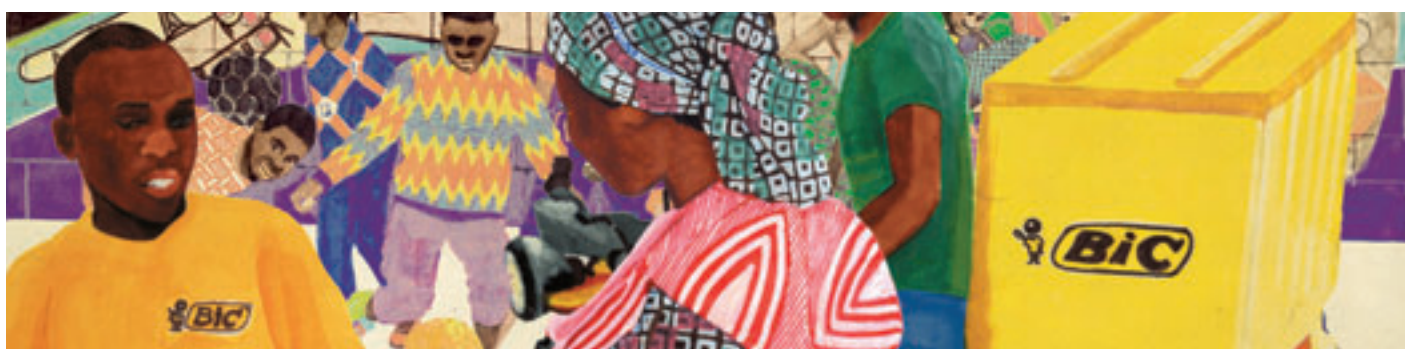


REGISTRATION DOCUMENT 2013



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

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



This label recognizes the most transparent Registration Documents according to the criteria of the Annual Transparency Ranking.



2013 Registration Document

including the Annual Financial Report



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 – Paris Stock Exchange Authority) on March 26, 2014, pursuant to Article 212-13 of its General Regulations. 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).

GROUP PRESENTATION

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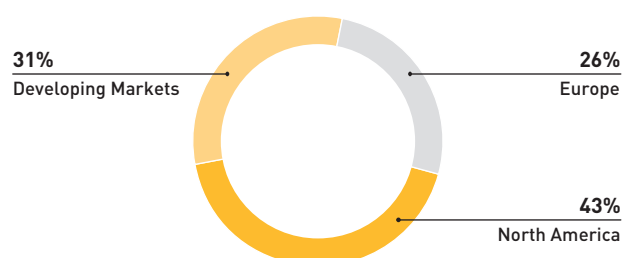
1.1. Group profile and strategy

→ WORLD LEADER IN ITS ACTIVITIES

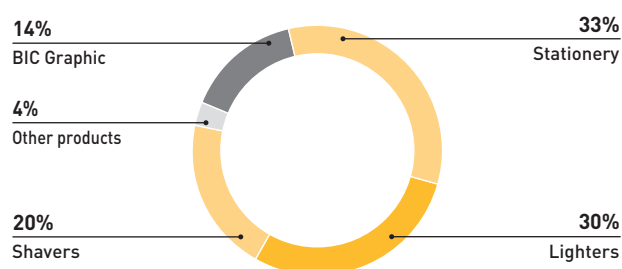
BIC is a world leader in the consumer goods markets (stationery, lighters and shavers) and in the Advertising and Promotional Products industries. For more than 60 years, BIC has provided safe, high-quality and affordable products to consumers in more than 160 countries and has become one of the most recognized brands in the world.

In 2013, BIC realized 1,887.8 million euros net sales and reached 344.2 million euros normalized IFO ⁽¹⁾ (18.2% of net sales). Net Income Group Share was 241.5 million euros and Earnings Group Share per share 5.13 euros.

2013 NET SALES BREAKDOWN BY GEOGRAPHICAL AREA



2013 NET SALES BREAKDOWN BY CATEGORY



→ STRATEGY

Since the creation of the company in 1945, BIC operational and financial performance has 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. They are designed to serve a very precise function and they offer the best value for money,
 - our value-added products are aimed at answering the growing demand for more sophisticated goods;
- innovation: in 2013, BIC realized 19% of its net sales through new products ⁽²⁾;
- recognized brands:
 - in the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, Sheaffer®, BIC® Kids, BIC® Matic,
 - in Advertising and Promotional Products: BIC Graphic;
- historical international footprint in both developed and developing markets. BIC is present in more than 160 countries and developing markets accounted for 31% of 2013 net sales;
- an international, complete and solid distribution network (stationery stores, office product companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets...);
- on-going and sustained productivity improvement policy. The modernization and continuous rationalization of its production plants allow BIC to maintain its worldwide competitiveness at the highest level;
- 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;
- a regular shareholder remuneration.

(1) Normalized IFO: Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

(2) A product is considered as a new one the year of its launch and the 3 following years.

→ COMMITMENT TO SUSTAINABLE DEVELOPMENT

Lightweight, long-lasting products

BIC's priority is to design products with a low-impact on the environment, i.e. products manufactured with a minimum of resources and a maximum useful life. The Group has initiated an eco-design approach and started to integrate alternative solutions such as the use of recycled materials or bioplastic in the manufacturing of certain products like the BIC® Ecolutions™ pen range.

Performant factories

The Group has 23 main factories* (21 are located in developed countries according to the HDI indicator), where are implanted environmental management systems, and health and safety management systems.

Historically Socially Responsible

Since its inception, BIC supports the individual development of its employees. The Group has a complete program for the training and development of its employees' skills and employability. Our business is founded on a clear vision, a lasting philosophy and fundamental shared values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

The BIC Sustainable Development Barometer

BIC evaluates the progress of its Sustainable Development Program with the BIC Barometer, which defines 10 sustainable development objectives associated with 10 performance indicators and is updated every three years.

→ STRONG CORPORATE GOVERNANCE

As a family controlled company, BIC Group is committed to best practices in Corporate Governance. Since 2006, the offices of Chairman of the Board and the CEO are separated. In conformity with recommendations of the AFEP-MEDEF, more than one-third of Board members are Independent Directors (four out of ten). The Board is assisted by the Audit Committee and the Compensation and Nomination Committee. In 2013, the Board of Directors met 6 times, and the rate of attendance was 93%.

→ CELLO

On January 21, 2009, BIC signed a definitive agreement with Indian Cello Group whereby BIC Group was to acquire 40% of the Cello Writing Instrument business, for 7.9 billion Indian rupees. As part of the agreement, BIC benefited from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.

Founded in 1995 by the Rathod family, Cello Pens is India's largest manufacturer and distributor of writing instruments. Cello Pens is a vertically integrated manufacturer with modern facilities, strong in-house research, product development and marketing capabilities. With its broad portfolio of products and countrywide distribution network, the Cello brand is one of the most recognized in India. With mid to high-single digit annual growth, India is one of the world's largest stationery markets.

On March 5, 2009 BIC's acquisition of 40% of 6 entities (out of 7) was completed for a sum of 3.8 billion rupees. This proportionate share of Cello Pens net income has been accounted through the equity method in BIC Group accounts since April 1, 2009.

In January 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties." BIC Group then confirmed its intention to ensure the implementation of the agreements.

In August 2010, BIC initiated arbitration proceedings in order to enforce the full completion of the agreements, meaning the completion of the acquisition of 40% of one remaining entity, namely CPS. At the beginning of 2012, BIC Group received a favorable award from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009.

On May 3, 2013, the BIC Group and Cello Group jointly filed an agreement with the Bombay High Court to allow BIC Group to acquire the remaining 40% of the last (7th) stationery entity of Cello Group. After reviewing the filing, the Court rendered the agreement enforceable. On September 17, 2013, BIC Group completed the acquisition of 40% of the last (7th) stationery entity of Cello Group for a total amount of 3.7 billion Indian rupees (43.3 million euros) ⁽¹⁾.

On September 27, 2013, the BIC Group completed the purchase of shares pursuant to the call option, exercised in September 17, to increase its stake from 40% to 55% in the 7 Cello Pens entities for 2.9 billion Indian rupees (35.2 million euros) ⁽²⁾. Cello Pens financial statements have been consolidated within the BIC Group from October 1st, 2013.

(1) 84.53 INR = 1 euro (Sep., 13, 2013; ECB Reference rate).

(2) 83.80 INR = 1 euro (Sep., 26, 2013; ECB Reference rate).

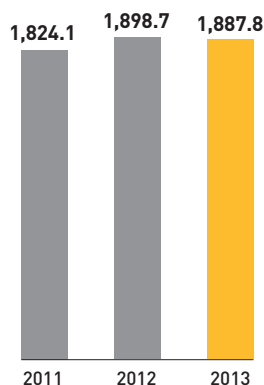
* Excluding Cello.

1.2. Key figures

→ GROUP KEY FIGURES

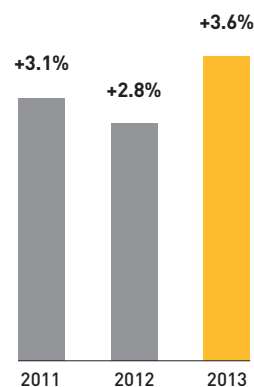
NET SALES

In million euros



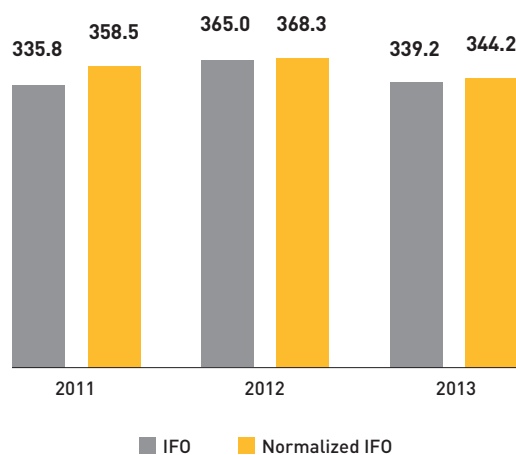
NET SALES GROWTH ON A COMPARATIVE BASIS ⁽¹⁾

In %



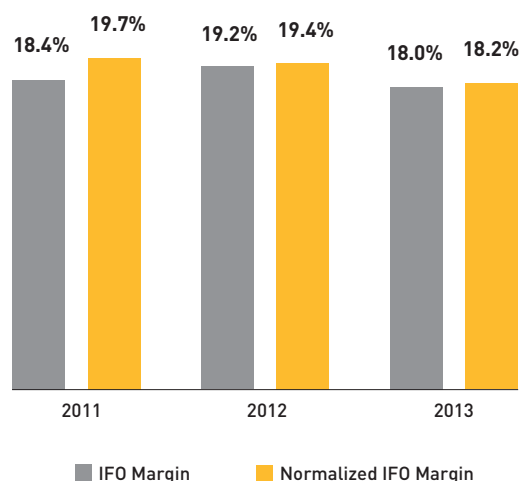
INCOME FROM OPERATIONS AND NORMALIZED ⁽²⁾ INCOME FROM OPERATIONS

In million euros



INCOME FROM OPERATIONS AND NORMALIZED ⁽²⁾ INCOME FROM OPERATIONS MARGINS

In % of net sales

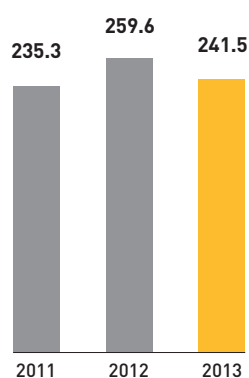


(1) At comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposables that occurred during the current year and/or during the previous year, until their anniversary date.

(2) Normalized IFO: Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

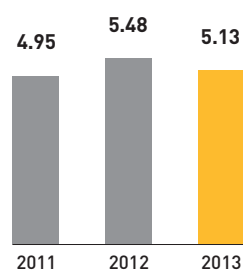
NET INCOME GROUP SHARE

In million euros



EARNINGS GROUP SHARE PER SHARE

In euros



PRODUCTION VOLUMES TRENDS

(in billion units)

	2011	2012	2013
Stationery consumer	4.825	4.889	4.905
Lighters	1.318	1.361	1.417
Shavers	2.336	2.413	2.441

1 - Group presentation

Key figures

KEY FIGURES BY CATEGORY

(in million euros)	CHANGE 2012/2013				
	2012	2013	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
TOTAL CONSUMER BUSINESS					
Net Sales	1,607.6	1,619.9	+0.8%	+6.3%	+5.2%
Normalized IFO ^(c)	347.6	332.6			
IFO	348.6	333.8			
Stationery consumer					
Net Sales	617.9	616.4	-0.2%	+5.6%	+2.1%
Normalized IFO	92.9	78.3			
IFO	92.8	79.4			
Lighters					
Net Sales	551.0	557.8	+1.2%	+7.0%	+7.0%
Normalized IFO	206.0	206.2			
IFO	206.7	207.2			
Shavers					
Net Sales	373.5	377.5	+1.1%	+6.5%	+6.5%
Normalized IFO	63.9	64.3			
IFO	64.1	65.3			
Other products ^(d)					
Net Sales	65.2	68.2	+4.6%	+6.6%	+12.5%
Normalized IFO	(15.3)	(16.1)			
IFO	(15.0)	(18.1)			
BIC Graphic					
Net Sales	291.1	267.9	-8.0%	-5.0%	-5.0%
Normalized IFO	20.7	11.6			
IFO	16.4	5.4			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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.

(c) Normalized IFO: Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

(d) Income from operations includes other products income from operations as well as Group expenses not allocated to the other categories.

