorization must be registered and must be entirely paid up upon their acquisition. These acquisitions must not have the effect of reducing the net equity to an amount lower than that of the capital increased by non-distributable reserves. Finally, the Company must have reserves (other than the legal reserve) amounting to at least the value of all the shares that the Company owns directly or through a third party.

Within the scope of its global financial management, the Company reserves itself the possibility of using part of its available financial resources to finance the purchase of the shares and to resort to debt to finance the additional needs that may exceed its internal financing.

The Board of Directors shall inform the Shareholders, in its management report to the Annual Ordinary Shareholders' Meeting, of the operations realized pursuant to this authorization.

The Shareholders' Meeting confers all powers on the Board of Directors to implement this share buyback program and notably to:

- assess opportunities and proceed with the share buyback authorized by this resolution;
- prepare and publish, before the realization of a share buyback program, a description of the share buyback program, in accordance with the conditions and methods set by the General Regulation of the French Financial Markets Authority;
- place all stock market orders, conclude all agreements in particular regarding the holding of the purchases and sales register;
- inform the market and the French Financial Markets Authority of operations carried out, in compliance with the General Regulation of the French Financial Markets Authority;
- delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-Presidents, the authority necessary for the realization of the share buyback program;
- make all declarations and carry out any other formalities and, as a general rule, do all that is necessary to carry out the forgoing authorization.





DRAFT RESOLUTIONS 6 TO 9 – RENEWAL OF JOHN GLEN, MARIE-HENRIETTE POINSOT, SOCIÉTÉ M.B.D. AND PIERRE VAREILLE AS DIRECTORS OF THE BOARD

Board of Directors' report:

It is proposed to the Shareholders to renew John Glen, Marie-Henriette Poinot, SOCIÉTÉ M.B.D. and Pierre Vareille as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2021 upon the approval of the financial statements of the fiscal year ending December 31, 2020.

JOHN GLEN



Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Board of Directors of December 10, 2008 ratified by the Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2018 for fiscal year 2017

Member of a committee

- Chairman of the Audit Committee

Professional address

The Buccleuch Group
27 Silvermills Court
Henderson Place Lane
Edinburgh EH3 5DG - United Kingdom

Main position

- Chief Executive Officer of Buccleuch Group – United Kingdom

Other current mandates or functions

- Member of the Board – The Three Stills Company – United Kingdom

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Director – Thames River Property Investment Trust – United Kingdom (listed company)

Biography

John Glen, Scottish, is Chief Executive Officer of Buccleuch, the holding company of a family owned group that operates in industry and agro-businesses.

He has previously held various positions at Unilever and was Group Finance Director at Air Liquide (listed company) from 2000 until September 2008 and Vice-Chairman of the Supervisory Board at EFRAG (European Financial Reporting Advisory Group) for four years. He is a member of the Chartered Institute of Certified Accountants and graduated with a Master's degree in Accounting and Economics from the University of Edinburgh.

58 years old

Nationality:
British

Number of BIC shares held:
500





MARIE-HENRIETTE POINSOT (MAIDEN NAME: BICH)



57 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D. On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, i.e. 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights.

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 21, 1997

Expiration date

Annual Shareholders' Meeting in 2018 for fiscal year 2017

Member of a committee

- Compensation Committee
- Nominations, Governance and CSR Committee

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Director of SOCIÉTÉ BIC

Other current mandates or functions

None

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Director of Strategic Planning – Options SAS – France
- Member of Strategic Planning Committee – Options SAS – France

Biography

Marie-Henriette Poinso was Director of Strategic Planning and Member of the Strategic Planning Committee of the Options Group (France) from 2006 to 2013. She previously worked for nine years in the BIC Group, where she held different positions including that of Deputy Administrative Director of SOCIÉTÉ BIC.





SOCIÉTÉ M.B.D.



Number of BIC shares held:
12,705,000 shares,
i.e. 27.25% of SOCIÉTÉ BIC
share capital and 37.23%
of the voting rights
(as of December 31, 2017)

Director

Type of legal entity

Partnership limited by shares (*société en commandite par actions*)

Registration

389,818,832 – Register of Trade and Companies of Nanterre (France)

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 24, 2006

Expiration date

Annual Shareholders' Meeting in 2018, for fiscal year 2017

Member of a committee

- Audit Committee

Address

1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Permanent representative

Édouard BICH
53 years old
Nationality: French
Édouard Bich spent eight years in the Finance Department of Procter & Gamble and holds an MBA in Finance from Wharton University (U.S.A.).

Professional address

SOCIÉTÉ M.B.D.
1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Main position

Managing Director of SOCIÉTÉ M.B.D.

Other current mandates or functions

- Member of the Supervisory Board – Stockage Plus SAS. – France
- Member of the Executive Board for Europe, the Middle East and Africa – The Wharton School – U.S.A.
- Managing Director – Platypus Capital SPRL – Belgium

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Member of the Supervisory Board – Digital Fashion Group SAS – France

Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

Other current mandates or functions

None

Expired mandates or functions in the previous five years (non-BIC Group companies)

None





PIERRE VAREILLE



Vice-President and Lead Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2018, for fiscal year 2017

Member of a committee

- Audit Committee

Professional address

Bernos Advisors
Schwerzelrain 2
6315 Oberaegeri – Switzerland

Main position

- Co-President, Founder of "The Vareille Foundation" - Switzerland

Other current mandates or functions

- Director – Verallia – France
- Director – Vectra – U.S.A.
- Director – Etex SA – Belgium (listed company).
- Director – Ferroglobe plc – United Kingdom (listed company)

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Chief Executive Officer – Constellium NV – Netherlands
- Chairman of the Board of Directors – Constellium Switzerland AG – Switzerland
- President – Constellium France Holdco – France
- Chairman – Association des Centraliens – France

Biography

Pierre Vareille has been an Independent Director for SOCIÉTÉ BIC since 2009 and Vice-President and Lead Director since 2016.

He started his career in 1982 with Vallourec, holding various positions in manufacturing, financial control, sales and strategy. After having held general management positions at GFI Aerospace, Faurecia and Péchiney, he was from 2004 to 2008 Chief Executive of the English automotive equipment manufacturer Wagon PLC. From 2008 to 2011 he served as Chairman and CEO of FCI, and from 2012 to 2016 as Chief Executive Officer of Constellium.

Pierre Vareille graduated from the *École Centrale de Paris*, and is an alumnus of the *Institut d'Études Politiques de Paris* as well as the Sorbonne University (Economy and Finance) and the *Institut de Contrôle de Gestion*.

60 years old

Nationality:
French

Number of BIC shares held:
3,000

Draft resolution 6 – Renewal of John GLEN as Director of the Board

The Shareholders' Meeting decides to renew, for a period of three fiscal years, the mandate of John Glen as Director of the Board.

The term of the mandate of John Glen will thus expire at the end of the Shareholders' Meeting called to vote in 2021 upon the approval of the financial statements for the fiscal year ending December 31, 2020.

Draft resolution 7 – Renewal of Marie-Henriette POINSOT as Director of the Board

The Shareholders' Meeting decides to renew, for a period of three fiscal years, the mandate of Marie-Henriette Poinsot as Director of the Board.

The term of the mandate of Marie-Henriette Poinsot will thus expire at the end of the Shareholders' Meeting called to vote in 2021 upon the approval of the financial statements for the fiscal year ending December 31, 2020.





Draft resolution 8 – Renewal of SOCIÉTÉ M.B.D. as Director of the Board

The Shareholders' Meeting decides to renew, for a period of three fiscal years, the mandate of SOCIÉTÉ M.B.D. as Director of the Board.

The term of the mandate of SOCIÉTÉ M.B.D. will thus expire at the end of the Shareholders' Meeting called to vote in 2021 upon the approval of the financial statements for the fiscal year ending December 31, 2020.

Draft resolution 9 – Renewal of Pierre VAREILLE as Director of the Board

The Shareholders' Meeting decides to renew, for a period of three fiscal years, the mandate of Pierre Vareille as Director of the Board.

The term of the mandate of Pierre Vareille will thus expire at the end of the Shareholders' Meeting called to vote in 2021 upon the approval of the financial statements for the fiscal year ending December 31, 2020.

DRAFT RESOLUTION 10 – APPOINTMENT OF GONZALVE BICH AS A NEW DIRECTOR OF THE BOARD

Board of Directors' Report:

The Shareholders are invited to appoint as new Director, Gonzalve Bich, replacing Bruno Bich, resigning, for the remaining period of his office, i.e. until the 2019 Shareholders' Meeting called to approve the financial statements of the fiscal year 2018.

GONZALVE BICH



Executive Vice-President

Date of 1st appointment

Board of Directors of May 18, 2016 – effect: June 2, 2016

Expiration date

October 2, 2018

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Executive Vice-President of SOCIÉTÉ BIC – Chief Operating Officer of BIC Group

Other current mandates or functions

- Director – BIC (Nantong) Plastic Products Co. Ltd. ^(a) – China
- Director – BIC Cello (India) Private Ltd. ^(a) – India
- Director – BIC-Cello Exports Private Ltd. ^(a) – India
- Director – BIC UK Ltd ^(a) – United Kingdom
- President of categories – BIC International Co. ^(a) – U.S.A.

Expired mandates or functions in the previous five years (non-BIC Group companies)

None

Biography

Gonzalve Bich is Chief Operating Officer (COO), responsible for the BIC Group Consumer Products business, Human Resources and Information Technology since January 2017.

He currently serves as Executive Vice-President of SOCIÉTÉ BIC and has done so since June 2016.

Gonzalve Bich joined BIC Asia in 2003, where he developed the regional business for four years. He moved on to serve as Group People Development Director before joining the Shaver category as Group Shaver Marketing Director. From 2008 to 2012, he led the Northern European business. In 2012, he was named Deputy General Manager, responsible for Middle East, Africa, Oceania and Asia Pacific. He was promoted to General Manager, Developing Markets (including Latin America) in July 2013 and took the responsibility for BIC Consumer business Categories operations in spring 2016, while leading the completion of the acquisition of Cello Pens (India's #1 stationery brand).

Gonzalve Bich hold a Bachelor of Arts in History from Harvard University.

(a) BIC Group.

39 years old

Nationality:
French/American

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D. On December 31, 2017, SOCIÉTÉ M.B.D. held 12,705,000 shares, i.e. 27.25% of SOCIÉTÉ BIC share capital and 37.23% of the voting rights





Draft resolution 10 – Appointment of Gonzalve Bich as a new Director of the Board

The Shareholders' Meeting decides to appoint Gonzalve Bich as a new Director of the Board, replacing Bruno Bich, resigning, for the remaining period of his office, *i.e.* until the 2019 Shareholders'

Meeting called to approve the financial statements for the fiscal year ending December 31, 2018.