NET SALES BY GEOGRAPHICAL AREA

(in million euros)	CHANGE 2012/2013				
	2012	2013	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
Europe	484.5	493.8	+1.9%	+2.7%	+3.4%
North America	818.0	802.6	-1.9%	+1.8%	+1.8%
Developing markets	596.2	591.3	-0.8%	+10.1%	+6.4%

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

MAIN INCOME STATEMENT INFORMATION

(in million euros)	CHANGE 2012/2013					
	2011	2012	2013	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
Net Sales	1,824.1	1,898.7	1,887.8	-0.6%	+4.6%	+3.6%
Gross Profit	897.2	964.2	929.5	-3.6%		
Normalized Income From Operations ^(c)	358.5	368.3	344.2	-6.5%		
Income From Operations	335.8	365.0	339.2	-7.1%		
Financial income/(costs)	9.2	10.5	6.6			
Income Before Tax and non-controlling interest	344.9	375.5	345.8	-7.9%		
Income tax expense	(113.7)	(119.6)	(105.9)			
Income From Joint ventures	4.1	3.7	2.4			
Group Net Income	235.3	259.6	242.3	-6.7%		
Non-controlling interest	-	-	(0.8)			
Net Income Group Share	235.3	259.6	241.5	-7.0%		
Earnings Per Share (in euros)	4.95	5.48	5.15	-6.0%		
EPS Group Share	4.95	5.48	5.13	-6.4%		
Number of shares ^(d)	47,565,299	47,339,322	47,047,710			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

(c) Normalized IF0: Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

(d) Average number of shares outstanding net of treasury shares.

MAIN BALANCE SHEET ITEMS

(in million euros)	2011	2012	2013
Shareholders' equity	1,465.1	1,493.5	1,470.9
Current borrowings and bank overdraft	8.8	11.0	52.0
Non-current borrowings	1.6	1.5	62.2
Cash and cash equivalents – Assets	300.7	287.3	243.2
Other current financial assets and derivative instruments	40.2	66.5	79.0
Net Cash position	329.5	334.5	196.7
Goodwill	211.6	208.8	314.1
Intangible assets	51.0	57.6	56.5
TOTAL BALANCE SHEET	2,081.6	2,190.3	2,194.6

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.

CONDENSED CASH FLOW STATEMENT

(in million euros)

	2011	2012	2013
Cash flow from operations	340.8	369.5	349.8
(Increase)/Decrease in net working capital	(114.8)	(37.9)	(19.0)
Other operating cash flows	(25.2)	(28.9)	(2.3)
Net cash from operating activities	200.8	302.7	328.5
Net cash from investing activities	(91.9)	(116.6)	(161.4)
Net cash from financing activities	(176.8)	(186.2)	(199.4)
Net increase/(decrease) in cash and cash equivalents	(68.0)	-	(32.3)
Closing cash and cash equivalents	299.4	283.0	240.5

1.3. History

1950

- In 1945, Marcel Bich bought a factory in Clichy, France, and set up business with his partner, Édouard Buffard, as a maker of writing instruments parts. In 1950, after improving the ballpoint pen originally invented by Hungarian Laslo Biro, he decided to launch this revolutionary new product on the French market. He named the pen "pointe BIC®" in a shortened and easily memorable version of his own name.

1953

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

1954

- Expansion in Italy.

1956

- First step in Brazil.

1957

- Development in United Kingdom and the Sterling zone.

1958

- The Company purchases the Waterman Pen Company in the USA and enters the North American market, developing this market in parallel with the Africa and Middle East regions.

1969

- Entry in Advertising and Promotional Products through the writing instrument segment.

November 15, 1972

- SOCIÉTÉ BIC is listed on Paris Stock Exchange.

1973

- BIC diversified its product portfolio and launched the BIC® lighter with an adjustable flame. Its reliability and quality made it an immediate success.

1975

- BIC is the first to launch a one-piece shaver.

1981

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

1992

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

1997

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

2004

- Acquisition of BIC's Japanese distributor, Kosaido Shoji, an important step in BIC Group's development in Japan.
- Penetration of a new market segment in stationery, the refillable school fountain pen, with the acquisition of Stylen® in France.

2005

- BIC opens its own stationery production facility in China. This direct presence in China allows the Group to better understand how to manufacture products locally and develop products specifically for Asia.

2006

- The purchase of PIMACO Company, Brazil's leading manufacturer and distributor of adhesive labels broadened BIC's range of stationery products in Latin America.

2007

- Acquisition of Atchison Products Inc., a supplier of imprinted promotional bags in the USA, a strong addition to our Promotional Products business.

2008

- In July, partnership brand agreement with Orange to launch the BIC® Phone in France, the simple cell phone that is 100% ready to use.
- In November, opening of a new shaver packaging facility in Mexico to improve customer service levels in North America, reduce inventory and enhance cost savings through reduced freight volume and transportation costs.
- In December, acquisition of Antalis Promotional Products entities (Sequana Group). Antalis Promotional Products is European based and distributes a wide range of promotional products.

2009

- In January, BIC signs a definitive agreement with Indian Cello Group whereby BIC Group was to acquire 40% of the Cello Writing Instrument business which was being carried out by 7 entities, for 7.9 billion Indian rupees.
- On March 5, 2009 BIC's acquisition of 40% of 6 entities (out of 7) of Cello Group is completed for a sum of 3.8 billion rupees.
- In April, launch of a worldwide cost reduction plan to adjust to the slowdown of key markets.
- In June, acquisition of Norwood Promotional Products leader in calendars, bags, awards, drinkware and other promotional goods in the USA. Total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities.

2010

- In January, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure their implementation. On August 4, 2010, BIC announced that it is initiating arbitration proceedings in order to enforce the full completion of these agreements, meaning the completion of the acquisition of 40% of one remaining entity.
- In February, consolidation of BIC Graphic San Antonio, Texas facility into other existing BIC Graphic U.S. locations, as well as the relocation of Norwood PP Indianapolis, Indiana headquarters to Clearwater, Florida.
- In June, divestiture of BIC Graphic funeral product business for a total amount of 17.3 million euros.

2011

- In first Half, disposals of PIMACO business to business divisions in Brazil and REVA peg business in Australia for 7.6 million euros.

- In April, acquisition of Sologear LLC, maker of FlameDisk®, for 1.0 million euros.
- In November, acquisition of the assets of Angstrom Power Incorporated, a company specialized in the development of portable fuel cell technology for 13.5 million euros.

2012

- In February, cession by BIC subsidiary DAPE 74 (sales 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.
- In February, acquisition of a land for the construction of a writing instrument facility, located in Tunisia (region of Bizerte), in the fast growing African and Middle East region to enhance its manufacturing footprint and better meet consumer demand in this region.
- Expansion of the shaver packaging facility in Mexico.
- In February, BIC Group received a favorable award from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009. On May 21, 2012, the BIC Group filed a petition before the Mumbai High Court seeking the enforcement of the arbitral award.
- In September, launch (in collaboration with Intel) of BIC® Education, a simple and innovative educational solution for primary schools, combining handwriting and digital technology.

2013

- In May, the BIC Group and Cello Group jointly filed an agreement with the Bombay High Court to allow the BIC Group to acquire the remaining 40% of the last (7th) stationery entity of Cello Group. After reviewing the filing, the Court had rendered the agreement enforceable.
- On September 17, the BIC Group announced that it had closed the acquisition of 40% of the last (7th) stationery entity of 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 from 40% to 55% in Cello Pens 7 entities for 2.9 billion Indian rupees (35.2 million euros) ⁽²⁾. Cello Pens financial statements have been consolidated within the BIC Group since October 1st, 2013.
- In October, the BIC Group acquired land for the construction of a lighter facility in China. With this new facility, the Group will be better positioned to supply the fast growing Asian lighter market and particularly China. The factory will be located in Nantong (130 km North of Shanghai). The total investment is estimated to be around 14 million euros over the next two years. The factory will be operational by the end of 2015. Asia is the largest and most dynamic pocket lighter market worldwide (69% of total market in volumes and 38% in value ⁽³⁾).
- In December, BIC discontinued the activity of Sologear, maker of Flamedisk® acquired in April 2011. The facility, located in Middleton, Wisconsin, has been closed at the end of 2013.

(1) 84.53 INR = 1 euro (Sep., 13, 2013; ECB Reference rate).

(2) 83.80 INR = 1 euro (Sep., 26, 2013; ECB Reference rate).

(3) 2012 total pocket lighter market in volumes: 11.8 billion units – BIC estimates.

1.4. Business presentation

In 2013, BIC realized 86% of its sales in Consumer Goods (through its Stationery, Lighter, Shaver and Other Consumer Products categories) and 14% in the Advertising and Promotional industry.

→ CONSUMER BUSINESS

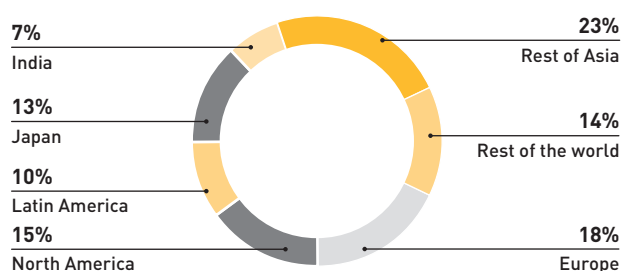
Stationery

The worldwide Stationery market is estimated at 7.6 billion euros (total supplier sales in 2012). This market is fragmented, typified by a large number of players who are often local. Only three players (BIC, Newell Rubbermaid and Pilot) hold each more than 5% of the market on a worldwide basis.

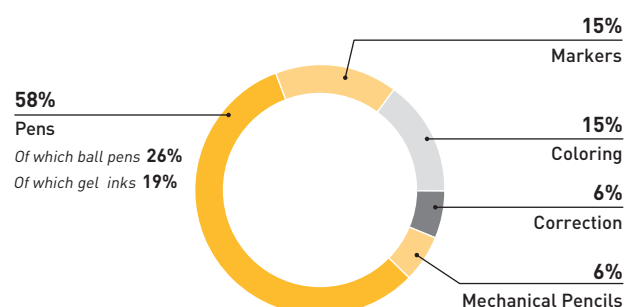
WORLDWIDE STATIONERY MARKET BREAKDOWN

(2012 estimated suppliers net sales figures/in value)

By geographical area



By product segment



BIC is No. 2 worldwide with approximately 8% market share ⁽¹⁾, No. 1 in Europe (approximately 15% market share), No. 1 in Latin America (approximately 23% market share), No. 2 in the USA (approximately 15% market share). The Group benefits also from a strong historical presence in Africa and Middle East.

Since September 2013, the BIC Group has a majority stake in Cello Pens. Cello Pens is the India's largest manufacturer and distributor of writing instruments with approximately 28% of India domestic

pen market. With its broad portfolio of products and countrywide distribution network, the Cello® brand is one of the most recognized in India.

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

(1) All market share data are based on 2012 estimated suppliers' net sales figures.



SHEAFFER.

Writing instruments and marking (ballpoint pens, gel pens, fountain pens, felt pens, pencils and mechanical pencils, permanent markers, highlighters, and dry-erase markers)



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



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



Adhesive labels in Latin America

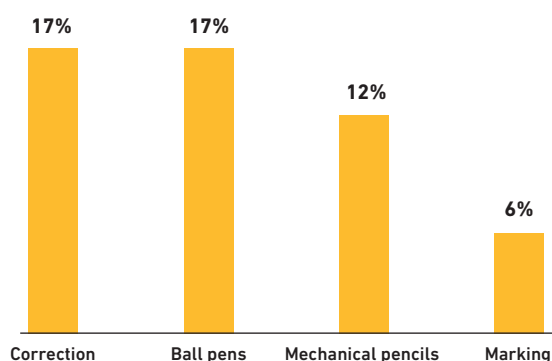


Writing instruments in India

BIC benefits from strong positions on major product segments:

BIC® STATIONERY WORLDWIDE POSITIONS AND MARKET SHARES IN VALUE

(BIC estimates 2012)



BIC stationery products are sold through different channels including Office Products (contract stationers or Office Super Stores) and Retail mass market distributors in developed countries as well as traditional stores in developing markets. Our objective in the stationery category is to generate profitable growth through:

- supporting classic products by constantly improving their quality;
- permanently listening to consumers, so as to bring them new and improved products;
- fostering innovation by launching new products with higher value added;
- increasing distribution and visibility;
- further developing our presence in fast growing countries.

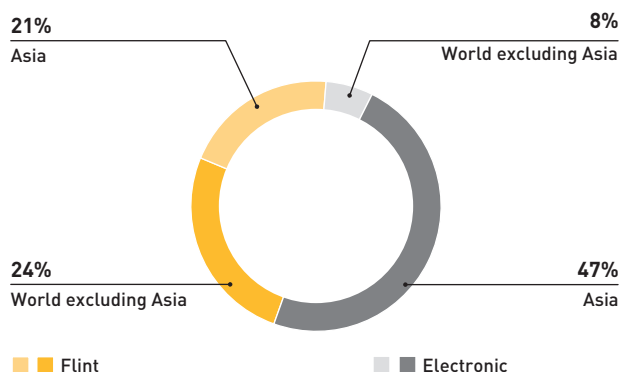
Lighters

The worldwide lighter market is estimated at 11.8 billion units (3.6 billion euros in value ⁽¹⁾) and broken down as follows:

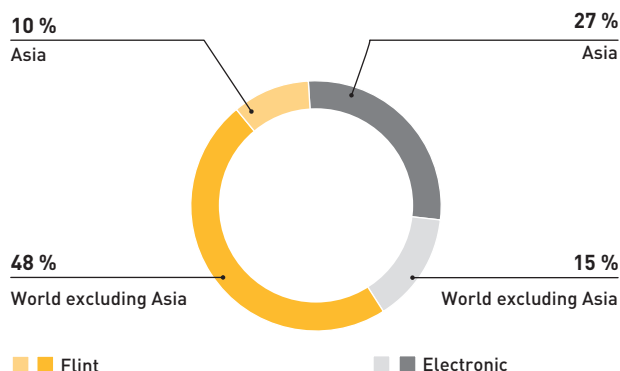
LIGHTER WORLDWIDE MARKET BREAKDOWN IN 2012

(BIC estimates)

Units



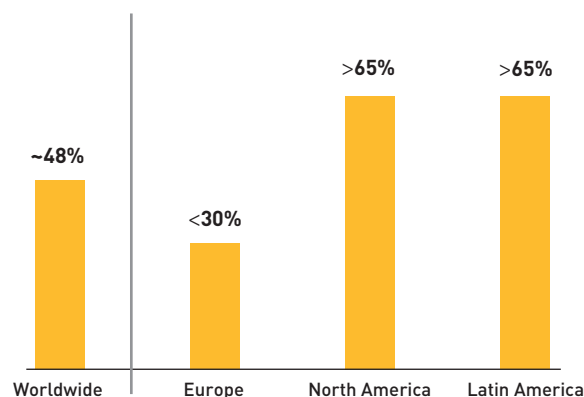
Value in euros



The lighter market is a very competitive market in which BIC benefits from the No. 1 worldwide position among branded lighters. BIC worldwide value market share (excluding Asia) in 2012 was approximately 48%. BIC is No. 1 in North America and in Latin America with more than 65% market share.

BIC® LIGHTERS MARKET SHARES IN VALUE (IN BIC'S MARKETS EXCLUDING ASIA)

(2012 estimated market shares/in value)



A lighter contains pressurized gas put into 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 have been established in order to protect consumers from unsafe lighters.

There are two key standards for pocket lighters:

- the international lighter safety standard ISO 9994, which describes clearly the basic safety requirements for a lighter. ISO 9994 Safety Standard is the subject of legislation in major countries such as Canada (1989), Russia (2000), Argentina (2003), Mexico (2004), South Korea (2005), South Africa (2006), Japan (2011), Indonesia (2011) and the 28 countries of the European Union (2006);
- child-resistant requirements, a child-resistant lighter is a lighter purposely modified in order to make it more difficult to operate. A child-resistant lighter is a lighter that at least 85% of children under 51 months of age cannot operate. Child-Resistant legislation is the subject of legislation in major countries such as USA (1994), Canada (1995), Australia (1997), New Zealand (1999), the 28 countries of the European Union (2006) and Japan (2011), Korea (2012).

Low price lighter models too often fail to comply with Safety Standards. Since the late 80's, low-price lighter models imported from Asian countries have been gaining market shares and today hold more than half of the global market (in units).

In this competitive landscape, BIC defends its position and supports lighter safety and quality. BIC® lighters are designed and manufactured in compliance with very strict safety, quality and performance requirements. As an example, the gas reservoirs of BIC® lighters are made of Delrin®, a high technical grade resin which ensures a high resistance to impact in case of drop, while allowing for a larger amount of gas and more lights than in many other lighters thanks to the thinness of its wall. Also, BIC® lighters are filled with pure isobutane which guarantees the stability of the flame.

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

(1) BIC 2012 estimates.

BIC objective in the lighter business is to strengthen its leadership as the only branded lighter with worldwide position:

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

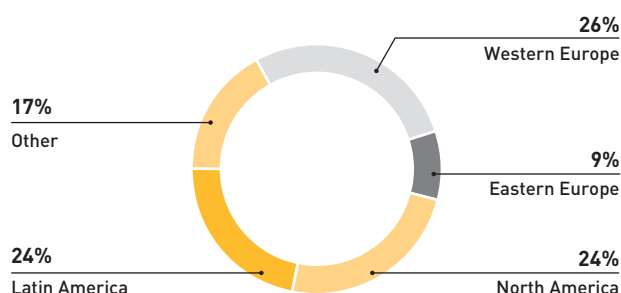
Shavers

The wet shave market generates annual sales revenue of more than 12 billion euros, and accounts for the majority (60%) of the total hair removal category.

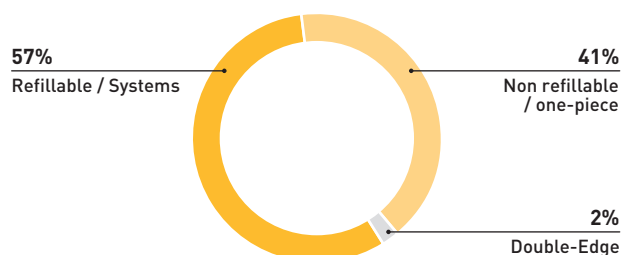
WET SHAVER WORLDWIDE MARKET IN 2012

(Euromonitor - 2012)

By geographical area



By product segment



This market can be separated into three product segments as seen above, with systems and one-piece driving the growth. Inside these two segments, new products drive most of the growth by offering ever-increasing improvements in performance; and by offering products with added features. The pace of new product activity rarely slows, so a productive new product development program is a requirement for ongoing success.

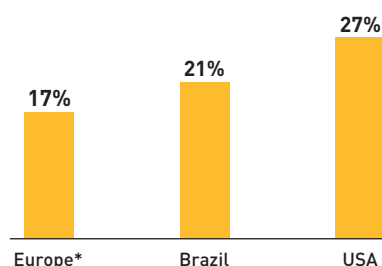
BIC's new product program has been a key driver of success, evidenced by its No. 2 global market position in the one-piece segment with an approximately 20% value market share. Most of BIC's focus in 2013 has been on the fast growing three-blade and four-blade sub-segments, where market shares are even stronger than their overall 20% share.

The category is divided among three brands (Gillette, the leader, BIC® and Schick/Wilkinson/Energizer Holding), with a private label presence as well.

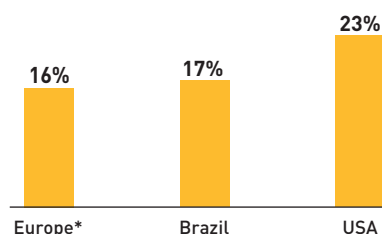
BIC MARKET SHARES IN DISPOSABLE SHAVERS SEGMENT

(Based on IRI, AC Nielsen figures and BIC estimates Dec. 2013)

In volume



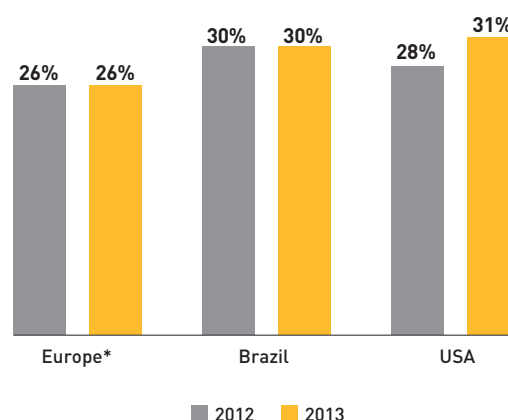
In value



BIC MARKET SHARES IN THE THREE AND FOUR BLADES DISPOSABLE SHAVERS SEGMENT

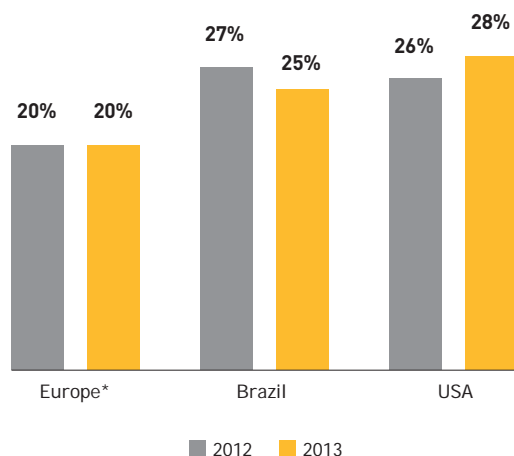
(Based on IRI, AC Nielsen figures and BIC estimates Dec. 2013)

In volume



*13 countries

In value



*13 countries

In the 70's, BIC revolutionized wet shaving when it launched the first one-piece shaver: the single blade "classic", which still generates sales of nearly one billion shavers per year. In recent years BIC has focused its new products, sales and marketing efforts on the higher performing three-blade and four-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;
- For Ladies: BIC® Pure 3™ Lady, BIC® Soleil® 3-blade, BIC® Soleil® Bella™ 4-blade.

The business results show evidence of BIC's ability to meet the expectations of increasingly demanding consumers.

Other Consumer Products

Other Consumer Product category includes various strategic and tactical activities:

- BIC Sport:** today, BIC Sport is one of the world leaders in surfboard and wind surfboards. It has also expanded into new markets including kayaks and Stant-Up-Paddle. BIC Sport products are designed and mainly produced in Vannes (France). Sales are mainly realized through specialized stores and sporting goods superstores;
- DAPE 74 Distribution:** sales to tobacco shops in France;
- A range of both BIC® and non BIC®-branded products:** such as pantyhose sales in Greece, Austria and Ireland, batteries, a line of shaving preps; all of which are designed to tactically grow the presence of the BIC® brand in key markets;
- Other Consumer Products also include the licensing revenues derived from the **BIC® Phone**, the simple cell phone 100% ready to go and refillable, launched in partnership with different telecom operators in Europe (France, Spain, Belgium). More than 1,303,676 BIC® Phones have been sold since the launch of the product.

→ ADVERTISING AND PROMOTIONAL PRODUCTS

Advertising and Promotional Products are items such as stationery products, clothing, bags, awards, and drinkware that are imprinted with a logo or advertising message to support a company's marketing and media strategy. It is cyclical and related to companies' advertising, promotions and discretionary investments. It has been strongly impacted by the recent economical crisis.

Total worldwide market size is estimated at more than 14 billion U.S. dollars (suppliers' level). The U.S and Canadian markets represent around 59% of the total, Europe approximately 25% and the rest of the world (mainly Latin America) 16%.

The Promotional Products business is a diverse product category. In the USA, the PPAI (Promotional Product Advertising Industry) identifies more than 20 different segments. 17 of them are included into the "Hard Goods" category which represents 59% of the total market. The other significant segment is Apparel (29% of the market), writing instruments (9% of the market) and Calendars (4% of the market).

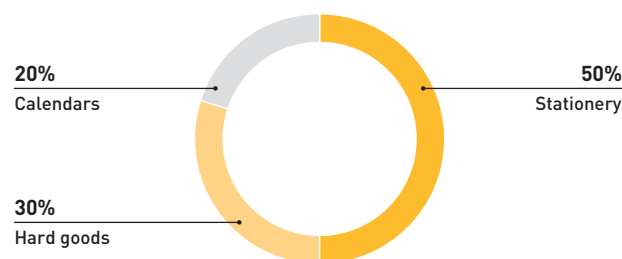
This industry is very fragmented at all levels, with a large number of suppliers and distributors. Advertising and Promotional industry suppliers sell their products to numerous large, mid-size and small distributors.

Through its BIC Graphic business, BIC has been involved in Advertising and Promotional Products since the late 1960's, mainly in writing instruments, and has always been recognized for its excellence in customer service, printing quality and delivery.

Several strategic acquisitions have been made in recent years, beginning in 2007 with Atchison® bag brand in the USA. The acquisitions of Antalis Promotional Products and Norwood Promotional Products in 2009 have significantly strengthened BIC position as a worldwide leading Advertising and Promotional Products supplier ⁽¹⁾. BIC Graphic is the No. 4 supplier in the USA, No. 2 in Europe and benefits from a significant presence in Latin America, Australia, Africa and Asia (through its sourcing activities).

BIC Graphic offers a large and diversified range of product to its more than 30,000 distributor clients, from stationery products to hard goods such as drinkware and small electronics.

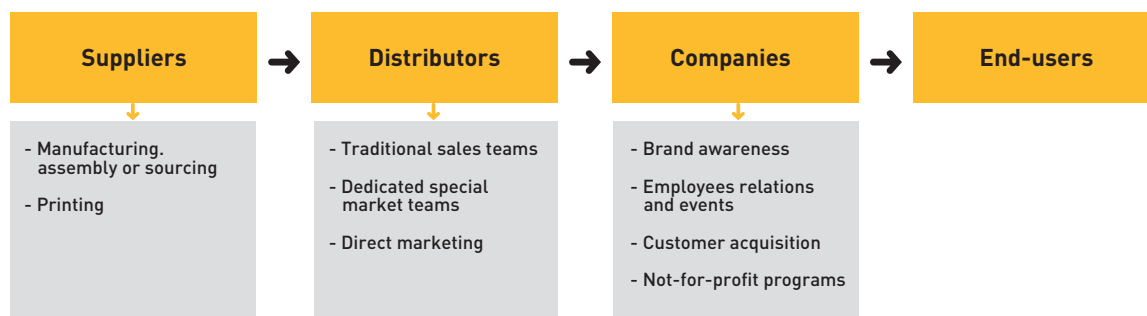
2013 BIC GRAPHIC NET SALES BREAKDOWN



BIC Graphic realizes 20% of its net sales in the calendar business and is the leader of promotional calendars in the USA. The calendar market is a highly seasonal activity, with 90% of the sales shipped in the second Half of the year.

(1) Non apparel.

ADVERTISING AND PROMOTIONAL INDUSTRY ORGANISATION



1.5. Research and Innovation

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

In 2013, there were approximately 150 employees located in Europe and North America in the research, development and innovation functions. In 2013, BIC invested approximately 1.8% of sales in research and development of new products; new products and line extensions accounted for 19% of BIC Group sales.