DRAFT RESOLUTIONS 11 TO 14 – APPROVAL OF THE COMPENSATION ELEMENTS AND BENEFITS OF ANY TYPE PAID OR GRANTED FOR 2017 TO THE CHAIRMAN OF THE BOARD, THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE VICE-PRESIDENTS

Board of Directors' Report:

In accordance with the provisions of paragraph II of Article L. 225-100 of the French Commercial Code, the table below presents the compensation elements and benefits of any type paid or granted to Bruno Bich, Gonzalve Bich, James DiPietro and Marie-Aimée Bich-Dufour for the fiscal year 2017. These elements are described in more detail in the 2017 registration document (*see section 3.2. Corporate Officers' Compensation*).

BRUNO BICH, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	204,000 EUR	+2.0% <i>versus</i> 2016
Annual variable compensation	N/A	The principle of this compensation has not been provided for
Deferred variable compensation	N/A	The principle of this compensation has not been provided for
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	N/A	No allocation
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	N/A	Absence
Sign-on bonus	N/A	Absence
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause
Supplementary pension plan	N/A	No supplementary pension plan has been put in place for Bruno Bich with regard to his mandate of Chairman of the Board and Chief Executive Officer or any other current mandate within the Group.





GONZALVE BICH, EXECUTIVE VICE-PRESIDENT

Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Fixed compensation	500,000 USD (442,478 EUR)	+33.3% versus 2016
Annual variable compensation whose payment requires a positive <i>ex post</i> vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code	397,400 USD (351,681 EUR). The annual bonus equals 79.48% of fixed compensation, and represents 93.5% of the target bonus.	The bonus is calculated on the basis of four criteria: <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventories (10%); • accounts receivable (10%); • individual qualitative objectives (30%); Target bonus is 85% of fixed compensation. The maximum bonus is 127.50% of fixed compensation, equivalent to 150% of target bonus. The qualitative part of the bonus cannot exceed 38.25% of the fixed compensation.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	8,000 performance shares granted in 2017 and subject to performance conditions. Accounting valuation: 872,400 EUR. With regard to performance share plans, Gonzalve Bich received gross remuneration of 18,632 USD (16,488 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (growth versus value). The grant represents 0.02% of the share capital. Shareholders' Meeting authorization date: May 18, 2016. Board of Directors' Meeting grant date: May 18, 2016.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	81,655 USD (72,261 EUR)	<ul style="list-style-type: none"> • Car allowance: 14,400 USD (12,743 EUR) • Company contributions to Company U.S. savings plan • 401K: 8,100 USD (7,168 EUR) • Executive Compensation Plan; 20,000 USD (17,699 EUR) • Other: 39,155 USD (34,651 EUR)
Sign-on bonus	N/A	Absence
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause





Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Supplementary pension plan	No payment is due in respect of the fiscal year ended	<p>Gonzalve Bich participates in the BIC CORPORATION Restoration Plan, a supplementary pension plan in the U.S.A., which has existed since 2006 and which benefits selected Company executives whose compensation taken into account in the U.S. Qualified Pension Plan is restricted by regulations.</p> <ul style="list-style-type: none">• The plan benefit is subject to having been a participant in the plan for at least five years• Method for determining the pensionable compensation:<ul style="list-style-type: none">• The pensionable compensation is the average remuneration which is based on the highest three consecutive years within the last 10 years.• Rate of acquisition of rights:<ul style="list-style-type: none">• This plan provides for a single life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. The plan includes the pension granted by the U.S. Qualified Pension Plan. Full vesting in the Restoration Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation in the plan. Full vesting in the U.S. Qualified Plan occurs at 5 years of service.• In addition, the Plan provides early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service).• The commitments arising from this plan are provisioned in BIC CORPORATION's financial statements in accordance with IAS 19.• Maximum payments:<ul style="list-style-type: none">• Not applicable.• Method of funding:<ul style="list-style-type: none">• The Restoration Plan is unfunded. The U.S. Qualified Pension Plan is funded through a trust.• Other expenses paid by the Company:<ul style="list-style-type: none">• BIC pays the cost of administration, accounting valuations under IAS 19 and funding valuations for the U.S. Qualified Pension Plan. <p>At December 31, 2017, Gonzalve Bich had accrued a pension benefit equivalent to 21.13% of the average remuneration of the last three years of service out of his 14.9 years of service (i.e., for information, an annual pension equal to 128,195 U.S. dollars payable at age 65 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2017. He has elected to receive his Restoration Plan benefit as a lump sum.</p>

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 euro = 1.1300 U.S. dollars).





JAMES DIPIETRO, EXECUTIVE VICE-PRESIDENT

Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Fixed compensation	515,000 USD [455,752 EUR]	+4,4% <i>versus</i> 2016
Annual variable compensation whose payment requires a positive <i>ex post</i> vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code	343,814 USD [304,260 EUR] The annual bonus equals 66.76% of fixed compensation, and represents 89% of the target bonus.	The bonus is calculated on the basis of four criteria: <ul style="list-style-type: none"> • net sales [20%]; • income from operations (20%); • net income (10%); • inventories [10%]; • account receivable (10%); • individual qualitative objectives [30%]. Target bonus is 75% of fixed compensation. The maximum bonus is 112.5% of fixed compensation, equivalent to 150% of target bonus. The qualitative part of the bonus cannot exceed 33.75% of the fixed compensation.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	8,000 performance shares granted in 2017. Accounting valuation: 872,400 EUR. With regard to performance share plans, James DiPietro received gross remuneration of 74,606 USD (66,023 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (<i>growth versus value</i>). The grant represents 0.02% of the share capital. Annual Shareholders' Meeting authorization date: May 18, 2016. Board of Directors' Meeting grant date: May 18, 2016.
Directors' fees	N/A	N/A
Valuation of any benefits-in-kind	79,351 USD [70,222 EUR]	<ul style="list-style-type: none"> • Car allowance: 13,800 USD [12,212 EUR]; • Company contributions to Company U.S. savings plan • 401K: 8,100 USD [7,168 EUR], • Executive Compensation Plan; 20,000 USD [17,699 EUR] • Other: 37,451 USD [33,143 EUR]
Sign-on bonus	N/A	Absence
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause





Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Supplementary pension plan	No payment is due in respect of the fiscal year ended.	<p>James DiPietro participates in the BIC CORPORATION Supplementary Executive Retirement Plan, a supplementary pension plan in the U.S. that has existed since 1970 and which benefits the main executives of BIC Corporation.</p> <ul style="list-style-type: none">• The plan benefit is subject to having been a participant in the plan for at least five years..• Method for determining the pensionable compensation:<ul style="list-style-type: none">• The pensionable compensation is the average remuneration (base + bonus) of the best three years of the last five years of service.• Rate of acquisition of rights:<ul style="list-style-type: none">• This plan provides, by year of seniority, an annual pension equal to 2.5% of the average pensionable compensation with a maximum of 50% (i.e. 20 years of service), including the pension granted by the U.S. Qualified Pension Plan.• Full vesting in the Supplementary Executive Retirement Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation. Full vesting in the U.S. Qualified Plan occurs at five years of service.• The commitments arising from this plan are recorded in BIC CORPORATION in accordance with IAS 19.• Maximum payments:<ul style="list-style-type: none">• Maximum of 50% (i.e., 20 years of service), including the pension granted to the U.S. Qualified Pension Plan.• Method of funding:<ul style="list-style-type: none">• The Supplementary Executive Retirement Plan is unfunded. However, BIC invests in life insurance policies to offset the cost of the plan. The U.S. Qualified Pension Plan is funded through a trust.• Other expenses paid by the Company:<ul style="list-style-type: none">• BIC pays the cost of administration, accounting valuations under IAS 19 and actuarial valuations for the U.S. Qualified Pension Plan. <p>As of December 31, 2017, James DiPietro had accrued a pension benefit equivalent to 48.96% of the average remuneration of the last three years of service out of his 19.5 years of service (i.e., for information, an annual pension equal to 399,096 U.S. dollars (including the benefit from the U.S. Qualified Pension Plan) as a single life annuity payable at age 57 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2017). He has elected to receive his Supplementary Executive Retirement Plan benefit as a lump sum.</p>

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2017 (1 euro = 1.1300 U.S. dollars)





MARIE-AIMÉE BICH-DUFOUR, EXECUTIVE VICE-PRESIDENT

Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	300,900 EUR	+2,0% <i>versus</i> 2016
Annual variable compensation whose payment requires a positive <i>ex post</i> vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code	The annual bonus equals 40.06% of fixed compensation, and represents 89% of the target bonus and amounts to 120,541 EUR.	<p>The bonus is calculated on the basis of six criteria:</p> <ul style="list-style-type: none"> • net sales [20%]; • income from operations (20%); • net income (10%); • inventories [10%]; • accounts receivable (10%); • individual qualitative objectives [30%]. <p>Target bonus is 45% of fixed compensation. The maximum bonus is 67.5% of fixed compensation, equivalent to 150% of the target bonus.</p> <p>The qualitative part of the bonus cannot exceed 20.25% of the fixed compensation.</p>
Deferred variable compensation	N/A	The principle of this compensation has not been provided for.
Multi-year variable compensation	N/A	The principle of this compensation has not been provided for.
Exceptional compensation	N/A	Absence
Stock options, performance shares and any other element of long-term compensation	3,250 performance shares granted in 2017. Accounting valuation: 354,413 EUR.	<p>Share acquisition depends on two performance conditions:</p> <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. <p>These criteria are demanding by nature (growth <i>versus</i> value). The grant represents 0.01% of the share capital. Annual Shareholders' Meeting authorization date: May 18, 2016. Board of Directors' Meeting grant date: May 18, 2016.</p>
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	1,488 EUR	Company car
Sign-on bonus	N/A	Absence
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause





Compensation elements and benefits of any type paid or granted for 2017	Amounts or accounting valuation submitted for approval	Presentation
Supplementary pension plan	No payment is due in respect of the fiscal year ended.	<p>Marie-Aimée Bich-Dufour benefits from the Supplementary Executive Retirement Plan (governed by Article L.137-11 of the French Social Security Code) for BIC Group executives in France:</p> <ul style="list-style-type: none">• Condition for pension benefit eligibility:<ul style="list-style-type: none">• A minimum period of five years of participation is necessary to benefit from the plan.• Be officially qualified for a pension under the Social Security scheme.• Retire from BIC in accordance with the provisions of Article L. 137-11 of the French Social Security Code).• Method for determining the pensionable compensation:<ul style="list-style-type: none">• The pensionable compensation is the average remuneration of the last three years of service;• To determine the pensionable compensation, only gross annual base and annual bonus are included, all other direct or indirect payments are excluded.• Rate of pension rights acquisition:<ul style="list-style-type: none">• The supplementary pension is equal to 1.25% of the average compensation per year of membership of the plan, with a maximum of 25% (i.e. 20 years).• On May 18, 2016, Société BIC's Board of Directors decided to freeze the acquisition rights of Marie-Aimée Bich-Dufour in this plan during her new mandate.• The commitments arising from this plan are provisioned by SOCIÉTÉ BIC in accordance with IAS 19.• Maximum Payments:<ul style="list-style-type: none">• The consolidation of all pension rights (mandatory and supplementary) cannot exceed 50% of the last annual compensation. This ceiling is verified at the date of retirement.• Method of funding:<ul style="list-style-type: none">• The employer funds the entirety of the rights through contributions to an insurance contract.• Other expenses paid by the Company:<ul style="list-style-type: none">• The employer pays the Fillon tax, which is 24% of the contributions to the insurance contract. <p>On December 31, 2017, the supplementary pension which has been determined based on seniority in the Plan and on her compensation as of May 18, 2016, amounts to 107,318 EUR (for information purposes).</p> <p>The regulated agreements procedure was followed for this pension plan.</p> <p>Board of Directors' Meeting decision date: May 19, 2005. Shareholders' Meeting decision date: May 24, 2006 (resolution 5).</p>





Draft resolution 11 – Approval of the compensation elements and benefits of any type paid or granted for 2017 to Bruno BICH, Chairman of the Board of Directors and Chief Executive Officer

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2017 to Bruno BICH, Chairman of the Board of Directors and Chief Executive Officer, as described in the Board of Directors' Report and in the 2017 registration document (see section 3.2. *Corporate Officers' Compensation*).

Draft resolution 12 – Approval the compensation elements and benefits of any type paid or granted for 2017 to Gonzalve BICH, Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2017 to Gonzalve BICH, Executive Vice-President, as described in the Board of Directors' Report and in the 2017 registration document (see section 3.2. *Corporate Officers' Compensation*).

Draft resolution 13 – Approval of the compensation elements and benefits of any type paid or granted for 2017 to James DIPIETRO, Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2017 to James DIPIETRO, Executive Vice-President, as described in the Board of Directors' Report and in the 2017 registration document (see section 3.2. *Corporate Officers' Compensation*).

Draft resolution 14 – Approval of the compensation elements and benefits of any type paid or granted for 2017 to Marie-Aimée BICH-DUFOUR, Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2017 to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2017, as described in the Board of Directors' Report and in the 2017 registration document (see section 3.2. *Corporate Officers' Compensation*).

**DRAFT RESOLUTION 15 –
COMPENSATION POLICY OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER
AND EXECUTIVE VICE-PRESIDENTS**

Board of Directors' report:

In application of Article L. 225-37-2 of the French Commercial Code, the Board of Directors submits for the approval of the Shareholders' Meeting the principle and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any type attributable, in respect of their mandate, to the Chairman, Chief Executive Officer and Executive Vice-Presidents, for 2018 and comprising the compensation policy relating to them (*ex ante* vote).

These principles and criteria adopted by the Board of Directors upon the recommendation of the Compensation Committee are presented in the Corporate Governance report as provided for by Article L. 225-37 of the French Commercial Code and laid down in section 3.1. of the 2017 registration document.

In application of Article L. 225-100 of the French Commercial Code, amounts resulting from the implementation of these principles and criteria will be submitted for the approval of the Shareholders' Meeting ruling in 2019 on financial statements closed on December 31, 2018 (*ex post* vote).

Draft resolution 15 – Compensation policy applicable to the Chairman, Chief Executive Officer and Executive Vice-Presidents

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings

and having reviewed the report provided for by Article L. 225-37 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional items comprising the total compensation and benefits of any type presented in the aforementioned report and attributable, in respect of their mandate, to the Chairman, Chief Executive Officer and Executive Vice-Presidents.





7.2. Extraordinary Shareholders' Meeting

DRAFT RESOLUTION 16 –

AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF SHARES ACQUIRED IN ACCORDANCE WITH ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

Board of Directors' report:

We propose that you renew the authorization given to the Board of Directors, for a period of 18 months, to:

- cancel, within the limit of 10% of the share capital per period of 24 months, all or part of the shares held in the framework of the share buyback program and to decrease the share capital accordingly;
- charge the difference between the buyback price of the cancelled shares and their nominal value to premiums and available reserves.

Draft resolution 16 – Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditor's Report, deliberating in accordance with the provisions of Article L. 225-209 of the French Commercial Code, authorizes the Board of Directors:

- on its sole deliberations, at the times it deems appropriate, to cancel on one or more occasions, by a corresponding reduction of share capital, all or part of the shares of the Company acquired or to be acquired by the Company under the buyback of shares authorized by previous Shareholders' Meetings or authorized by the fifth resolution above, within the limit of 10% of the share capital existing on the date of the Shareholders' Meeting, per period of 24 months;

- to charge the difference between the buyback price of the cancelled shares and their nominal value to available premiums and reserves.

The Extraordinary Shareholders' Meeting delegates to the Board of Directors all authority to proceed with the cancellation(s) of these shares, to take note of the corresponding reduction(s) in share capital, to charge the difference between the carrying amount of cancelled shares and their nominal value to all reserve accounts or others, to proceed with the modification of the articles of incorporation accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, do all that may be necessary to carry out the foregoing authorization.

This authorization is given for a period of 18 months starting from the date of this Shareholders' Meeting and replaces that given by the Shareholders' Meeting held on May 10, 2017 (Resolution 20).





DRAFT RESOLUTION 17 – DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING NEW ORDINARY SHARES AND/OR SECURITIES GIVING ACCESS TO THE SHARE CAPITAL, WITH PRESERVATION OF SHAREHOLDERS' PREFERENTIAL RIGHTS OF SUBSCRIPTION

Board of Directors' report:

We propose that you delegate to the Board of Directors the authority to proceed, in France or abroad, with one or several issuance(s) of new ordinary shares of the Company and/or of securities giving access by any means to the Company's share capital, with preservation of Shareholders' preferential rights of subscription.

This system is intended to give your Board of Directors the opportunity to react quickly to the financial needs of the Company, allowing it also to select, in due time, the most appropriate type of securities to be issued. The authorization would cover the issuance of ordinary shares and/or any securities giving access to the share capital, notably for example, shares with warrants, bonds with share subscription warrants, bonds convertible into shares or equity warrants.

The total nominal amount of issuances likely to be realized would not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Complex Capital Securities, such an amount including the nominal value of shares to which these securities would give right.

To these amounts shall be added, if necessary, the additional nominal amount of securities to be issued in order to preserve, in accordance with the law, the rights of bearers of already issued investment securities giving right to shares.

We remind you that the decision to issue securities giving right to the share capital would also entail waiver by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued would give right.

We propose that you decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, do not absorb all the ordinary shares and/or securities issued, the Board may offer to the public all or part of the unsubscribed shares.

This delegation of authority would be given for a period of 26 months starting from the date of this Shareholders' Meeting and would replace the delegation given to the Board of Directors at the Shareholders' Meeting of May 18, 2016 (Resolution 15).

This delegation may be used during public offers on the Company's shares in accordance with Article L. 233-32 of the French Commercial Code, subject to the powers expressly assigned to the Shareholders' Meeting within the limits of the Company's interest.

If necessary, the Board of Directors will keep you informed about the use of this delegation of authority under the conditions provided by law.

Draft resolution 17 – Delegation of authority to be given to the Board of Directors to increase the share capital by issuing new ordinary shares and/or securities giving access to the capital, with preservation of Shareholders' preferential rights of subscription

The Extraordinary Shareholders' Meeting, after having noted that the share capital of the Company is fully paid up and after having considered the Board of Directors' Report and the Statutory Auditors' report, deliberating in compliance with Articles L. 225-129

et seq., L. 228-91 and L. 228-92 of the French Commercial Code, delegates authority to the Board of Directors to decide, immediately or in the future, with preservation of Shareholders' preferential rights of subscription, in France and/or abroad, either in euros, in foreign currency or in any unit of account established by reference to a set of currencies:

- one or several increases of the share capital, by cash contribution and issuing new ordinary shares of the Company; and/or
- one or several issues of securities (hereinafter the "Complex Capital Securities" "*Valeurs Mobilières Composées*") giving access by any means to the Company's share capital.





BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 16, 2018
Extraordinary Shareholders' Meeting

The Extraordinary Shareholders' Meeting decides that the total nominal amount of issuances likely to be realized shall not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Complex Capital Securities, such amount including the nominal value of shares to which these Investment Securities will give right;

it being specified that to these amounts, shall be added, if necessary, the additional nominal amount of shares to be issued in order to preserve, in accordance with the law, the rights of the bearers of already issued investment securities giving right to shares.

Consequently, the Extraordinary Shareholders' Meeting delegates authority to the Board of Directors to, notably, and without this list being exhaustive:

- assess the timeliness of deciding whether or not to carry out one or several increase(s) of the share capital by issuing new ordinary shares of the Company and/or one or several issuance(s) of Complex Capital Securities;
- decide the nature and characteristics of the Complex Capital Securities;
- set the amount of the increase(s) of the share capital by issuing new ordinary shares and/or issuance of Complex Capital Securities;
- determine the conditions and methods of realization of the share capital increase(s) and/or of the issuance of Complex Capital Securities, notably set the issuance price of the new ordinary shares and/or of the Complex Capital Securities (and the shares to which the latter shall give right), with or without premium, in accordance with the rules and regulations in force;
- set the opening and closing dates of subscriptions, extend these dates if necessary, organize receipt of funds and more generally acknowledge the final realization of the increase(s) of share capital and/or the issuance of Complex Capital Securities, and/or the capital increases resulting from the exercise of Complex Capital Securities;
- proceed with the modification of the articles of incorporation accordingly, do all that is necessary and carry out all legal formalities;
- conclude with any investment service provider of its choice, any firm underwriting agreement relating to the issuance;
- determine the conditions and methods of exercising rights attached to the issued Complex Capital Securities;
- take all necessary measures for the proper management of the issuing of Complex Capital Securities and draft an issuance contract for each category and issuance of Complex Capital Securities;
- decide the issuance of shares to which the Complex Capital Securities shall give right and set the date of possession of said shares;

- prepare all the documents necessary to inform the public, Shareholders and holders of previously issued Complex Capital Securities;
- take all measures to ensure, if necessary, the preservation of the rights of holders of already issued Complex Capital Securities giving right to the allocation of share capital, in accordance with the rules and regulations in force and notably the provisions of Articles L. 228-98 to L. 228-102 of the French Commercial Code;
- take all measures to proceed with the appointment of a representative of stock owners for each category of Complex Capital Securities issued;
- delegate to the Chief Executive Officer or, in accordance with the latter, to one or several Executive Vice-President(s), the authority to decide on the realization of the share capital increase(s) and/or the issuance of Complex Capital Securities, as well as the authority to suspend it, under the conditions and according to the methods set by the Board of Directors.