Research, development and innovation functions are organized by category. Each business 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 offers an average of 20 new products to consumers every year. The Stationery R&D department is organized around two sections: design which focuses on the mechanical properties of products and Ink Systems whose focus is inks' improvements. Very specific in the stationery industry, all the components of our products are developed and produced internally, up to the moulds and machines that will be used for production. This allows us to have the full control of the quality and reliability of the products we produce to offer consumers maximum satisfaction.
- In Lighters, conception of new products as well as product and process innovation in the gas lighters field are under strict constraints linked to the potentially dangerous nature and widespread uses of the product. For BIC, every development step must fulfill the imperative requirement of safety as a BIC® lighter must be – and remain – safe during its full life time for a normal use or even a reasonably foreseeable misuse. Product developments are supported by several patent and model applications.

- In Shavers, research is organized around multi-disciplined project/ product development teams that are composed of members from blade, design, engineering, packaging, quality and industrialization. Fifteen to twenty new products are developed each year, from line extension to new product launches. BIC is using internal and external panels of experts in order to evaluate and validate product performances in live conditions. BIC also benefits from fundamental research partnerships with large universities and research laboratories around shaving efficiency and manufacturing process.
- In Advertising and Promotional Products, BIC Graphic has a global approach to new product development and service innovation based on BIC's long history of developing simple and long-lasting products. BIC Graphic relies on a dedicated global marketing team committed to research efforts into both customers/distributors and end-users. Improving or developing new printing technology is also a part of BIC Graphic quest to differentiate ourselves from the competition. With regard to product research and development, significant market research is conducted to identify products based on distributor and end-user demand insights. BIC Graphic's supply chain and sourcing organization are centralized for maximized efficiency, price and quality controls.
- Fuel Cell: for nearly ten years, BIC has been developing hydrogen fuel cartridges which are connected to the fuel cell device and replaced once the fuel is depleted. The BIC Group announced in November 2011 the acquisition of the assets of Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology. BIC's hydrogen fuel cartridge technology and the Angstrom fuel cell device technology are complementary. BIC and Angstrom prototype designs have demonstrated high levels of performance and efficiency. BIC expects to bring a portable fuel cell device and fuel cell cartridge to market before the end of 2016.

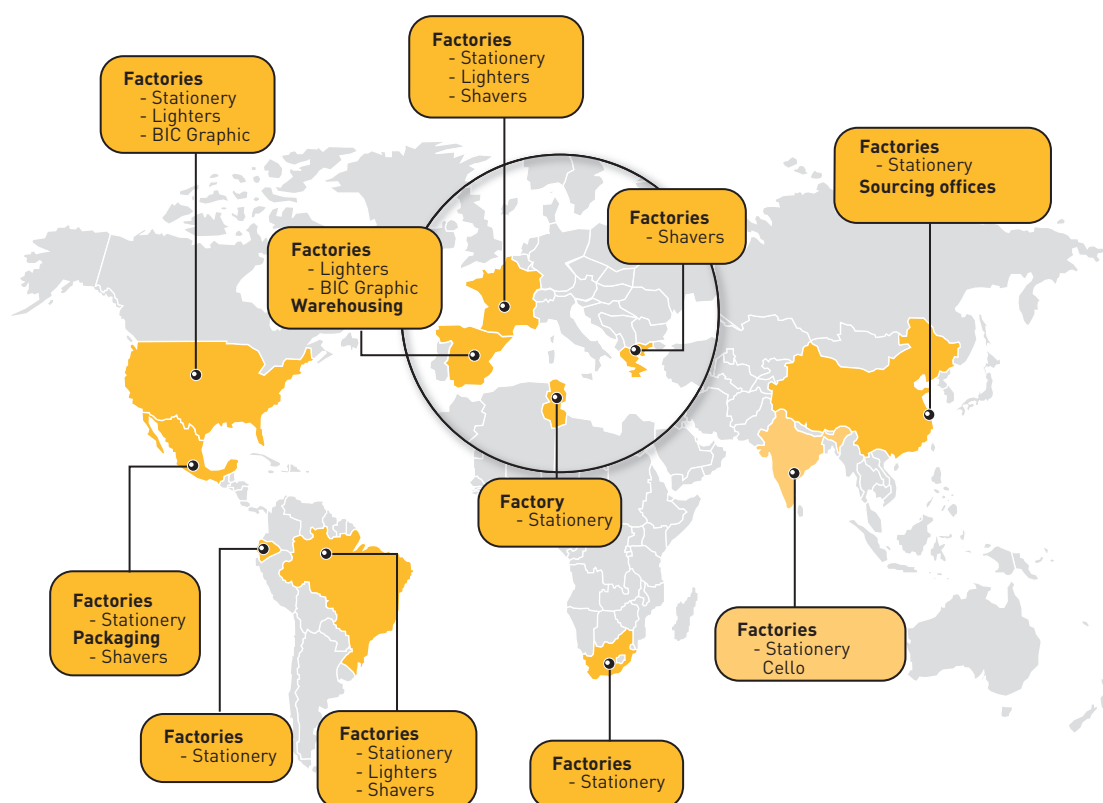
1.6. Property, plant and equipment

85% of the BIC® products (88% in the consumer product business; 60% in the Advertising and Promotional Product business, BIC Graphic) are produced in BIC owned factories.

BIC has 23* main own factories around the world:

- 12 factories are dedicated to manufacturing stationery products;
- 4 plants are dedicated to manufacturing lighters;
- 3 plants are dedicated to manufacturing shavers;
- 4 plants are dedicated to Advertising and Promotional Products.

INDUSTRIAL SITES



* Excluding Cello (8 factories).

EXISTING MATERIAL TANGIBLE FIXED ASSETS, INCLUDING LEASED PROPERTIES, 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)
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
SPAIN	Factories and offices	Tarragona	Own	Stationery (ball pens, mechanical pencils, sticky notes), lighters, printing
	Warehouse	Barcelona	Lease	-
ECUADOR	Factory	Guayaquil	Own	Stationery (ball pens), printing
USA	Offices	Shelton, CT	Own	-
	Factories	St. Petersburg, FL	Own	Printing
		Milford, CT	Own	Lighters
		Gaffney, SC	Own	Stationery (markers)
		Charlotte, NC	Lease	Packaging
		Sleepy Eye, MN	Own	Promotional calendars
		Red Wing, MN	Own	Printing and engraving
	Offices and factory	Clearwater, FL	Own	Stationery (printing, sticky notes)
	Warehouse	Charlotte, NC	Own	-
FRANCE	Offices	Clichy	Own	-
	Factories	Boulogne-sur-Mer	Own	Stationery (writing and 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 (graphic and coloring pencils, leads)
		Vannes	Own	Stationery (ball pens), other products (windsurfing, surfboards, boats)
GREECE	Factory and offices	Anixi	Own	Shavers
INDIA	Offices	Mumbai	Lease	-
	Factories	Daman	Own	Stationery (writing instruments)
		Haridwar	Own	Stationery (writing instruments)
MEXICO	Factories and offices	Mexico City	Own	Stationery (ball pens, mechanical pencils, correction tapes)
		Saltillo	Lease	Packaging
	Warehouse, offices and factory	Tlalneplantla	Lease	Printing
TUNISIA	Factory	Bizerte	Own	Stationery (ball pens)

Major related encumbrances correspond to depreciation and rents.

1.7. Risk factors

→ INTRODUCTION

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

- its personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or laws and regulations.

The 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.

A description of the risk management system is disclosed in the Chairman's Report on the Board of Directors function and on the risk management and internal control procedures implemented by the Company – see *Corporate Governance § 3.1.2.2.3 – Risk management process*, page 88.

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

→ MARKET RISKS

Foreign Exchange risk

The Group main currency exposure is the EUR-USD rate. In 2013, the yearly net exposure for commercial flows (322.4 million U.S. dollars) was hedged at the average rate of 1 EUR = 1.2902 USD. The important volatility on Foreign Exchange markets brings us to be particularly vigilant all along the year on any arising element that would affect our FX exposure. Our controlling and follow-up tools allow us to collect the most accurate information and make sure we constantly capture the most precise picture of our Foreign Exchange risks. Group Treasury has adequate means to identify the risks and reliable tools to manage the exposure. Regarding the 2014 exposure, as of December 31, 2013, 70% of the identified exposure was hedged. The average hedged rate for 2014 is 1.3066 USD.

Concerning the other important exposures of the Group, the 2014 hedge ratio, as of Dec. 31, 2013, is at minimum at 95%.

See also Note 24 to the consolidated financial statements, page 190.

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.

See Note 24 to the consolidated financial statements, page 190.

Counterparty risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low. The minimum Long Term Standard & Poor's rating of our main banking counterparties is A. The scale of ratings goes from A+ to A-. It should be noted that the rating is one of the elements we follow to understand the counterparty risk, but it is not the only criteria we use.

Counterparty risk of cash investment decisions is strictly studied (nature of assets, depositaries and conservators). The main part of the portfolio as of December 31, 2013 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2013.

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, following a secure policy guideline that aims for capital security and liquidity. The excess cash is mainly invested in monetary mutual funds, deposit and cash equivalent assets 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 financial assets with a duration above 6 months. All the investments are valued mark-to-market twice a month by the Group Treasury 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 markets movements on the funds valuations behaviours.

Throughout 2013, a high level of control on our portfolio performance and on the composition of the funds in which we invest, have been maintained. The Group Treasury pays a great attention to the diversification of our investments in order to improve the pooling of risks and reduce the amount invested per counterparty. The most important mutual fund line in the portfolio at year end represents 39.16% of the total assets under management, and is qualified under the AMF classification as a monetary fund, liquid on a daily basis, and used for the daily liquidity requirements coming from the business. Out of this monetary fund, 24 other investments were in our books at year end, for an average amount of 2.7 million euros per unit.

→ LEGAL RISKS

To the knowledge of the Company, there is no information (rule, 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 situation, the result, the activity and the assets of the Company and the Group.

Moreover, to the knowledge of the Company, there are no governmental, judicial or arbitration procedure, which is pending or threatening the Company and which may or might have had during the last 12 months significant effects on the financial situation or the profitability of the Company and/or the Group.

→ INDUSTRIAL AND ENVIRONMENTAL – RELATED RISKS

Risk typology

The main industrial and environmental risks are related to the storage and use of dangerous, flammable and non-flammable products and substances. Among those are:

- gas for lighters in France, Spain, USA and Brazil;
- solvents for permanent markers and dry-wipe markers in France and the USA;
- solvents for industrial cleaning processes;
- storage of products containing gas and solvents.

Regulatory context

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

The European SEVESO directive identifies industrial plants presenting major accident risks.

Operational management of risks

BIC maintains Environmental and Health and Safety Management Systems at each of its facilities to ensure that pollution prevention and risk prevention are fully integrated into daily operations:

- diligent attention is paid to the implementation and maintenance of release prevention 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 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, evaluate, 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;
- BIC is committed to the continuous improvement of facilities, equipment, and procedures intended to control risks associated with its activities. This is structured according to the Environmental and Health and Safety Management Systems implemented in all factories;
- our SEVESO plants have an emergency procedure protocol (*Plan d'opération Interne* or POI). For our high-threshold SEVESO plants, we have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition in French law of the European Council directive 96/82/EC. Outside of France, many plants have equivalent emergency plans that address risks with potential off-site consequences;
- to address the REACH requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At a Group level, an expert administrator was appointed who, with the support of specialist firms, monitors the regulations, evaluates the impacts for the company and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has in particular pre-registered 70 substances for 5 legal entities. Registration of those substances, with the European Chemicals Agency (ECHA), will take place in two steps: 2013 and 2018. The registration of three substances that have to be registered in 2013 has been done. Teams have started planning the registration of the remaining substances for the 2018 deadline.

BIC does not foresee any significant provisions for environmental risks. In any eventuality, BIC considers the costs related to reparations of this type should not have any material impact on the Group's results.

→ STRATEGIC AND OPERATIONAL RISKS

Risks related to Group's acquisitions

A part of the Group's strategy is to grow with acquisitions. Acquisition could allow for geographical expansion or reinforcing existing categories.

Business integration of an acquired company is one of the key elements of success.

Following acquisition, the Group employs a highly qualified management team. Companies' teams monitor progress of integration on a regular basis. Additionally, a cross functional task force supervises closely the integration plans, in particular the alignment of systems and procedures.

Risks related to competition

While the end customers of the Group are mostly individual consumers, the Group sells a significant part of its products to major retail chains. As matters of facts, the distribution market is subject to an intensifying concentration process, competitors follow a rationalization movement and major retailers develop their private labels. 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 increase consequently reliance of the Group on fewer retailers and further intensify competition.

However, the Group's international presence, its powerful brand and the diversity of its distribution channels help to mitigate the 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 economic solutions to satisfy consumer needs.

Risks related to concentration on developed markets

BIC Group strategy is focused in particular on generating sales growth. BIC has been present for decades in developed markets where Group perspectives depend mainly on the ability to increase market share and profitability. As North American and European economies are expected to grow slowly for years to come, succeeding in growing areas has become a Group strategic objective. Consequently the Group aims to continue its development in developing markets.

To achieve this objective, sales and marketing plans have been developed to gain market share in most of the countries coupled with additional measures to reduce costs and increase productivity. Additionally the strong development in Latin America has reduced Group dependency on mature markets. Otherwise, the Group is broadening and deepening its presence in Asia. The majority stake in Cello Pens will allow the Group the potential to achieve future growth expectations in this region.

Risks related to experienced employees and competencies

The Group possesses specific competencies through experienced resources especially in manufacturing processes and business practices. The loss of experienced employees could lead in slowing

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 subject to a specific attention with related programs (see *Our environmental, social and societal responsibility* § 2.4 Our social responsibility to the employees, page 54).

Risks related to anti-smoking measures and e-cigarettes

Lighters are an important part of the Group net sales (30% in 2013). The Group's lighter business is related to the worldwide sales of tobacco products. However, the tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. Moreover, the emerging market of e-cigarettes has experienced exponential growth in several developed countries. Anti-smoking campaigns and further restrictions in public places as well as e-cigarettes use increase could have a potential negative impact on the growth and the profitability of the Group.