The Extraordinary Shareholders' Meeting takes note that, in accordance with Article L. 225-132 of the French Commercial Code, the decision to issue securities giving access to the share capital also prevails over waiving by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued give right.

The Extraordinary Shareholders' Meeting decides that if the subscriptions have not been taken up in full by shareholders exercising their pre-emptive rights as described above, the Board may take one or more of the following courses of action, in the order of its choice: (i) freely allocate all or some of the unsubscribed securities among the investors of its choice, (ii) offer the unsubscribed securities for subscription by the public and/or (iii) limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up.

This delegation of authority is given for a period of 26 months starting from the date of this Shareholders' Meeting.

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.

The Shareholders' Meeting takes note that this delegation replaces any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Combined Shareholders' Meeting of May 18, 2016 (Resolution 15).

In accordance with Article L. 225-129-5 of the French Commercial Code, the other details of implementation of the operation will be explained in a supplementary report from the Board of Directors and issued when the Board exercises the delegation of authority given by this Shareholders' Meeting in accordance with provisions set by decree.

The Board of Directors shall inform the Shareholders' Meeting each year of operations realized within the scope of this resolution.





DRAFT RESOLUTION 18 – DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SECURITIES TO BE ISSUED IN THE EVENT OF A SHARE CAPITAL INCREASE DECIDED BY THE BOARD OF DIRECTORS UNDER RESOLUTION 17

Board of Directors' report:

We propose that you authorize the Board of Directors, in the event that the Board proceeds with a capital increase in accordance with the delegation given under resolution 17 above, to increase, where appropriate, the number of securities to be issued, within the limit of 15% of the initial issuance.

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.

Draft resolution 18 – Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued in the event of a share capital increase decided by the Board of Directors under resolution 17

The Extraordinary Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Extraordinary Shareholders' Meetings, after having considered the Board of Directors' Report and the Statutory Auditor's report, in accordance with Article L. 225-135-1 of the French Commercial Code:

- delegates authority to the Board of Directors – including the power to sub-delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-President(s) – to decide, for each issue of shares decided in accordance with resolution 17 above, to increase the number of securities to be issued under the limits and conditions provided by Article R. 225-118 of the French Commercial Code (i.e. within thirty days of the close of the subscription period), within the limit of 15% of the initial issue and at the same price as the price of the initial issue. This delegation of authority is subject to compliance with the global ceilings set in resolution 17 above;
- decides that this delegation will be valid for a period of 26 months.

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.





DRAFT RESOLUTION 19 – DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO DECIDE TO INCREASE THE SHARE CAPITAL ON ONE OR SEVERAL OCCASIONS BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS OR OTHER SUMS OF MONEY WHOSE CAPITALIZATION SHALL BE ACCEPTED

Board of Directors' report:

We propose, in accordance with Article L. 225-129 of the French Commercial Code, that you delegate to the Board of Directors, for a period of 26 months, the authority to increase the share capital of the Company, on one or several occasions, in the proportions and at the times the Board shall deem necessary, by incorporation of all or part of the reserves, profits and/or premiums or other sums whose capitalization shall be legally or statutorily possible, and this by attribution of new free shares of the Company or by increase of the nominal value of the existing shares of the Company.

The maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, may not be higher than the global maximum amount of reserves, profits and/or premiums or other sums that may be incorporated into the share capital.

This delegation may be used during public offers on the Company's shares in accordance with Article L. 233-32 of the French Commercial Code, subject to the powers expressly assigned to the Shareholders' Meeting within the limit of the Company's interest.

This delegation would cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors at the Shareholders' Meeting of May 18, 2016 (resolution 17).

Draft resolution 19 – Delegation of authority to be given to the Board of Directors to decide to increase the share capital on one or several occasions by incorporation of reserves, profits or premiums or other sums of money whose capitalization shall be accepted

The Extraordinary Shareholders' Meeting, deliberating under the conditions of quorum and majority required by Extraordinary Shareholders' Meetings, and after having considered the Board of Directors' Report, making use of the option provided in Article L. 225-129 of the French Commercial Code, decides:

- to delegate to the Board of Directors, for a period of 26 months, the authority to decide a share capital increase, on one or several occasions, in the proportions and at the times the Board shall deem necessary, by incorporation of all or part of the reserves, profits and/or premiums or other sums whose capitalization shall be legally or statutorily possible, and by attribution of new free shares of the Company and/or by increase of the nominal value of the existing shares of the Company;
 - that the maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, cannot be higher than the global maximum amount of reserves, profits and/or premiums or other sums that may be incorporated into the share capital and which will exist at the time of the decision to increase the share capital of the Company, not taking into account the amount that may be necessary to preserve, in accordance with the law, the rights of bearers of already issued securities giving access to the shares of the Company.
- Consequently, the Extraordinary Shareholders' Meeting delegates to the Board of Directors the authority, notably, and without this list being exhaustive, to:
- determine the amount and nature of sums to be incorporated in the Company's share capital;
 - set the number of the Company's new shares to be issued and which shall be freely allocated and/or the amount of existing shares whose nominal value shall be increased;
 - determine the date, possibly retroactively, from which the Company's new shares shall be entitled to dividends or that at which the increase in the nominal value of the Company's existing shares shall be effective;





- decide, if necessary, that the rights resulting in fractions of shares are not negotiable or assignable and that the corresponding shares shall be sold, the proceeds from such sale being allocated to owners of rights under the conditions and within the time periods provided for by the regulations in force;
- deduct from one or several items of the available reserves the sums necessary to bring the legal reserve amount to one-tenth of the Company's share capital after each share capital increase;
- take all measures to ensure the proper implementation of each share capital increase and to acknowledge the realization of each share capital increase, proceed to the modification of the articles of incorporation accordingly and carry out all relevant legal formalities;
- take all measures to allow holders of securities giving access to the capital, to obtain new shares of the Company;
- delegate to the Chief Executive Officer or in agreement with the latter, to one or several Executive Vice-President(s), the authority to decide on the realization of the capital increase(s), as well as to postpone such issue, under the conditions and in accordance with the methods set by the Board of Directors.

The Shareholders' Meeting takes note that this delegation shall cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors by the Shareholders' Meeting of May 18, 2016 (resolution 17).

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.

DRAFT RESOLUTION 20 – DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO PROCEED WITH ONE OR SEVERAL SHARE CAPITAL INCREASE(S) RESERVED FOR EMPLOYEES

Board of Directors' report:

We request that you delegate to the Board of Directors the authority to increase the share capital, on one or several occasions, for the benefit of employees of the Company and/or of its related companies (possibly represented by a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, at the Board of Directors' choice).

This delegation would be valid for 26 months.

The maximum number of shares that could be issued would not exceed 3% of the total number of ordinary shares of the Company on this day.

The price of the shares to be issued would be determined in accordance with Article L. 3332-19 of the French Labor Code, *i.e.* based on the stock exchange price. The price of the shares could not be higher than the average share price for the twenty stock market trading sessions preceding the date of the decision setting the subscription period opening date, nor more than 20% lower than this average or 30% (in the event that the vesting period provided by the plan to be created is equal to or longer than 10 years).

Draft resolution 20 – Delegation of authority to be given to the Board of Directors to proceed with one or several share capital increase(s) reserved for employees

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditors' report decides, in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

- to delegate to the Board of Directors, for a period of 26 months, the authority to increase the share capital, on one or several occasions, for the benefit of employees of the Company and/or of its related French or foreign companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (possibly represented by a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, at the Board of Directors' choice), under the conditions referred to in Article L. 225-138-1 of

the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code, of an amount representing a maximum of 3% of the share capital on this day, by issuing new shares of the Company giving their owners the same rights as those of the old shares;

- that the price of shares to be issued shall be determined by the Board of Directors, in accordance with Article L. 3332-19 of the French Labor Code;
- that the Board of Directors, in application of Article L. 3332-21 of the French Labour Code, may grant free shares to the above plan participants – corresponding either to new shares paid up by capitalizing reserves, profit or additional paid-in capital or to existing shares – in respect of (i) the employer's matching contribution to the employee stock ownership plan that may be payable in application of the plan rules, and/or (ii) the discount, provided that their pecuniary value – corresponding to the subscription price – does not result in the ceilings provided for in Articles L.3332-11 and L.3332-19 of the French Labour Code being exceeded;





- to give all rights to the Board of Directors, with the power to subdelegate, in order:
 - to implement this delegation, decide and possibly realize the share capital increase in accordance with this resolution, set the final amount of said share capital increase(s), determine their dates and modalities, set the issue price of the new shares, determine the opening and closing dates of the subscription period, determine the date of possession of the new shares, determine the method of payment of their subscriptions, establish the list of beneficiaries and the number of shares to be attributed to each of them,
 - to charge the fees, costs and expenses arising from the share issues against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level,
 - allow for any necessary adjustments to be made in compliance with the applicable laws and regulations, on the basis to be decided by the Board of Directors,
 - in the case of new shares issued in respect of free share grants to be made, decide the amounts to be transferred from reserves, profit or additional paid-in capital to the capital account to pay up the shares and the account from which said amounts are to be deducted,
- prepare the supplementary report describing the final conditions of the operation as provided for by Articles L. 225-129-5 and L. 225-138 of the French Commercial Code,
- put in place, if the Board deems it necessary, an employee savings scheme to be created, which shall be financed voluntarily through payments by employees and possibly by contributions made by the Company, if it so decides,
- more generally, set the modalities and conditions of operations that shall be realized by virtue of this authorization, take note of the final realization of the share capital increase(s), proceed with the modification of the articles of incorporation accordingly, take all measures and execute acts and carry out all necessary formalities.

The Extraordinary Shareholders' Meeting takes note of the fact that this delegation of authority cancels any other previous delegation having the same purpose and notably, the delegation of authority given to the Board of Directors by the Combined Shareholders' Meeting of May 18, 2016 (resolution 18).

DRAFT RESOLUTION 21 – CANCELLATION OF PREFERENTIAL RIGHTS OF SUBSCRIPTION IN THE EVENT OF A SHARE CAPITAL INCREASE(S) RESERVED FOR EMPLOYEES AS DESCRIBED IN RESOLUTION 20

Board of Directors' report:

We propose that you cancel, in accordance with the provisions of Article L. 225-138 of the French Commercial Code, the Shareholders' preferential rights of subscription to shares that shall be issued within the scope of the share capital increase(s) that shall be decided in accordance with the previous resolution and to reserve the issuance to employees of the Company and/or of Group companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months' service (and who are not on a prior notice period), possibly to be grouped in a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, such plan to be financed voluntarily by employees and possibly by contributions by the Company, should the Board of Directors so decide.

We remind you that, in accordance with Article L. 225-138 I of the French Commercial Code, the supplementary report to be established by the Board of Directors, if the Board makes use of the delegation mentioned in resolution 20, would be certified by the Statutory Auditors.

Draft resolution 21 – Cancellation of preferential rights of subscription in the event of a share capital increase(s) reserved for employees as described in resolution 20

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditors' report, decides to cancel, in accordance with the provisions of Article L. 225-138 of the French Commercial Code, the Shareholders'

preferential rights of subscription to shares that shall be issued within the scope of the share capital increase(s) which shall be decided in accordance with the previous resolution and to reserve the issuance to employees of the Company and/or of companies that are related to it, having, on the date of the opening of the subscriptions, at least three months' service (and who are not on a prior notice period), possibly to be grouped in a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, such plan to be financed voluntarily by employees and possibly by contributions from the Company, should the Board of Directors so decide.





DRAFT RESOLUTION 22 – AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO PROCEED WITH FREE GRANTS OF SHARES TO CORPORATE OFFICERS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES

Board of Directors' report:

It is proposed that you renew the authorization to the Board of Directors, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, to grant free shares, existing or to be issued, within the limits:

- of 4% of the share capital over 38 months (duration of the present authorization), including a maximum of 0.4% granted to the Corporate Officers; and
- of the global cumulative ceiling (with the stock options granted under resolution 23) of 6% of the share capital.

This authorization would allow managers and key executives to continue to be more closely associated with changes in the share price, in the same way as the Shareholders.

The Board of Directors would have the power to determine the conditions and the criteria for the grant of these shares and the identity of the beneficiaries of these grants from among the employees or certain categories of them and/or Corporate Officers of the Company or Group companies, in accordance with the regulations in force.

In any event, Corporate Officers and members of the Leadership Team may only be granted free shares subject to performance conditions. Performance is currently assessed over a three-year period according to the achievement of two objectives:

- target net sales growth;
- target cash flow from operations and change in inventory, as a percentage of net sales.

Moreover, under the current policy of the Board of Directors, the Corporate Officers are required to keep 20% of free shares acquired until their mandate expires. The 20% is reduced to 10% when the Chief Executive Officer owns five years of base compensation in BIC shares and when the Executive Vice-Presidents own three years of base compensation in BIC shares.

The Corporate Officers to whom performance shares are granted will make the formal commitment not to use hedging instruments.

The Board of Directors would determine the period after which the grant of shares would become final (vesting period) and possibly a minimum share retention period by the beneficiaries. The vesting period would be at least three years.

Moreover, in accordance with Article L. 225-197-1 of the French Commercial Code, we propose that you decide that, in the case of severe invalidity suffered by a beneficiary (second and third categories as provided in Article L. 341-4 of the French Social Security Code), the shares will be definitely granted before the expiration of the remaining acquisition period.

This authorization would entail the waiver by the Shareholders of their preferential rights of subscription to the shares issued under the capital increase, as and when the shares are granted.

This authorization would be given for a period of 38 months and would replace the authorization given at the Shareholders' Meeting of May 18, 2016 (Resolution 20).

Draft resolution 22 – Authorization to be given to the Board of Directors to proceed with free grants of shares to corporate officers and employees of the Company and its subsidiaries

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditors' report, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code:

- authorizes the Board of Directors to proceed, on one or several occasions, with the free grants of shares of the Company, either existing or to be issued, for the benefit of the employees, or certain of them, certain categories of them and/or Corporate Officers of SOCIÉTÉ BIC and of its related companies within the meaning of Article L. 225-197-2 of the French Commercial Code;
- decides that the Board of Directors will determine the identity of the beneficiaries of the free grants of shares, the conditions and, if necessary, the criteria for the grant of shares, it being specified that the free grant of shares to Corporate Officers and to members of the Leadership Team must be subject to performance conditions;





- decides that:
 - the total number of free shares granted under this authorization will not exceed 4% of the share capital as of the date of the decision made by the Board of Directors to grant the shares, including a maximum of 0.4% granted to the Corporate Officers,
 - the total number of free shares granted under this authorization will not exceed the global cumulative ceiling (with the stock options granted under resolution 23 below) of 6% of the share capital as of the date of the decision made by the Board of Directors to grant the shares.
- decides that the grant of shares to the beneficiaries will be definitive at the end of a vesting period to be determined by the Board of Directors. This period shall not be less than three years. The Board of Directors may also set a period during which the beneficiaries shall retain the shares;
- decides that, in the case of invalidity of a beneficiary corresponding to the second or third categories as provided in Article L. 341-4 of the French Social Security Code, the shares will be definitely granted before the expiration of the remaining vesting period. The said shares will be freely transferable as from their delivery;
- takes note that the present authorization automatically includes, in favor of the beneficiaries, waiver by the Shareholders of their preferential rights of subscription to the shares issued in accordance with this resolution, the share capital increase being definitely completed with the sole fact of the definitive grant of the shares to the beneficiaries;
- delegates authority to the Board of Directors, with faculty of delegation in accordance with the legal and statutory conditions, to implement the present authorization, under the above-mentioned conditions and within the limits provided by the rules and regulations in force, and notably:
 - to prepare the list of grantees and the number of shares granted to each one,
 - decide whether the performance share rights will be exercisable for existing or new shares and to change this decision before the definitive grant date, where applicable,
 - set the terms and conditions of the grants,
 - allow for the temporary suspension of the performance share rights in accordance with the applicable laws and regulations,
 - to proceed, if necessary, during the vesting period, with adjustments to the number of shares granted in the case of operations on the Company's share capital in order to preserve the rights of beneficiaries,
 - to determine, where appropriate, the terms and conditions of the issuance that could be realized by virtue of this authorization, the date from which the new shares shall bear dividends,
 - when new shares are issued as a result of this authorization, (i) increase the Company's capital by capitalizing reserves, retained earnings or additional paid-in capital, (ii) decide on the amount and types of items to be capitalized for the purpose of paying up the shares, (iii) charge, if it deems appropriate, the share issuance costs against the related premiums, (iv) deduct from the premiums the amount necessary to increase the legal reserve to 10% of the new capital after each issue, (v) place on record the capital increase(s), and (vi) amend the articles of incorporation to reflect the new capital,
 - and, generally, to carry out all formalities necessary for the issuance, the listing and the financial service of the shares issued by virtue of this resolution, and to do all that is useful and necessary within the scope of the laws and regulations in force to carry out this delegation.

This authorization is given for a period of 38 months starting from the date of this Shareholders' Meeting and replaces, from this date, the authorization given by the Shareholders' Meeting of May 18, 2016 (Resolution 20).





DRAFT RESOLUTION 23 – AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO GRANT OPTIONS TO SUBSCRIBE FOR AND/OR PURCHASE SHARES OF THE COMPANY TO OFFICERS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES

Board of Directors' report:

Under Articles L. 225-177 *et seq.* of the French Commercial Code, it is proposed that you renew the authorization given to the Board of Directors to grant, on one or more occasions, to officers and employees, or certain of them, of the Company and its related companies, options to subscribe or purchase BIC shares. This authorization would be given within the limits of:

- 2% of the share capital over 38 months (duration of the present authorization), including a maximum of 0.8% granted to the Corporate Officers; and
- the global cumulative ceiling (with the free shares granted under resolution 22) of 6% of the share capital.

This authorization would allow managers and key executives to continue to be more closely associated with changes in the share price, in the same way as Shareholders.

Each time the Board of Directors makes use of this authorization, the Board will determine the beneficiaries of these options.

In any event, Corporate Officers and members of the Leadership Team may only be granted options under performance conditions. The Corporate Officers to whom such options would be granted would make the formal commitment not to use hedging instruments.

The subscription or purchase price would be determined by the Board of Directors and could not be lower than the Paris Stock Exchange average share price during the twenty sessions preceding the day the options are granted nor lower, for purchase options, than the average purchase price of any shares held by the Company in accordance with Articles L. 225-208 and/or L. 225-209 of the French Commercial Code.

This authorization would include the waiver by the Shareholders of their preferential rights of subscription to the shares issued under the capital increase, as and when the options are exercised.

We propose that the options exercise period be set at a maximum of 10 years.

This authorization would be given for a period of 38 months and would replace the authorization given at the Shareholders' Meeting of May 18, 2016 (Resolution 21).