Consequently, the Group monitors the effect of tobacco control activities and e-cigarette development on lighter sales. However, the quality of BIC lighters remains the decisive driver for continuous growth in a shrinking market.

Risks related to manufacturing plants

As a result of its manufacturing activities, the Group could be potentially 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 breakdown of a production site could have a negative impact on the Group's business.

The Group has therefore put in place an approach of active industrial risk prevention through regular audits of protection mechanisms, investments in equipment of buildings and production tools. Each category pursues a policy of diversification in terms of geography and production capacity.

Moreover, a strong social climate and careful management of physical 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 policies (refer below, *Insurance – Coverage of any risks to which the issuer may be exposed*).

→ **INSURANCE – COVERAGE OF ANY RISKS TO WHICH THE ISSUER MAY BE EXPOSED**

BIC is covered by:

- insurance for "Public Liability" including environmental risk related to gradual pollution and accidental pollution;
- insurance for property damages and loss that covers all the locations;
- Insurance for goods and products while in transit.

Management believes that coverage and limits of these policies are appropriate.

The objective of the Company's property and liability programs is to develop a uniformly high level of risk management and insurance protection for all of the BIC operating entities. This, in turn, will protect the corporate assets and earnings against insurable perils and controllable risks.

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. This discipline of risk management is expected to be maintained at all levels of the organization. Whenever we can exercise effective loss prevention and loss control, BIC accepts to retain a portion of the risk. While BIC relies on its proactive philosophy of managing risk for the protection of its assets, it nonetheless purchases insurance to protect against catastrophic loss, or in some cases, the probable exposure to loss, when taking into account its risk control programs.

The global cost estimate of the BIC Group insurance programs amounts to approximately 5 million euros. The total amount covered by the property damage/business interruption insurance program amounts to approximately 4 billion euros.

It is BIC's intent to control risk through effective risk management techniques, as well as insurance and loss prevention in order to meet its long-range objectives of continuous operation, growth and profit.

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

The sole captive insurance company held by the Group is Xenia Insurance Company Limited, which is wholly owned by BIC CORPORATION. Xenia was created as a means to provide coverage for certain risks which are not covered by traditional insurance. Nowadays, it allows BIC to reduce its costs on the traditional insurance market.

In the United States of America, BIC is insured by Xenia Insurance Company Limited via three contracts. The first one issues product liability certificates of insurance for customers of the American entities. The second one is a structured risk policy that covers excess employment practices liability, environmental liability, patent

infringement, punitive damages, product recall, Florida windstorm and unforeseen events. The third contract is a "DIC/DIL" policy that provides coverage for property and/or casualty events that are not covered or payable under any existing BIC policies.

Litigation related to product liability is primarily in the USA. Provisions to cover the risk related to those liabilities are limited to 5 million U.S. dollars, which is the limit of coverage provided by Xenia Insurance Company Limited to American entities.

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

→ **OTHER SPECIAL RISKS**

Counterfeits

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

Lighters – Non-compliance with safety standards

The BIC Group is confronted with competition from low cost lighters that in Europe often do not comply with safety standards, especially the ISO 9994 international safety standard. The Group fights against such lighters through communications activities informing the different stakeholders (customers, market surveillance authorities...) as well as legal actions, particularly before the European Commission requesting that an infringement procedure be opened against the Netherlands, first member state for the import of lighters, for lack of enforcement of the standards. In March 2012, within this procedure, the European Commission sent a formal warning notice to the Netherlands. As of December 31, 2013, this procedure remains pending.

The BIC Group also suffers from unfair competition from lighters of Chinese origin with low import prices resulting from dumping. The European Union's antidumping duty on flint lighters originating from China expired in December 2012, due to the EU Commission having refused to open a procedure aiming at its renewal. Adding to this unequal playing field is the non-reciprocity of custom duties on lighters: 25% when entering China *versus* 2.7% when entering the EU.

2

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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2.1. The BIC Sustainable Development Program

→ 2.1.1. OUR VISION OF SUSTAINABLE DEVELOPMENT

The story of BIC is first and foremost the story of a vision: "To offer simple, inventive and reliable choices for everyone, everywhere, every time."

For more than 60 years, BIC has been building on the fundamentals that constitute the strength of its economic model:

- classic products with a focus on continuous improvement in quality;
- innovations that keep pace with the changing needs of consumers, some of whom seek products with greater added value;
- a worldwide presence that becomes more firmly established every year in developing markets like Latin America, Africa, the Middle East and Asia;
- a constant effort to control manufacturing costs, backed by a highly efficient industrial tool.

This simple, pragmatic and ambitious economic model has given the Group a considerable advantage in adapting to the new challenges of globalization in the business world and to the current uncertain economy.

Simplicity, pragmatism and ambition were also the bywords for the definition in 2003 of the Group's sustainable development approach – an important aspect of corporate responsibility. The pursuit of that

approach since then has enabled BIC to exert better risk control and seize opportunities as they arise.

Through this Program, BIC Group seeks to:






- develop ecological common sense: in order to limit its consumption of natural resources, the Group strives to minimize the use of raw materials in its products and packaging, while gradually introducing new eco-friendly, recycled or renewable materials;
- reduce its environmental impact: because BIC measures the environmental impact of its products, factories and transport activities, it has a basis for implementing actions to reduce environmental impact;
- build day-to-day relationships based on trust: BIC also focuses on strengthening employee skills and employability and on improving quality of life in the workplace, while promoting local initiatives to support communities.

In addition, the BIC Group Code of Conduct is implemented, in BIC factories and by BIC contract manufacturers.

Lastly, BIC pilots and evaluates the progress of its Sustainable Development Program with the BIC Barometer, which defines ten sustainable development commitments associated with ten performance indicators and is updated every three years (pages 28 & 29).

→ 2.1.2. THE ISSUES FOR THE GROUP

BIC has identified the main issues related to the key phases of its business, from the supply of raw materials to the use of the product and to its end-of-life management.

Purchasing 	The supply of raw materials that are used to make BIC® products <ul style="list-style-type: none"> • 45.6% of the Group's purchasing concern plastics 	<ul style="list-style-type: none"> • Reduce consumption of non-renewable raw materials • Promote the use of alternative materials (recycled or plant-derived) • Ensure suppliers' compliance with environmental, social and governance standards
Production 	The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> • 46 million products sold every day worldwide 	<ul style="list-style-type: none"> • Reduce water and energy consumption • Reduce CO₂ emissions and wastes • 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"> • 0,592 teqCO₂ per tonne 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 flames for a BIC® Maxi lighter • Up to 17 shaves for a BIC® Flex 3 	<ul style="list-style-type: none"> • Guarantee long lasting products (stationery, lighters, shavers, promotional products) • Ensure the quality and safety of products • Promote responsible consumption • Anticipate customers' and consumers' needs • Reduce packaging waste
End of life 	The elimination of BIC® products <ul style="list-style-type: none"> • Weight of a BIC® Cristal 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. OUR STRUCTURE FOR SUSTAINABLE DEVELOPMENT

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

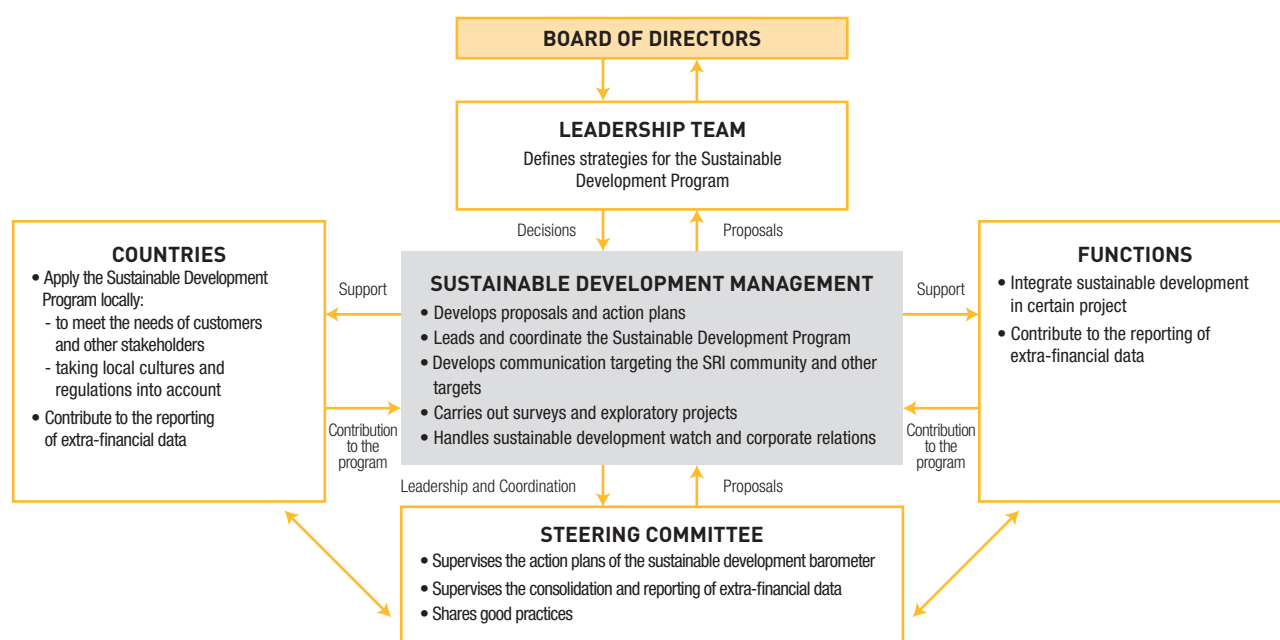
The issues of sustainable development are taken into account in the company's decision-making process. The Group's CEO leads the Sustainable Development Steering Committee and every meeting of the Leadership Team includes an update on recent progress in sustainable development. The BIC Sustainable Development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

In 2013, to mark the 10th anniversary of the BIC Sustainable Development Program, the members of the Leadership Team took part in the Group's discussions on the topic, in particular by participating in the annual Sustainable Development Forum for one entire day.

2.1.3.2. Our operational structure

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

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



BIC's annual Sustainable Development Forum, chaired by Mario Guevara, was held on June 13 and 14, marking the 10th anniversary of the Program and bringing together all 25 members of the Sustainable Development Team. This key meeting was an opportunity to conduct an annual review of the Group's Program, including achievements, goals and perspectives: optimized transport, progress in packaging, the increasing demands of customers around the world, responsible purchasing, etc.

Two workshops were held to harmonize the Executive Committee members' vision of sustainable development with that of the Sustainable Development Steering Committee, and to discuss ways to involve even more employees in the process.

In addition, the Forum opened with a presentation by an investor, who spoke about how sustainable development is becoming a key to success in the business world.

2 - Our environmental, social, and societal responsibility

The BIC Sustainable Development Program

2.1.3.3. Our management: the BIC Sustainable Development Barometer

Since 2008, the Group has based the application of its approach on a management tool: the BIC Sustainable Development Barometer. This Barometer defines ten commitments addressing the key challenges: the environmental performance of BIC's products and packaging,

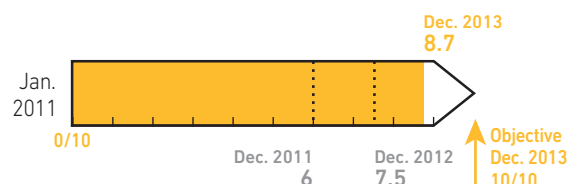
the environmental performance of its factories, the impact of its transport operations on climate change, safety in the workplace, its employees' personal development, compliance with the Code of Conduct and the Group's commitment to local communities. This approach is implemented on a worldwide scale (except for BIC Graphic in certain cases). The Barometer's objectives are set for three years, and progress in each area is measured annually.

→ GLOBAL BAROMETER

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

Mario Guevara, CEO

The global score is the arithmetic average of the ten scores.



2013, closure of the 2011-2013 Barometer and definition of the 2014-2016 Barometer

In 2011, the Group launched the second edition of its Barometer for 2011-2013, renewing its ten commitments associated with specific performance indicators.

After three years, the overall score on the Barometer stood at 8.7/10, which gained 1.2 point last year. This result is mainly due to the progress made on the environmental performance of BIC® products, the deployment of the Code of Conduct throughout the Group, the environmental certification of several sites, the reduced use of air freight, as well as reduced environmental impact of factories and of worker's accidents.

Despite efforts, the objective to optimize packaging has not been reached (page 43).

For the 2014-2016 period, BIC has set new objectives within a new Barometer. The three main themes remain the same (Products – Industry – Social) but the indicators evolve. Thus, the chosen commitments are those on which the Group intends to focus for the next three years.

How is performance measured by the BIC Sustainable Development Barometer?

- It defines the 10 priority indicators for the Group in terms of sustainable development for the three-year period 2011-2013.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of the BIC Group, unless specified.
- The "Jan. 2011" reference value corresponds to the closing value of the fiscal year ending on December 31, 2010.
- The indicators are graphically represented as follows: the January 2011 reference value is equal to a 0/10 rating – the 2013 objective is equivalent to the rating 10/10. When an indicator includes several objectives, its representation is the average of their progress.
- The Barometer is consolidated at the beginning of each year.

Additional methodological information can be found in section 2.6.3.3. (page 74).