Draft resolution 23 – Authorization to be given to the Board of Directors to grant options to subscribe for and/or purchase shares of the Company to officers and employees of the Company and its subsidiaries

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditors' Special report, in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code:

- authorizes the Board of Directors, to grant, on one or more occasions, to employees, certain of them, certain categories of them and/or Executive Corporate Officers of SOCIÉTÉ BIC and of its related companies in accordance with Article L. 225-180 of the French Commercial Code, options to subscribe for new shares of the Company (resulting from a capital increase) or to purchase existing shares of the Company resulting from the buy-back of shares under the conditions provided for by law;
- decides that the Board of Directors will determine the identity of the beneficiaries of the options to subscribe for and/or purchase shares, the conditions and, if necessary, the criteria for the grant of options, it being specified that options may only be granted to Executive Corporate Officers and to members of the Leadership Team subject to performance conditions;
- decides that the Board of Directors will determine the duration or periods of exercise of the options granted, it being specified that the duration of the options may not exceed a ten-year period, as from their date of attribution;
- decides that:
 - the total number of options granted under this authorization will not give right to subscribe or purchase a number of shares higher than 2% of the share capital as of the date of the decision made by the Board of Directors to grant the options, including a maximum of 0.8% granted to the Corporate Officers,
 - the total number of the options allocated under this authorization and still to be exercised will not give right to subscribe more than the global cumulative limit (with the free shares granted under resolution 22) of 6% of the share capital as of the date of the decision made by the Board of Directors to grant the options;





- decides that:
 - with regard to stock subscription options: the subscription price will be determined on the day the options are granted by the Board of Directors, and cannot be lower than the Paris Stock Exchange average share price, on the market with monthly payment, during the twenty sessions preceding the day the subscription options are granted,
 - in the event of the grant of stock purchase options: the purchase price of the shares by the beneficiaries will be determined on the day the options are granted by the Board of Directors, and may not be either lower than the Paris Stock Exchange average share price, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange preceding the day the stock purchase options are granted, or lower than the average purchase price of the shares held by the Company in accordance with Articles L. 225-208 and/or L. 225-209 of the French Commercial Code,
- decides that no stock subscription or purchase options can be granted:
 - less than twenty sessions of the Paris Stock Exchange following the date on which the shares are traded ex-dividend, or following a capital increase,
 - within ten sessions preceding the date on which the financial consolidated statements or, failing that, the statutory financial statements, are made public,
 - during the period between, on the one hand, the date on which the social bodies of the Company are informed of information which, if it were made public, could have a significant impact on the price of the shares of the Company and, on the other hand, the later date ten sessions of the Paris Stock Exchange from when this information is made public;
- acknowledges that the present authorization automatically entails, in favor of the beneficiaries, the waiver by the Shareholders of their preferential rights of subscription to the shares that will progressively be issued as the options are exercised under this resolution;
- delegates the authority to the Board of Directors, with the possibility to further delegate under the legal and regulatory rules applicable, to determine the other conditions and details of allocation of the options and of their exercise, and, notably, to:
 - determine the conditions under which the price and the number of shares could be adjusted, in particular in the cases provided under Articles R. 225-137 to R. 225-142 of the French Commercial Code,
 - proceed with any deduction from the reserves and/or premiums of the Company in order to realize the share capital increase(s) resulting from the definitive grant of shares to be issued,
 - provide the ability to temporarily suspend the exercise of options, during a three month period at the most, in the event of realization of financial transactions implying the exercise of a right attached to the shares,
 - at its sole discretion, and if it deems it appropriate, charge the expenses of the capital increases to the amount of the premiums related to these increases and deduct from this amount the sums necessary to carry the statutory reserve to one-tenth of the new capital after each increase,
 - perform or have performed all acts and formalities resulting from the implementation of this authorization, amend the articles of incorporation and, in general, do whatever is necessary to carry out this delegation.

This authorization is given to the Board of Directors for 38 months starting from this Shareholders' Meeting. It replaces, from this date and for the amount, where appropriate, of any unused portion, the authorization given by the Shareholders' Meeting of May 18, 2016 (Resolution 21).

DRAFT RESOLUTION 24 – MODIFICATION OF ARTICLE 8 *BIS* “THRESHOLD CROSSING” OF THE ARTICLES OF INCORPORATION

Board of Directors' report:

For a better understanding of our Shareholder base, it is proposed to amend Article 8 *bis* “threshold crossing” of the Articles of Incorporation in order to lower the disclosure thresholds and to reduce the period of time in which they must be disclosed to the Company: all Shareholders will be required to declare to the Company the crossing, up or down, of the 1% threshold (previously 2%) and of any additional 0.5% (previously at 1%), of shares and/or voting rights, held directly or indirectly, within five trading days (previously: fifteen days) from the date on which the threshold is crossed.

Failure to properly declare this shall, upon the request of one or several Shareholders holding at least 2% of the capital and/or of the voting rights of the Company, result in the shares exceeding the above-mentioned thresholds that ought to have been declared, being deprived of voting rights.





Draft resolution 24 – Modification of article 8 bis “threshold crossing”

The Shareholders, deliberating under the conditions of quorum and majority required by the Extraordinary Shareholders' Meetings, decides to amend article 8 bis of the Articles of Incorporation as follows:

<i>(former wording)</i>	<i>(new wording)</i>
<p>Article 8 bis : Crossing Thresholds</p> <p>Any individual or legal entity, acting alone and/or in concert, coming into possession, in any manner whatsoever within the meaning of Articles L. 233-9 and L. 233-10 of the French Commercial Code, of a number of securities representing a fraction of the capital and/or voting rights equal to or higher than 2% and, starting from this threshold, equal to any multiple of 1%, must communicate to the Company the total number of shares, voting rights and securities giving future access to the capital (and voting rights potentially attached to these securities), that this individual or legal entity holds, alone and/or in concert, directly and/or indirectly. The information shall be sent by registered letter with acknowledgement of receipt within fifteen days following the date the threshold has been crossed.</p> <p>This obligation applies under the same conditions and within the same deadline, when the holding in the share capital falls below the foregoing threshold.</p> <p>Upon request, recorded in the minutes of the Shareholders' Meeting, of one or several Shareholders holding at least 2% of the capital and/or voting rights of the Company, the Shareholder who has not carried out the declarations provided for in the present article is deprived of the voting rights attached to the shares exceeding the fraction of the capital that has not been declared, at any Shareholders' Meeting held until the expiry of a two-year period following the date at which such disclosure is properly made.</p>	<p>Article 8 bis: Crossing Thresholds</p> <p>In addition to the disclosure thresholds provided for in the applicable laws and regulations, any individual or legal entity, acting alone and/or in concert, coming into possession, directly or indirectly, in any manner whatsoever within the meaning of Articles L. 233-7 et. seq. of the French Commercial Code, of a number of securities representing a fraction of the capital equal to or higher than 1% of the capital and/or voting rights must communicate to the Company the total number of shares, voting rights and securities giving future access to the capital (and voting rights potentially attached to these securities), that this individual or legal entity holds, alone and/or in concert, directly and/or indirectly. The information shall be sent by registered letter with acknowledgement of receipt within five (5) trading days of the date on which the threshold is crossed.</p> <p>Once a Shareholder's interest exceeds the above-mentioned 1% threshold, said Shareholder must notify the Company each time an additional threshold of 0.5% of the capital or voting rights is crossed, even when such notification is not required under the disclosure obligations provided for in the applicable laws and regulations.</p> <p>This obligation applies under the same conditions and within the same deadline, when the holding in the share capital falls below the foregoing threshold.</p> <p>Upon request, recorded in the minutes of the Shareholders' Meeting, of one or several Shareholders holding at least 2% of the capital and/or of the voting rights of the Company, the Shareholder who has not carried out the declarations provided for in the present article is deprived of the voting rights attached to the shares exceeding the fraction of the capital that has not been declared. Withdrawal of voting rights will apply to any Shareholders' Meeting held until the expiry of a two-year period following the date at which such disclosure is properly made.</p>





7.3. Ordinary and Extraordinary Shareholders' Meeting

DRAFT RESOLUTION 25 - AUTHORIZATION TO PERFORM FORMALITIES

Board of Directors' report:

This resolution allows the performance of the legal formalities following the present Shareholders' Meeting.

Draft resolution 25 - Authorization to perform formalities

The Shareholders' Meeting grants full powers to the bearer of a copy or excerpt of the present document to carry out all legal formalities required.





7.4. Statutory Auditors' report

STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE

Combined Shareholders' Meeting held on May 16th, 2018 - Resolution n°16

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

To the Shareholders,

In our capacity as Statutory Auditors of SOCIETE BIC and pursuant to the provisions of Article L.225-209 of the French Commercial Code (*Code de commerce*) concerning share capital decreases by cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers to the Board of Directors, during a period of 18 months starting from this Shareholders' Meeting, to cancel, on one or more occasions, and up to a maximum of 10% of the share capital in any twenty-four month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article of the French Commercial Code.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does not interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease.

Neuilly-sur-Seine, Tuesday, March 13, 2018

The Statutory Auditors

Grant Thornton

Membre français de Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





STATUTORY AUDITORS' REPORT ON THE ISSUE OF NEW ORDINARY SHARES AND/OR SECURITIES GRANTING ENTITLEMENT TO SHARE CAPITAL WITH RETENTION OF PREFERENTIAL SUBSCRIPTION RIGHTS

Combined Shareholders' Meeting of May 16th, 2018 - Resolutions n°17 and n°18

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

To the Shareholders,

In our capacity as Statutory Auditors of SOCIETE BIC and pursuant to the provisions of Article L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on an issue of new ordinary shares and/or marketable securities granting entitlement to share capital (hereinafter the "Hybrid Marketable Securities"), with retention of preferential subscription rights, a transaction on which you are being asked to vote.

The par value amount of issues of ordinary shares may not exceed €50 million. The amount of issues of Hybrid Marketable Securities may not exceed €650 million; this amount includes the par value amount of the shares to which these Hybrid Marketable Securities confer entitlement.

These ceilings take into consideration the additional number of securities to be created in connection with the implementation of the delegation referred to in Resolution n°17, under the conditions provided for in Article L. 225-135-1 of the French Commercial Code, should you adopt Resolution n°18.

Based on its report, your Board of Directors proposes that you confer on it the authority for a period of 26 months, as from the date of this Shareholders' Meeting, the authority to decide on one or more issues. If necessary, the Board of Directors will set the final issue terms and conditions of these transactions.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.*, of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed issues and on certain other information concerning these transactions, contained in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of these transactions and the terms and conditions governing the determination of the issue price of equity securities to be issued.

Furthermore, as the Board of Director's report does not include information on the terms and conditions governing the determination of the issue price of equity securities to be issued, we cannot express an opinion on the issue price calculation inputs.

As the final terms and conditions under which the issues will be performed have not yet been decided, we do not express an opinion on the final terms and conditions under which the issues will be performed.

In accordance with Article R.225-116 of the French Commercial Code, we shall issue an additional report, if necessary, on the performance by your Board of Directors, of any issues of marketable securities which are equity securities granting entitlement to other equity securities or of any issues of marketable securities granting entitlement to equity securities to be issued.

Neuilly-sur-Seine, Tuesday, March 13, 2018

The Statutory Auditors

Grant Thornton

Membre français de Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL INCREASE RESERVED TO MEMBERS OF A CORPORATE SAVINGS PLAN

Combined General Meeting of May 16, 2018 - Resolutions n°20 and n°21

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

To the Shareholders,

In our capacity as statutory auditors of SOCIETE BIC and in accordance with the procedures provided for in Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on a share capital increase via the issue of ordinary shares, with waiver of preferential subscription rights, reserved to employees of the company and its affiliated French or foreign companies within the meaning set forth in Article L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code (*Code du Travail*), represented possibly by an Employee Savings Mutual Fund (FCPE) to be created and/or members of a corporate savings plan to be created, for a maximum amount not exceeding 3% of the share capital as of the date of this Shareholders' Meeting, a transaction on which you are being asked to vote.

This share capital increase is being submitted to you for your approval pursuant to Articles L. 225-129-6 of the French Commercial Code (*Code de Commerce*) and L. 3332-18 *et seq.* of the French Labor Code (*Code du Travail*).

Based on its report, your Board of Directors recommends that you confer on it, for a period of 26 months, the authority to decide on a share capital increase, and waive your preferential subscription rights to the ordinary shares to be issued. If applicable, the Board of Directors will set the final issue terms and conditions of these transactions.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114, of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the waiver of preferential subscription rights and on certain other information pertaining to the issuance as presented in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of this transaction and the terms and conditions in which the issue price of the shares to be issued was determined.

Subject to our subsequent review of the terms and conditions of the proposed share capital increase, we have no comments to make on the procedures for determining the issue price of the ordinary shares to be issued presented in the Board of Directors' report.

As the final terms and conditions under which the share capital increase will be carried out have not yet been set, we express no opinion on it and, consequently, on the proposed waiver of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, where necessary, when this delegation of authority is utilized by your Board of Directors.

Neuilly-sur-Seine, Tuesday, March 13, 2018

The Statutory Auditors

Grant Thornton

Membre français de Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





STATUTORY AUDITORS' REPORT ON THE GRANTING OF EXISTING SHARES, OR SHARES TO BE ISSUED

Combined Shareholders' Meeting held on May 16th, 2018 - Resolution n°22

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

To the Shareholders,

In our capacity as Statutory Auditors of SOCIETE BIC, and in accordance with the procedures provided for in Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we have prepared this report on the proposal to grant existing shares or shares to be issued for no consideration, to employees and/or corporate officers of the Company and affiliated companies, or to certain categories of employees and corporate officers, a transaction on which you are being asked to vote.

The total number of shares that may be granted for no consideration pursuant to this authorization may not exceed (i) more than 4% of the share capital as of the date of the Board of Director's decision to grant these shares, of which a maximum of 0.4% for corporate officers and (ii) the overall cumulative ceiling (including the share purchase/ subscription options granted pursuant to the 23rd resolution) of 6% of the share capital as of the date of the Board of Director's decision to grant these shares.

Based on its report, your Board of Directors proposes that you confer on it the authority for a period of 38 months, as from the date of this Shareholders' Meeting, to grant existing or shares to be issued for no consideration.

The Board of Directors is responsible for preparing a report on the transaction that it wishes to carry out. Our role is to inform you of our comments, if any, on the information thus given to you on the proposed transaction.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Our work consisted in verifying more specifically that the proposed procedures and data presented in the Board of Directors' report comply with the legal provisions.

We have no comments on the information given in the Board of Directors' report in connection with the proposed granting of shares for no consideration.

Neuilly-sur-Seine, Tuesday, March 13, 2018

The Statutory Auditors

Grant Thornton

Membre français de Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





STATUTORY AUDITORS' REPORT ON THE GRANTING OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS

Combined Shareholders' Meeting held on May 16th, 2018 - Resolution n°23

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

To the Shareholders,

In our capacity as Statutory Auditors of SOCIETE BIC, and in accordance with the procedures provided for in Article L.225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we have prepared this report on the proposal to grant share subscription and/or purchase options, to employees, certain employees, certain categories of employees and/or corporate officers of the Company and affiliated companies, in accordance with Article L. 225-180 of the French Commercial Code, a transaction on which you are being asked to vote.

The total number of options that may be granted for no consideration pursuant to this authorization may not (i) give the right to subscribe to or purchase a number of shares which exceed more than 2% of the share capital as of the date of the Board of Director's decision to grant these options, of which a maximum of 0.8% for corporate officers and (ii) for the options not yet exercised, may not give the right to subscribe to a number of shares which exceed the overall cumulative ceiling (including the existing shares or shares to be issued pursuant to the 22th resolution) of 6% of the share capital as of the date of the Board of Director's decision to grant these options.

Based on its report, your Board of Directors proposes that you confer on it the authority for a period of 38 months, as from the date of this Shareholders' Meeting, to grant share subscription and/or purchase options.

The Board of Directors is responsible for preparing a report on the reasons for granting share subscription and/or purchase options as well as the terms and conditions proposed for setting the price of these share subscription and/or purchase options. Our role is to inform you of our opinion on the terms and conditions proposed for setting the price of these share subscription and/or purchase options.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Our work consisted in verifying if the terms and conditions for setting the price of these share subscription and/or purchase options were specified in the Board of Directors' report and assessing their compliance with the laws and regulations.

We have no comments on the information given in the Board of Directors' report in connection with the terms and conditions proposed for setting the price of these share subscription and/or purchase options.

Neuilly-sur-Seine, Tuesday, March 13, 2018

The Statutory Auditor

Grant Thornton

Membre français de Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 16, 2018
Statutory Auditors' report





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8.1. Documents on display

MEMORANDUM AND ARTICLES OF INCORPORATION

See Chapter 6. "Information on the Issuer".

2017 ANNUAL INFORMATION REPORT

See Annual Information report.

HISTORICAL FINANCIAL INFORMATION

The 2016 and 2017 registration documents are available on SOCIÉTÉ BIC's website (www.bicworld.com).





8.2. Main press releases

List of the main press releases published in 2017:

Press releases available on www.info-financiere.fr and on the company's website: www.bicworld.com

Date	Title
February 7, 2017	BIC Graphic Strategic Review Status
February 13, 2017	Full Year 2016 Results
February 21, 2017	Remuneration of corporate officers
March 21, 2017	Availability of 2016 registration document
April 26, 2017	1 st Quarter 2017 Results
6 June, 2017	Completion of BIC Graphic Strategic Review
August 03, 2017	2 nd Quarter and 1 st Half 2017 Results
29 September, 2017	Full Year 2017 Net Sales Outlook update
October 25, 2017	9 months 2017 Results
December 14, 2017	Change in Capital and appointment of a Director representing the Employees





8.3. Person responsible

NAME AND FUNCTION

Bruno Bich

Chairman and Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE REGISTRATION DOCUMENT

"I certify that I have taken all reasonable care to ensure that the information contained in this registration document is, to the best of my knowledge, accurate and does not omit any material fact.

I certify that to the best of my knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and all undertakings in the consolidation taken as a whole, and that the management report, referenced in the cross reference table, includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

I have received a letter from the Statutory Auditors, confirming that they have completed, in accordance with the professional standards applicable in France, the work necessary to verify the information related to the financial statements included in this registration document. The Auditors also confirmed that they reviewed this document in its entirety."

On March 20, 2018,

Bruno Bich

Chairman and Chief Executive Officer



8.4. Statutory Auditors and fees

NAMES AND ADDRESSES

Principal Statutory Auditors

The Company's Principal Statutory Auditors issue reports on the parent company and consolidated financial statements of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. François Buzy
Tour Majunga
6 Place de la Pyramide
92800 Puteaux
Tel.: +33 (0)1 4088 28 00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Combined General Shareholders' Meeting on May 4, 1999.

The mandate of Deloitte & Associés as Statutory Auditors is in place for a period of six fiscal years and was renewed at the General Shareholders' Meeting on May 10, 2017. It will expire in 2023 at the close of the General Shareholders' Meeting confirming the financial statements for the fiscal year ending on December 31, 2022.

Grant Thornton

Represented by Mr. Vianney Martin
29, rue du Pont
92200 Neuilly-sur-Seine
Tel.: +33 (0)1 41 25 85 85

The company Grant Thornton was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the General Shareholders' Meeting on May 23, 2007, replacing the company BDO Marque & Gendrot, outgoing, for the remaining period of the mandate of the latter.

The mandate of Grant Thornton as Statutory Auditors was renewed at the General Shareholders' Meeting on May 10, 2017. It will expire in 2023 at the close of the General Shareholders' Meeting confirming the financial statements for the fiscal year ending on December 31, 2022.

Substitute Auditors

The company BEAS, appointed as Substitute Auditor for the first time at the General Shareholders' Meeting on May 19, 2005, was renewed as Substitute Auditor at the General Shareholders' Meeting on May 10, 2017 for the same period as that of Deloitte & Associés.

Institut de Gestion et d'Expertise Comptable – IGEC – was appointed as Substitute Auditor for the first time at the General Shareholders'

Meeting on May 23, 2007, replacing Mr. Patrick Giffaux, outgoing. The mandate was renewed at the General Shareholders' Meeting on May 10, 2017 for the same period as that of Grant Thornton.

CHANGE OF STATUTORY AUDITORS

The mandates of the Statutory Auditors were renewed at the General Shareholders' Meeting held on May 10, 2017.

FEEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

The fees of the Statutory Auditors and members of their networks borne by the Group are presented in Note 31 to the consolidated financial statements.

AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Audited historical annual financial information and the corresponding Auditors' reports for financial years 2015 and 2016, as well as the review of the financial position and the results related to it, were presented in previous registration documents, which have been duly filed with the *Autorité des Marchés Financiers* (French Financial Markets Authority) (respectively No. D. 16-0193 and No. D. 17-0203) and are available on the website of the BIC Group. In application of Article 28 of Commission Regulation (EC) No. 809/2004, this information is incorporated by reference in this registration document.

INTERIM AND OTHER FINANCIAL INFORMATION

Quarterly financial information has not been audited.

Half Year and annual financial information is the subject of reports by the Statutory Auditors.





ADDITIONAL INFORMATION

Cross reference table required under European Commission Regulation n°809/2004

8.5. Cross reference table required under European Commission Regulation n°809/2004

The table below provides cross references between the pages in the registration document and the key information required under European Commission Regulation (EC) No. 809/2004 implementing EC Directive 2003/1971/EC of the European Parliament and of the Council.