→ PRODUCTS

Environment

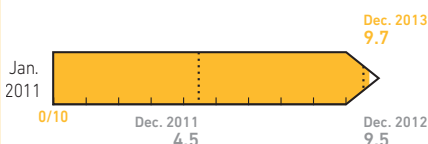
1 Measure the environmental performance of BIC® products*

In 2013, 90% of BIC® products will have been ecomeasured
(Values Jan.2011: 86.5% - Dec.2013: 89.7%)



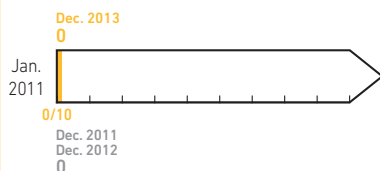
2 Offer BIC® products with environmental benefits*

In 2013, 50% of BIC® products will have at least one environmental benefit
(Values Jan.2011: 47.4% - Dec.2013: 49.9%)



3 Offer eco-optimized packaging*

In 2013, the average weight of the packaging per product unit will be 4.38 g, i.e. a 2% reduction
(Values Jan.2011: 4.47 - Dec.2013: 4.69)



→ INDUSTRY

Management systems

4 Deploy and maintain management systems in BIC factories

In 2013, 100% of BIC factories will have environmental and health & safety management systems
(Values Jan.2011: 92% - Dec.2013: 99.7%)

In 2013, 80% of the BIC employees will work in ISO 14001 certified factories
(Values Jan.2011: 66% - Dec.2013: 81%)



Energy, water, waste

5 Improve the environmental performance of BIC factories

In 2013, energy consumption will be 12.99 GJ per tonne of production, i.e. a 3% reduction
(Values Jan.2011: 13.39 - Dec.2013: 12.52)

In 2013, water consumption will be 7.96 m³ per tonne of production, i.e. a 3% reduction
(Values Jan.2011: 8.21 - Dec.2013: 6.76)

In 2013, non recycled waste production will be 0.0903 tonne per tonne of production, i.e. a 1% reduction
(Values Jan.2011: 0.0913 - Dec.2013: 0.0748)

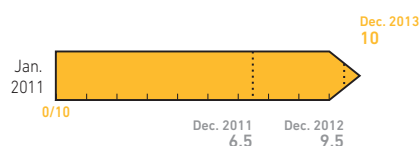


Transportation

6 Reduce GreenHouse Gas emissions (GHG) from our transport operations

In 2013, GHG emissions will be 1.135 tonnes CO2-e per tonne of products for intracompany transport, i.e. a 4% reduction*
(Values Jan.2011: 1.182 - Dec.2013: 0.592)

In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group's call for tender for transportation operations
(Values Jan.2011: 10% - Dec.2013: 95%)



→ SOCIAL

Working conditions

7 Reduce workers' accidents

In 2013, the Group accident incidence rate will be 8.65, i.e. a 5% reduction
(Values Jan.2011: 9.11 - Dec.2013: 8.32)

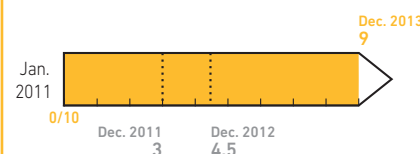
In 2013, the Group accident severity rate will be 0.37, i.e. a 5% reduction
(Values Jan.2011: 0.39 - Dec.2013: 0.27)



8 Deploy and maintain the BIC Group Code of Conduct

In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited and monitored on a regular schedule
(Values Jan.2011: 75% - Dec.2013: 96%)

In 2013, 100% of BIC Graphic factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited (if located in a high risk country) and monitored on a regular schedule
(Values Jan.2011: 32% - Dec.2013: 98%)



Employability

9 Develop employees' training

In 2013, 80% of employees will have received one training
(Values Jan.2011: 70% - Dec.2013: 85.6%)



Donation

10 Maintain our commitment toward our communities

In 2013, contribution toward our communities will be more than 0.5 % of pretax profit
(Values Jan.2011: 0.5% - Dec.2013: 0.5%)



* BIC Graphic (Advertising and Promotional Products).

2.1.3.4. Our policies

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

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

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

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

The Code of Ethics is available in 14 languages and the Guide in two languages.

Every year, BIC awards a prize for exemplary ethical behavior of its employees through its "BIC Values in Action" program (page 56).

The BIC Group Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The Group is committed to upholding socially responsible behavior in all of its operations. The principles in this document are applied at all production facilities, whether owned by the Group or operated by contract manufacturers, and BIC conducts regular checks to ensure its implementation (page 67).

Since 2012, the application of the Code of Conduct has been extended to all of BIC's partners, including suppliers, subcontractors and service providers, and specifies commitments concerning forced labor and human trafficking.

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

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

The Product Safety Policy, introduced in 2001, specifies the ten commitments adopted to ensure that the products developed and manufactured by BIC are safe for human health and the environment. They include: a systematic program of pre-market product testing, a commitment by both BIC and its suppliers to comply with international safety standards, incorporating safety considerations from the earliest stages of product design, active technical and regulatory monitoring on these topics, innovation to improve safety, consumer awareness, conducting in-depth studies, and implementing appropriate measures in the case of accident or failure.

BIC has adopted seven specific commitments to ensure the quality and safety of its lighters (page 41).

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. BIC Group is committed to:

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

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

The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action for the promotion of diversity. It is shared by all of our entities worldwide. Through this Charter of Diversity, BIC Group aims to meet the following commitments:

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

BIC's commitment to Responsible Purchasing was redefined in 2013 for all purchasing categories throughout the Group. This commitment is based on the **Responsible Purchasing Charter**, which codifies the Group's intention to develop relations with its suppliers that uphold its five Values (page 34).

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

Other documents cover additional aspects of the Group's policy:

- a follow-up Procedure for consumer inquiries and complaints ensures in particular that all complaints are recorded in the dedicated database, that the technical teams are informed of the nature of the problem, and that an appropriate response is provided;
- a worldwide Moratorium on all animal testing was declared by BIC in 1997. The company is committed to using reliable alternatives to animal testing made possible by the latest technological breakthroughs.

2.1.3.5. BIC's employees: stakeholders in the approach

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

- since April 2012, a monthly newsletter keeps all employees worldwide up to date on the latest in sustainable development;
- the Group's sites organize activities in connection with local and national events. Examples include Sustainable Development Week in France, participation in the WWF's "Earth Hour" operation in Canada, and "Environment, Health and Safety Week" in Brazil;
- in the past several years, proactive "Green Teams" have been formed in certain countries (Canada, the United States...) to promote sustainable development among BIC employees. They raise awareness of "green habits," encourage their co-workers to set goals for improvement, help them monitor their progress, encourage participation in environmental and social outreach programs, organize conferences with presentations by associations and experts in the field, etc.

BIC's employees are also involved as active stakeholders in various programs. One example is the "BIC Ideas Challenge", a participatory innovation program that was carried out Group-wide in 2012, allowing employees to contribute in various ways to the future of BIC writing instruments. A total of 170 participants submitted 670 ideas, some of which are now in development (page 40). In 2013, BIC hosted a decoration design competition for the Group's employees, in which 1,000 employees participated by proposing more than 900 decorations. Also in 2013, for the first time, all BIC employees were

invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 56). The members of the Executive Committee then selected the winners from the list of nominees. Lastly, employee involvement in the promotion of sustainable development is encouraged and evaluated through a biannual survey on the BIC Sustainable Development Program (page 56).

→ BIC CELEBRATES THE 10TH ANNIVERSARY OF ITS SUSTAINABLE DEVELOPMENT PROGRAM

To mark the 10th anniversary of the BIC Sustainable Development Program, all business units of the Group were encouraged to organize awareness-raising events for their employees. A great many operations were carried out, like the "10 days of SD" program in the United States and Canada, with a focus on a different topic every day.

In France, the Group's Chairman and CEO both spoke at the event held in Clichy, underlining the importance of sustainable development for the Group and the key role of its employees for putting the approach into action day to day.

The anniversary also provided an occasion to announce the winner of the Group-wide photography competition. From September 26 to October 22, 2013, employees at all BIC subsidiaries were invited to post photos on the theme "Every Action Helps" and to vote on their favorite entries. Twenty-four local winners were selected on the basis of their co-workers' votes, and the judges' panel then chose the overall winner. That person will become a "BIC Ambassador" on a one-week trip to Haiti with the NGO *Planète Urgence*, and will then be able to report first-hand on the progress of the NGO's project in that country, which was funded by donations from BIC and its employees in 2010 and 2012.

→ 2.1.4. INTERACTION WITH OUR STAKEHOLDERS

2.1.4.1. Sharing value with our stakeholders

Challenges

The BIC Group's economic and financial performances have an impact on its stakeholders worldwide, including employees, suppliers, public authorities and communities. The Group makes strategic choices for sharing the value it creates — choices that enable it to cultivate the company's goals and responsibly pave the way for the future.

Performances

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2013. It gives an overview of how the turnover generated by the Group, through sales to its customers and consumers, is used and redistributed.

DISTRIBUTION TO STAKEHOLDERS IN 2013 ⁽¹⁾

→ CUSTOMERS TURNOVER: 1,887.8 MILLION EUROS						
Employees 511.1 million euros. Corresponding to payroll, bonuses and other payments to employees.	Suppliers 969 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	Shareholders 120.8 million euros, as ordinary dividends and 80.2 million euros of repurchase of shares.	Banks 6.1 million euros of net interests received.	Governments 106.6 million euros, including 94.9 million euros paid around the world as corporate income tax and 11.7 million euros in other taxes.	Net investments 102.8 million euros. Including 106.9 million euros for the acquisition of tangible and intangible fixed assets and 4.1 million euros received from the disposal of assets.	Communities 1.9 million euros in donations of funds and products to local communities (internal valuation).

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

2.1.4.2. 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 and progress made in 2013

In 2013, the Group adopted a Responsible Communication Charter for all stakeholders (page 30). Special representatives were designated to facilitate the deployment of the charter and gather best practices. See page 33 for examples of responsible product communication.

2.1.4.3. Our customers and consumers

Challenges

Since its founding, BIC Group has strived 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.

- In the past few years, the demand for "responsible" products has been steadily growing in **developed countries**. Companies, government administrations and distributors of office supplies, as well as the key players in mass retail, are becoming increasingly demanding in terms of products' social and environmental performances and the evaluation of their suppliers' sustainable development policies. More and more supplier questionnaires cover an ever-wider range of specific topics: health risks, of course, but also environmental risks, locally sourced products, human rights... In particular, retailers want the companies in their supply chain to show what they are doing to reduce the products' overall environmental and social impact.

BIC's core products comply as much as possible with the principles of minimum environmental impact and best social practices. BIC is also constantly updating its range through, for example, ecolabel certification and the development of products based on alternative or recycled materials.

- BIC is also attentive to the needs of its customers in developing countries, offering innovative solutions to adapt its products to keep their prices down and make them more accessible through local distribution systems. BIC generates 31% of its sales in on these developing markets.

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

BIC's organization makes it possible to collect consumer feedback on its products throughout the Group. All complaints are subject to an in-depth analysis, after which the products in question are sent to the quality team at their factory of origin. The resulting analysis reports, called the "Voice of Consumer", provide a key performance indicator: the number of complaints per million products sold, which currently stands at, for example, 2.1 for writing products. The goal for 2017 is to reduce this figure to only one complaint per million products sold.

Approach to developed countries

Sustainable development, an integral part of our customer relations

BIC maintains a dialogue with its customers around the world on all topics pertaining to their commercial relations. As a result, sustainable development has become an integral part of the Group's customer relations. In some cases, these relations can lead to the forging of partnerships, for example to optimize shipping. All of the functions concerned (marketing, communication, sales) have followed this evolution in order to integrate an understanding of the challenges involved in sustainable development. They also have a thorough knowledge of BIC's Sustainable Development Program, which they are able to transmit to the customers in a responsible way no matter what communication method is used: meetings with customers, notices on the packaging, advertising, etc.

Promoting responsible consumption at the consumer level

BIC offers a range of responsible products that everyone can afford (see below) and supplies information on their environmental and social

qualities (eco-values) in order to help consumers choose products that meet their expectations. 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. The most appropriate approach is chosen for each continent. For example, the communication in Europe emphasizes the amount of recycled materials in a given product, its writing length, its *NF Environnement* ecolabel certification or where it was manufactured. In France, the "Made in France" campaign, launched in 2012, was executed in sales outlets in 2013, using a variety of communication mediums.



Progress made in 2013 and perspectives in developed countries

BIC continues to build up exchanges and partnerships with numerous customers in Europe, the U.S. and Brazil, in particular concerning packaging, shipping and the environmental performance of the products.

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

Responsible products are a permanent and ever-growing feature of BIC's product range. In the years to come 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 and codification of its range of responsible products.

Approach in emerging countries

Affordable and adapted products

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

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

- the launch in 2011 of a BIC® 1 Lady women's shaver in two-unit pouches in Nigeria and single-unit pouches in Kenya and Madagascar has expanded the BIC® 1 range of single-unit shavers on the African market; this single-unit range is also offered in Asia, primarily in Pakistan and Bangladesh.

- in South America, the BIC® Comfort 3 shaver was redesigned in 2011 to suit the buying power of developing countries while meeting the basic need for high-quality shaving.
- the 2013 launch of the BIC® Flex 4 System refillable shaver in Asia and Latin America offers consumers in those zones a product that combines high-quality shaving with improved environmental performance.

Offer the best functionality at the best price

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

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

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

Innovative distribution models

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

To get even closer to isolated consumers, the Group and its retailer in Nigeria have set up a network of kiosks located within the local communities. Each kiosk is managed by a local entrepreneur from the community and sells BIC® products exclusively. Launched in 2006, these micro-shops today offer consumers who are far remote from the conventional distribution outlets a permanent access to the Group products while contributing to the development of the local economy.

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

Progress made in 2013 and perspectives in emerging countries

The Social Business initiative in Bangladesh was continued in 2013 (page 69). In Ghana, BIC, its partner CARE and its local distributor conducted a feasibility study of a similar distribution model (page 70).