In accordance with Commission Regulation (EC) no. 809/2004		Pages
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2. STATUTORY AUDITORS		
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3. SELECTED FINANCIAL INFORMATION		
Selected historical financial information over the past three financial years		10-13; 150-157; 159; 164-224; 307
Selected financial information for interim periods		N/A
4. RISK FACTORS		
Market risks		24-25; 158; 204-208; 212-217
Legal risks		25
Environment-related risks		25-26
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Other special risks		28
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Investments		160-161; 176-179; 221-223
6. BUSINESS OVERVIEW		
Principal activities		4-7; 14-15; 150-153
Principal markets		16-20
Exceptional factors		N/A
Dependence of the issuer on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes		N/A
Basis of statements made by the issuer regarding its competitive position		16-20; 150-156
7. ORGANIZATIONAL STRUCTURE		
Description of the Group		14-20
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8. PROPERTY, PLANT AND EQUIPMENT		
Existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon		22-23; 185-187
Environmental issues that may affect the issuer's utilization of the tangible fixed assets		53-63
9. OPERATING AND FINANCIAL REVIEW		
Financial condition		10-13; 157; 165-171
Operating results		150-152; 165; 176-182
10. CAPITAL RESOURCES		
Information on capital resources		167-168
Source and amounts and narrative description of cash flows		170-171





In accordance with Commission Regulation (EC) no. 809/2004	Pages
Borrowing requirements and funding structure	194-195
Information regarding any restrictions on the use of capital resources that have affected or could materially affect, directly or indirectly, the issuer's operations	N/A
Anticipated sources of funds needed to fulfill commitments referred to in items 5.2.3. (firm investments) and 8.1. (encumbrances on tangible fixed assets)	N/A
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	21; 181; 189-190
12. TREND INFORMATION	
Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document	162
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13. PROFIT FORECASTS OR ESTIMATES	N/A
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
Names, business addresses and functions in the issuer and outside (when significant)	104-122
Administrative, management and supervisory bodies and Senior Management conflicts of interests	122
15. REMUNERATION AND BENEFITS	
Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	129-148
Amount set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	129-148; 195-202
16. BOARD PRACTICES	
Date of expiration of the current term of office	104-122
Members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries	N/A
Information about the issuer's Audit Committee and Remuneration Committee	125-126
Compliance with the country of incorporation's corporate governance regime	107
17. EMPLOYEES	
Number of employees and breakdown by main category of activity	74-76
Shareholdings and stock options of Corporate Officers	139-140; 208-213
Arrangements for involving the employees in the capital of the issuer	259; 208-220
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Person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law	258-259
Major Shareholders with different voting rights	258-259
Measures in place to ensure that control is not abused	N/A
Arrangement which may at a subsequent date result in a change in control of the issuer	N/A
19. RELATED PARTY TRANSACTIONS	
Nature and extent of any transaction	218; 252
Amount or percentage to which related party transactions form part of the net sales of the issuer	N/A
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
Historical financial information	164-224; 229-247; 307
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Cross reference table required under European Commission Regulation n°809/2004

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Shares in the issuer held by or on behalf of the issuer itself	193;260
Convertible securities, exchangeable securities or securities with warrants	N/A
Terms governing unissued capital	N/A
Capital under option	N/A
History of changes to share capital	256-257
Memorandum and articles of incorporation	254-255
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23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST	N/A
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8.6. Cross reference table with the Annual Financial Report

The 2011 registration document contains all of the information in the Annual Financial Report governed by Article L. 451-1-2 of the French Monetary and Financial Code. To make this information easier to find, the following cross-reference table lists it by main topic.

N°.	Information	Pages
Annual Financial Report		
1.	Parent company financial statements	229-247
2.	Consolidated financial statements	164-224
3.	Statutory Auditors' Report on the parent company financial statements	248-251
4.	Statutory Auditors' Report on the consolidated financial statements	225-228
5.	Management report including, at least, information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 paragraph 2 of the French Commercial Code	312
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7.	Auditors' fees	224
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ADDITIONAL INFORMATION

Cross reference table with the management report

8.7. Cross reference table with the management report

This registration document includes information of the Company management report and BIC Group management report, as provided for in Articles L. 225-100 et seq. and L. 232-1 of the French Commercial Code, as well as specific section of the management report related to the corporate governance pursuant to articles L. 225-37 et seq. of the French Commercial Code.

The following table cross-refers each section of the Group management report to the corresponding pages of the registration document.

N°.	Information	Pages
Management report		
1.	Business review/Results/Financial position and performance indicators	4-15;150-156
2.	The Company's use of financial instruments, where material for the assessment of its assets, liabilities, financial position and profit or loss	213-218
3.	Description of the main risks and uncertainties	24-29;158
4.	Financial risks related to climate change	26
5.	Exposure to interest-rate, currency and equity risks	24-25;158
6.	Internal control and risk management procedures	30-37
7.	Material acquisitions of equity interests in companies with their head office in France	N/A
8.	Post-closing events/Outlook	162
9.	Dividends paid over the past three years	159
10.	Operations by the Company on its own shares	262-263
11.	Adjustments to the rights of holders of share equivalents	N/A
12.	Environnemental, social and societal responsibility information	39-101
13.	Research and development activities	21
14.	Terms of payment of trade payables and receivables of SOCIÉTÉ BIC	247
15.	Corporate Governance:	
	Choice of organization of the Management	104
	Composition and functioning of Administrative and management bodies	104-122
	Limitation of the powers of the Management	123
	Main functions and directorships held by Corporate Officers	108-122
	Policy on diversity applicable to the Board	105-107
	Transactions in Company's shares by Corporate Officers	122
	Draft resolution on the compensation policy	283
	Corporate Officers' Compensation	129-148
	Summary table of the implementation of AFEP-MEDEF Code	128
	Table of authorizations to issue new shares and share equivalents	256-257
	Rules for shareholder participation in the Shareholders' Meeting	255
	Arrangements which may have a bearing in the event of a takeover bic (incl. capital structure and elements provided for in Article L. 225-37-5 of the French Commercial Code)	259
	Share Capital	256-261
	Employee share ownership	259
	Statutory requirements governing changes in the share capital and shareholder' rights	254-255
Appendices		
	Five-year financial summary	247





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, 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	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-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





8.9. Glossary

At constant currencies:

Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.

BIC Code of Ethics:

Set of norms and principles governing the way of driving a company. 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.

BIC Code of Conduct:

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

BIC Speak-up:

Hotline accessible to all BIC team members to report on, collect alerts and prevent any violation to Anti-Corruption Policy and Code of Ethics (incl. violation to human rights, serious bodily injury and environmental damage).

BOP:

BOP (Bottom of the Pyramid) refers to the largest segment of the world's population: the poorest, with no (or very little) access to services and goods offered by the market, because especially the low level of income. BIC defines the BOP in 2 large sets. For countries outside the OECD, we consider this to be the population with daily expenses that are less than USD 2.97. For OECD countries, we take into account people living below the poverty line.

Categories:

Categories include the activities of Stationery, Lighters, Shavers and Other Products.

Comparative basis:

At constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date.

Complex Capital Securities:

Fungible, negotiable and transferable instruments giving access to the share capital (definition in the context of SOCIETE BIC's Shareholders' Meeting).

Counterparty risk:

Counterparty risk is the risk that a counterparty, through its consumed default, can no longer meet its commitments. The counterparty risk may be different from the credit risk insofar as there may be a contract with a counterparty other than the issuer that guarantees the coverage of a given bond.

Customer / consumer:

Within the BIC Group, the term "customer" refers to a "distributor" and the term "consumer" refers to the final consumer.

Ecodesign:

Ecodesign is the integration of the environment from the design of a product or service, and at all stages of its life cycle.

Ecolabel:

An Ecolabel is a voluntary method of environmental performance certification. An ecolabel identifies products or services proven environmentally preferable overall, within a specific product or service category.

Environment, Health & Safety (EH&S) Policy:

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.

Gross Profit:

Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

Group's Anti-Corruption Policy:

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.

Hedge accounting:

A hedging transaction consists of purchases or sales of financial instruments that must have the effect of reducing the risk of changes in value affecting the hedged item. For an accounting transaction to qualify as a hedge, it must identify hedging items from the outset.





Income from operations:

Profit realized from a business' own operations. Income from operations is generated from running the primary business and excludes income from other sources. It includes other products income from operations as well as Group expenses not allocated to the other categories.

Internal control:

The Device implemented by the management of a company to enable it to control the risky operations that must be done by the company. For this reason, its resources are measured, directed and supervised so that management can achieve its objectives.

LCA:

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.

Net Cash from operating activities:

Principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Net cash position:

Cash and cash equivalents + Other current financial assets - Current borrowings - Non-current borrowings.

New products:

A product is considered as a new one in the year of its launch and the three following years.

Normalized IFO:

Normalized means excluding non-recurring items as detailed page 151.

Normalized IFO margin:

Normalized IFO as percentage of net sales.

Normalized income from operations excluding the impact of the special employee bonus:

Special employee bonus means bonus that has been awarded to employees who have not been granted shares under our performance share plan and after approval of the exceptional dividend.

Performance Share Plan:

Freely granted shares of SOCIETE BIC subject to performance conditions.

Preferential subscription right:

The advantage conferred by article 225-132 of the French Commercial Code to the shareholder allowing him, during a given period, to be able, at the time of a capital increase, to assert a right of preference the acquisition of new shares under the conditions provided for by the extraordinary general meeting.

Product Safety Policy:

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.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances):

REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

Risk:

The possibility of an event occurring whose consequences could affect:

- the ability of the Company to achieve its objectives;
- the ability of the Company to respect its values, ethics and laws and regulations;
- the persons, assets, the environment of the Company or its reputation.

Risk management:

Dynamic Device of the Company, defined and implemented under its responsibility. This system is comprehensive and covers all the Company's activities, processes, and assets. Risk management comprises a set of means, behaviors, procedures, and actions adapted to the characteristics of the Company that enables managers to maintain risks at a level acceptable to the Group. Risk management is also a lever of management of the Company which contributes to:

- create and preserve the value of the assets and the reputation of the Company;
- securing the Corporation's decision making and processes to support the achievement of objectives;
- promote consistency of actions with the values of the Company;
- Mobilize the Company around a common vision of the main risks.





ADDITIONAL INFORMATION



INVESTORS RELATIONS
14, RUE JEANNE D'ASNIÈRES
92611 CLICHY CEDEX – France
TEL : 33 (0) 1 45 19 52 26
EMAIL : investors.info@bicworld.com
LIMITED COMPANY CAPITAL EUROS 178,072,592.84
DIVIDED INTO 46,615,862 SHARES OF EUROS 3.82
QUOTED ON EUROLIST EURONEXT PARIS
ISIN: FR0000120966
MNEMONIC: BB CONTINUOUS QUOTATION
552.008.443 REGISTERED IN NANTERRE, France

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