The Group is also considering plans to extend the single-unit shaver range to other countries.

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

Performances

- **170 writing items meet BIC's criteria for ecovalues.**
- **Of the 23 NF Environnement (NF400) writing items on the market, 22 are products of the BIC Group.**

2.1.4.4. Purchasing and sustainable relations with suppliers

Challenges

The BIC Group maintains high standards in purchasing and outsourcing in order to guarantee the quality and performance 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 Group seeks to cultivate long-term commercial relationships with its suppliers founded on responsible behavior in keeping with its commitment to Responsible Purchasing. BIC's corporate organization prevents it from diluting this responsibility when it calls upon subcontractors: 85% of the Group's turnover is generated from products produced in its own factories, and all purchased or subcontracted products and their suppliers are subject to stringent prior qualification processes in terms of quality, safety and social criteria.

The issues and challenges concerning Human Rights are discussed in section 2.5.2 "Ensuring respect for Human Rights in the workplace" page 67.

Approach

Our Commitment to Responsible Purchasing

BIC's Responsible Purchasing Charter, which is now being finalized, 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 involved in the production or shipping of BIC® products.

For each purchasing category, the risk control process is analyzed to ensure that it is both pertinent and comprehensive, and any necessary additional tools are implemented, such as an audit program or application of the Code of Conduct.

Since 2011, BIC has evaluated its raw materials and packaging suppliers according to Environmental, Social and Governance (ESG) criteria with the help of the Ecovadis firm, assessing their policies, actions undertaken and results achieved in sustainable development. This initiative enables BIC not only to identify suppliers that pose a risk but also to work with them in a process of continuous improvement and to develop good practices that can then be shared.

In addition, a supply risk management approach is implemented for each purchasing category, along with the resulting action plans. The buyers and suppliers ensure the steady supply of raw materials for their factories (reliable sourcing, availability, price stability). The Purchasing Department closely monitors the supply of recycled materials, for which stock reserves are low, to ensure their availability

in the factories. The people involved in supplier relations work closely with their contacts in order to keep the system running smoothly and share good practices.

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

The representatives of the Purchasing Department work in close cooperation with the different product Categories in order to locate and supply innovative, high-performance materials and offer operational solutions for all R&D needs. Their role is also to centralize and share good practices throughout the Group, especially concerning strategic materials like plastics.

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

Progress made in 2013 and performances

After the Ecovadis pilot operation launched in 2011, involving 81 plastics suppliers, the ESG evaluation approach was extended to include other types of suppliers in 2012 and continued in 2013. As a result:

- 72% of the plastics suppliers had participated by the end of 2013;
- 44 metal suppliers have been included in the evaluation approach, for a response rate that currently stands at 55%;
- 36 packaging suppliers for the French market were included in the evaluation approach, for a response rate that currently stands at 33%.

- **Since 2011, 158 suppliers were evaluated by Ecovadis according to sustainable development criteria.**

- **50% of BIC's plastics suppliers have been working with the Group for more than ten years.**

Perspectives

2014 will be the first year of application of the BIC Group's Responsible Purchasing Charter. The first phase will be to ask all of the Group's suppliers to sign the charter.

In the years to come, the Group hopes to extend the ESG evaluation approach to the suppliers of certain inks.

2.1.4.5. The BIC panel

Challenges and approach

In order to have an outside point of view on its entire sustainable development approach, BIC organized a panel of four stakeholders in 2005, including two customers, one investor analyst and one supplier. The make-up of this stakeholders' panel has remained stable from the beginning, allowing its members to analyze the program's progress in detail.

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

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

Three members of the panel offer their point of view on BIC's Sustainable Development Program and the progress made in 2013:

→ BIC'S COMMITMENT AS SEEN BY LYRECO

We appreciate the fact that BIC continues to implement measurable sustainable development actions based on its Barometer, which comprises a good number of relevant indicators, and we are looking forward to the third Barometer. After 10 years of sustainable development at BIC the results are positive, with especially impressive reductions in energy use, water use and wastes.

This approach obviously reflects the desire of a highly committed Leadership Team.

2013 also saw the first product, a garden bench, created by the pen recycling system set up by BIC and TerraCycle.

Lastly, the figures revealed by the Sustainable Development survey confirm the importance of BIC's commitment in the eyes of its employees.

Now the Group will need to address another problem: to avoid spreading itself too thin, maintaining good control over its entire supply chain while remaining focused on its real challenges.

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

→ BIC'S COMMITMENT AS SEEN BY MAROC STYLO

BIC has announced its desire to integrate sustainable development into its decision-making system and to involve its employees in the dynamic, which we feel is essential.

The Group is also striving to formalize its responsible communication practices, presenting its products as affordable and functional, and is making a tremendous effort to source well-adapted recycled materials.

With the LEED certification of its factory in Tunisia, in a low-income geographic zone, BIC is exceeding the standards, investing in the long-term future and in its employees' well-being.

Lastly, among the Group's many commendable operations, we especially encourage the initiatives and partnerships involving children, like the operation in South Africa that enabled the distribution of one million pens.

One direction that BIC should develop is extending its participative programs to stakeholders other than its employees: for example, the photo competition to celebrate 10 years of sustainable development could interest and involve consumers as well.

In closing, although a great deal of progress has been made, we must mention this year that BIC's communication on its Sustainable Development Program is still too low-key.

Salwa Ghallab, Maroc Stylo, a licensed BIC manufacturer

→ BIC'S COMMITMENT AS SEEN BY ODDO

In 2013 BIC celebrated the 10th anniversary of its Sustainable Development Program, providing an occasion to recognize the Group's genuine, ongoing commitment at the highest level of its organization, starting with the Leadership Team and Board of Directors.

A look at the Group's long-term projects shows what kind of results have been achieved: considerable reductions in the consumption of energy and water, an impressive drop in the workers' accident rate, valuable experience gained in Social Business in Bangladesh, and the Group's inclusion in the two CDP indexes.

In parallel, I congratulate BIC for adopting a proactive, progressive integrated reporting approach for the consistent presentation of its sustainable development strategy and financial information in its publications. This dynamic has not come to the detriment of the information itself, which remains concise. In addition to its investors, BIC makes an effort to satisfy its other stakeholders as well.

I also note with interest the employees' awareness and backing of the Group's sustainable development projects. The year 2013 was marked by the celebration within the Group of ten years of sustainable development, and the sustainable development survey of employees around the world yielded highly satisfactory results. Their commitment is also reflected in the consistently very high participation rates in the HR employee surveys: more than 80%. This is a sign of strong involvement. The Group will be doing very well if it can maintain this participation level.

Once again, I would like to praise the way BIC manages its sustainable development approach, in particular with the Sustainable Development Barometer. In the future it could be aligned with the company's strategic plan, an evolution that would facilitate the association of part of the variable portion of the managers and Directors' remuneration with the achievement of sustainable development goals.

Lastly, once again this year, we encourage BIC to make every effort possible to find sustainable alternatives (green chemistry) to its current fossil-based sourcing.

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

2.1.4.6. Responsible lobbying and participation in sector working groups and dialogs

Challenges

The BIC Group considers lobbying to be a positive action, making good use of its industrial expertise and knowledge of the market in its relationships with the public authorities. For the Group, lobbying is quite simply the communication, targeting decision-makers and important players in key issues, of the lessons learned from its experience in order to help establish the necessary balances. In this way, BIC seeks to be recognized and consulted as a stakeholder in all decisions and actions that affect its operations.

Approach

Participation in sector dialogs

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

2 - Our environmental, social, and societal responsibility

The BIC Sustainable Development Program

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

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

- European professional federations: EWIMA ⁽¹⁾, EPMA ⁽²⁾, EFLM ⁽³⁾;
- one American federation: WIMA ⁽⁴⁾;
- standardization committees for toys, lighters and writing instruments;
- French Watchdog groups, intra-sector associations and professional federations, such as ORSE ⁽⁵⁾, AGRION, the *Association des Industries de la Papeterie de Bureau* (Office Stationery Industries Association), the *Association des Acteurs de la Filière Papeterie* (Stationery Industry Association), the *Institut de Liaison et d'Études des Industries de Consommation* (Consumer Industries Liaison and Research Institute), the *Union des Industries Chimiques* (Chemical Industries Union), etc.

The Group also engages in lobbying through direct contact with the authorities concerned.

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

Clearly identified lobbying responsibilities

At the highest level of the Group, Chairman of the Board Bruno Bich, Executive Vice-President and General Manager Lighters François Bich, Executive Vice-President and General Counsel Marie-Aimée Bich-Dufour and SOCIÉTÉ BIC CEO Mario Guevara are in charge of supervising and monitoring all lobbying actions.

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

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

Progress made in 2013

In 2013, the BIC Group actively supported the EFLM's efforts to present its position on the single-package "product safety and market monitoring" bill ⁽⁶⁾. Meetings were held with more than 100 members of the European Parliament, European Commission and European Council, as well as the administrations of certain member states. In these discussions, the EFLM made its viewpoint known on the content of the two regulations slated to replace the "Product Safety" directive. The goal is to ensure that the decisions will be technically enforceable, have realistic economic consequences and guarantee a fair market.

The Code of Ethics has been revised, in particular to specify that only a limited number of people are authorized by the Group to carry out lobbying activities. In the course of the year, the few BIC managers concerned, in Europe, participated in awareness training on responsible lobbying practices in the form of conferences and seminars conducted by an independent firm.

2.1.4.7. Dialoging with the financial community

Challenges

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

Progress made in 2013

Shareholders and the financial community are updated on BIC's progress in sustainable development at various events throughout the year. In 2013 these included:

- the Annual Shareholders' Meeting on May 15, 2013, at which the topic was presented to the Shareholders;
- the Oddo Mid-Cap Forum in January 2013 in Lyon, France, where BIC met, upon their request, with fund managers and financial and extra-financial analysts in individual or group meetings;
- meetings organized with various socially responsible investment actors.



10 discussions with investors and investment funds on sustainable development in 2013.

(1) EWIMA – European Writing Instrument Manufacturer's Association.

(2) EPMA – European Pencil Manufacturers Association.

(3) EFLM – European Federation of Lighters Manufacturers.

(4) WIMA – Writing Instrument Manufacturers Association.

(5) ORSE – Observatoire de la Responsabilité Sociétale des Entreprises (the French advisory group on Corporate Social Responsibility).

(6) Proposal for a European Parliament and Council regulation on market surveillance of products, amending Council directives 89/686/EEC and 93/15/EEC, European Parliament and Council directives 94/9/EC, 94/25/EC, 95/16/EC, 97/23/EC, 1999/5/EC, 2000/9/EC, 2000/14/EC, 2001/95/EC, 2004/108/EC, 2006/42/EC, 2006/95/EC, 2007/23/EC, 2008/57/EC, 2009/48/EC, 2009/105/EC, 2009/142/EC and 2011/65/EU, and European Parliament and Council regulations (EU) N° 305/2011, (EC) N° 764/2008 and (EC) N° 765/2008.

2.2. Environmental responsibility concerning our products

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

→ 2.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

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

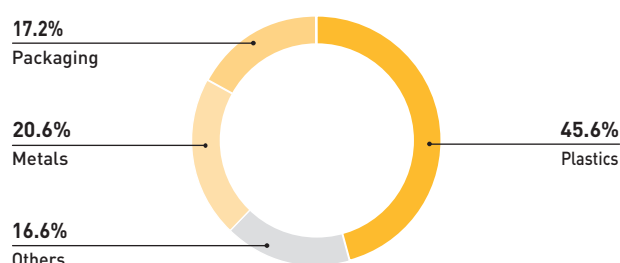
"Sustainability calls for smart, simple products that everyone can use. Companies need to see that environmentally sound products are the future. They also need to see the importance of simple, inexpensive products that meet the needs of poor and unprivileged groups."

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

Challenges

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

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2013



Approach

Economy of materials

BIC has always strived to optimize its use of raw materials as much as possible. With its expertise in the processing of plastics, BIC exercises its responsibility first of all by using these materials sparingly, but also by developing well-adapted ecodesign solutions using alternative — especially recycled — materials.

→ BIC'S THREE ECODESIGN SOLUTIONS

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

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

Measuring the products' environmental performance

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

In order to deploy an effective policy for limiting the environmental impact of BIC® products, the first step is to measure these impacts across entire life cycles. As early as 1994, BIC was a pioneer in this field, commissioning life cycle studies of its products from outside consulting experts, who confirm that the environmental impact of a product is mainly due to raw material usage in its manufacturing. BIC was moving toward an approach for environmental responsibility, and demonstrated that its founding principle of just what's necessary ⁽¹⁾ enabled the Company not only to offer more affordable products, but also products that have less impact on the environment.

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

2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our products

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS

LIFE CYCLE ASSESSMENT APPROACH – METHOD RECIPE END POINT (H/H) EUROPE	RAW MATERIALS	PRODUCTION	DISTRIBUTION	USAGE	END OF LIFE CYCLE
BIC® Cristal® ballpoint pen	88%	7%	4%	-	1%
BIC® Maxi flint lighter	87%	6%	5%	-	2%
BIC® Classic Single-blade shaver	83%	11%	4%	-	2%
Shaver including usage	-	-	-	78%	-

BIC focuses on life cycle phases where it can take action. However, the approach incorporating the usage phase shows, for shavers, that this step, involving water, water heating and the disposal of the shaving cream packaging, plays a key role, underlining the importance of consumer awareness.

→ 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 ballpoint pen, 3,000 flames produced for a lighter and 17 shaves for a shaver. In addition, most of them are designed with no superfluous parts or features, using a minimum of raw materials, and BIC makes an ongoing effort to reduce their environmental impact in daily use. Each of the various products on the market, whether refillable or not, meets a specific consumer need.

- product managers and Corporate Communications can use the results of the studies in communication targeting customers and consumers.

→ LCA AT BIC

A Life Cycle Analysis (LCA) is a method for evaluating 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 in order to verify that it is making steady progress in all the pertinent areas.

Our LCA and ecodesign tools

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

In 2009, continuing its approach, BIC replaced its first tool with SimaPro, a professional LCA software package that is equipped with the e-DEA ⁽¹⁾ interface to enable Research and Development (R&D) designers to carry out complete and detailed environmental evaluations, as well as create quick decision-making studies during the design process.

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

At BIC, the users of SimaPro in combination with the e-DEA ⁽¹⁾ interface are:

- R&D design teams in conjunction with Manufacturing Departments;
- the Sustainable Development Department, for building its internal, scientific expertise, needed for the realization of normalized LCAs (ISO 14040);

Ecodesign solutions applied to product ranges

The following are a few examples of eco-design solutions applied to stationery products and shavers:

In stationery, even though its design already optimized the use of material in 1950, the BIC® Cristal® ballpoint pen has continued to benefit from ongoing research in order to minimize the quantity of material used:

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

The BIC® Ecolutions® stationery products are manufactured using recycled materials in compliance with the standard ISO 14021. Examples include the BIC® Matic Ecolutions® automatic pencil, with 65% recycled materials, and the BIC® Ecolutions® Evolution™ graphite

(1) Everybody can Design with Environmental Awareness.

pencil with 57% recycled materials, mostly from the recycling of yogurt jars (pre-consumer) and refrigerator interiors (post-consumer).

More and more of BIC's writing products are refillable. On the U.S. market, refills are available on the dedicated website www.wheresmybic.us. In addition, they are available on the website www.bicworld.com, which links to an e-tail site offering the BIC® refill range.

→ BIC® WRITING PRODUCTS EARN THE NF ENVIRONNEMENT ECOLABEL

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

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

In the shavers category, the BIC® Easy/BIC® Hybrid shaver is sold as a handle with four to six refills (not sold separately). The underside of the handle is ribbed in order to reduce the use of plastic by 20% without altering the shaver's ergonomic characteristics. Because it comes with four to six blades, the product's performance life is at least four times that of a standard non-refillable shaver. Over its entire life cycle and for one year of shaving, the environmental impact of the BIC® Easy/BIC® Hybrid shaver is 59% less than that of a similar non-refillable BIC® model, like the BIC® Comfort 3® Advance®.

This product range has enjoyed great commercial success and is constantly being expanded, offering consumers a combination of high-quality shaving and environmental performance.

Consumer information and awareness

See section 2.1.4.3 Our customers and consumers (page 32).

Research & Development

Regarding new materials, the BIC Research and Development teams focus on two approaches:

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

meets industrial specifications for quality and safety, sometimes going all the way to the final qualification stage.

The BIC® Ecolutions® shaver, sold between 2009 and 2011, was an ecodesigned product made from bioplastics, with minimal packaging and sold at an affordable price. Even though it was not a huge success with consumers, the project proved very informative for the BIC Group in several areas, such as raw materials research, the industrial processing of plant-derived materials, and building the sales teams' awareness of sustainable development.

→ 30 alternative materials have been tested since 2010.

→ BIC JOINS THE MAUD COMPETITIVENESS CLUSTER

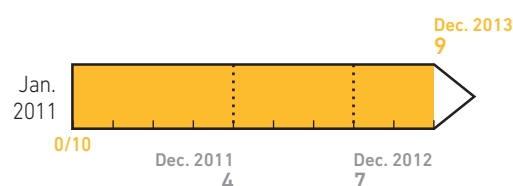
Based near Lille in Villeneuve d'Ascq, the MAUD (*Matériaux et Applications pour une Utilisation Durable* – Materials and Applications for Sustainable Use) competitiveness cluster backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by MAUD concern multifunctional, ecodesigned and biosourced materials, high efficiency processes and clean technologies. In April 2012, the BIC subsidiary Conté® joined the cluster, leading to the establishment of a technological intelligence platform.

Performances

In 2011, BIC Group set a goal for the completion of environmental evaluations of its products by the end of 2013.

1 Measure the environmental performance of BIC® products*

In 2013, 90% of BIC® products will have been eco-measured
(Values: Jan. 2011: 86.5% - Dec. 2013: 89.7%)



The environmental measurement of BIC® products was conducted, thanks to internal assessments and occasionally by outside consultants.

2011-2013 results: The objective has been reached for lighters and shavers, and nearly reached for stationery products. Eco-measures will continue for products that were not-evaluated yet and for each new product.

* Except BIC Graphic (Advertising and Promotional Products).

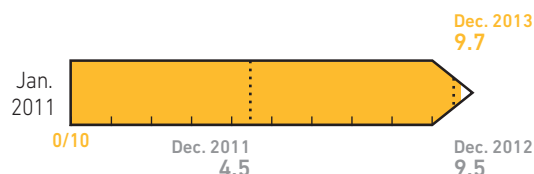
2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our products

2 Offer BIC® products with environmental benefits*

In 2013, 50% of BIC® products will have at least one environmental benefit

(Values: Jan. 2011: 47.4% - Dec. 2013: 49.9%)



The Group's action is based on four criteria:

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

2011-2013 results: Lighters and shavers have managed to maintain a range of products with good environmental performance in a context where consumers do not always choose products having the most flames (lighters) or being the lightest (shavers). The objective was closely reached for stationery products through a continuous launch of responsible products.

* Except BIC Graphic (Advertising and Promotional Products).

Progress made in 2013

Expansion of the range of responsible products

In stationery, the BIC® Ecolutions® line, which is made of recycled materials, was further expanded in 2013 with the launch in France of the BIC® Ecolutions® glue stick, whose tube is made of recycled plastic. 2013 also saw the launch of the Velleda® 1701 and Velleda® 1751 dry erase markers, which use 51% recycled plastic.

In Brazil, the BIC® Marking™ refillable markers were launched in 2013. This product range combines a number of advantages: the markers are refillable for a longer performance life, made in Brazil, marketed and consumed locally, and offered at an affordable price adapted to local spending power.

Among the 670 ideas submitted by 170 participants in the Group-wide "BIC Ideas Challenge" held in 2012, six were selected, three of which are associated with sustainable development. In 2013 the program continued with the validation of these proposals in consumer tests, and by the end of the year they had entered the research and development phase.

The Group's entry into the circular economy

➔ BIC – TERRACYCLE PARTNERSHIP FOR THE RECYCLING OF USED WRITING INSTRUMENTS

In 2013, BIC continued its partnership with TerraCycle, a pioneer in the collection and reuse of non-recyclable wastes. Launched in 2011, first in France and then in other European countries, this was the first program for the collection and recycling of used writing instruments in Europe. The program allows users of the products to organize at their consumption sites the voluntary collection of all types of writing instruments, whether BIC® branded or not, to be recycled into benches and pencil holders. In return for this civic gesture, two euro cents per writing instrument collected is donated to a charity or not-for-profit association chosen by the organization responsible for the collection. In the case of schools, the money is donated directly to the school to finance a future educational project. This program enables BIC Group to participate in the end-of-life management of its products, and in educational terms to promote the habit of sorting. Previously, used writing instruments were not collected by any dedicated recycling waste stream. BIC is now in the phase of processing the 5 million writing instruments that have already been collected.



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

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

As part of the continuation of this partnership, BIC has developed a teaching module on recycling for primary school teachers, combining all of the necessary pedagogical equipment. The pupils are encouraged to learn about wastes and recycling through fun, engaging lessons and exercises, and to recycle the pens they use in school through the BIC-TerraCycle program. The module is distributed through the website EDD-Primaire.fr and a demonstration is available at www.bicworld.com.

The BIC Group has identified the challenges involved and is committed to promoting the circular economy. Pilot projects are underway or soon to be launched that will enable BIC over the next few years to acquire the knowledge it needs to fine-tune its goals and means of action. To name one example, in 2013 BIC and VITTEL formalized a partnership for the recycling of plastic water bottles. Some 47,000 "styl'eaux" (a pun on the French words for "pen" and "water") were produced using 80% recycled materials and were distributed to consumers, for example at the Tour de France, to raise awareness of the importance of waste sorting.

Perspectives

In Stationery products, the BIC Ecolutions® range will be further expanded in Europe in 2014 with the launch of a BIC® Wite-Out® Ecolutions® correction tape whose shell will incorporate 56% recycled plastic and 18% biomass plastic.

The Writing Instruments category will continue to develop projects resulting from the "BIC Ideas Challenge" participatory innovation program.

The Shaver category will continue to expand its triple-blade refillable shaver range in Europe and the United States, in particular with the launch of a pack containing a handle and 12 blades, further improving its response to consumer demand and lengthening the performance life of each shaver pack.

→ 2.2.2. SAFE PRODUCTS

Challenges

Guaranteeing the quality and safety of its products is a crucial priority for the Group. Every day, BIC supplies 46 million products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements. In keeping with our corporate policy, our Advertising and Promotional Products business (BIC Graphic) has developed a dedicated structure and processes to meet its own specific safety challenges. BIC Graphic must ensure the safety of a wide variety of product ranges whose production involves numerous contract manufacturers.

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

Approach

A team in charge of compliance

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

Safety starting at the product design stage

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

Systematic tests

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

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

1. All BIC® lighter plants are ISO 9001 certified production plants. BIC® lighter products meet or exceed the ISO 9994 international safety standard requirements;
2. BIC is an active member of various organizations (such as the European Federation of Lighter Manufacturers, ISO, CEN, AFNOR, etc.) in order to provide the latest and most reliable quality and safety information to its customers;
3. Each BIC® lighter undergoes more than 50 separate automatic quality checks. Additionally, BIC conducts regular post-market product tests of its lighters;
4. BIC continuously develops exclusive technology to ensure the quality and safety of all BIC® lighters, including factors like flame height and stability, extinction time, and a reservoir that can resist extreme drop tests and exposure to elevated temperatures;
5. BIC has an integrated production process, designs and develops much of its own machinery and masters all the latest manufacturing technologies, from basic materials right down to the packaged product;
6. The BIC professionals 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.

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

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

→ COMPLIANCE WITH THE REACH REGULATION

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

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

Progress made in 2013

In addition to completing the REACH registration of the three substances, BIC's safety teams took action in 2013 in response to newly effective EU measures, including the regulation on cosmetics products and requirements specific to chemical substances in the directive on toy safety.

In 2013, more than 390 items were tested for their heavy metal concentrations.

Perspectives

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

→ 2.2.3. ECO-OPTIMIZED PACKAGING

Challenges

Packaging is needed at several stages in the life cycle of BIC® products: for their protection, shipping, storage and sale, and for promotional supports. 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

Historically, BIC promotes selling products without consumer packaging or in value packs. Thus in Europe 72% of writing products are packaged in boxes, trays or pouches of at least ten products (74% in North America), 79% of its lighters are sold in trays of at least 50 (70% in North America) and 77% of the shavers are marketed in pouches of five, ten and more (50% in North America).

The BIC Group Packaging Community

The "Packaging Community" unites correspondents around the world in a network for sharing tools and best practices in responsible packaging, duplicating them as needed. It also oversees the indicators for monitoring commitment number three of the BIC Sustainable Development Barometer: "Offer eco-optimized packaging."

Three priorities for reducing the impact of our packaging

REDUCE PACKAGING TO A MINIMUM

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

The program's objective is a 5% reduction in packaging by 2013 in comparison with 2007.

REACHING THE GOAL OF "ZERO PVC" AND INCREASING THE PROPORTION OF RECYCLED MATERIALS

Following up on the elimination of PVC packaging in Europe, BIC decided to extend this good practice throughout the Group. Today, Mexico has totally eliminated the use of PVC in its packaging, and the United States and Brazil are actively making progress toward that same goal.

In addition, some of the Group's packaging contain recycled materials, and BIC is assessing the amount of recycled material.

REDUCE PACKAGING WASTES

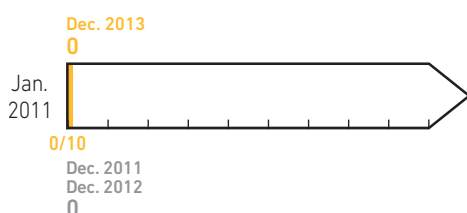
The Group is taking action to increase the recycling rate of packaging production wastes in the packaging center facilities. The Charlotte site in the USA has already reached the program's goal of 100% recycling. This objective is backed by an effort to reduce waste production upstream.

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

Performances

3 Offer eco-optimized packaging*

In 2013, the average weight of the packaging per product unit will be 4.38 g, i.e. a 2% reduction
(Values: Jan. 2011: 4.47 – Dec. 2013: 4.69)



This indicator concerns all "packaging accompanying" BIC® products in the world: distribution and consumer packaging (except pallets). The product unit means each unit of BIC® product.

2011-2013 results: Despite efforts, the objective has not been reached, due to an increase of the sales of products with heavy packaging and to additional demands of display from our customers, particularly in the USA.

* Except BIC Graphic (Advertising and Promotional Products).

Progress made in 2013

While keeping track of the trends in 2013, the "Packaging Community" also redefined the priority indicators for performance monitoring, some of which will be included in the 2014-2016 Barometer. A special effort was made concerning the perimeters and methodologies.

A number of initiatives undertaken in 2013 illustrate the BIC Group's drive for progress in this area:

Reducing the quantity of packaging per product sold

In the United States, the team continued its packaging reduction programs in 2013 by reducing the amount of paper by 74 tonnes. However, recycled PET plastic went up by 12 tonnes due to increase distribution of clamshells at wholesale clubs.

Progress toward the goal of zero PVC

In 2012, **the United States** started their transition from PVC to 100% PET. Installing two form fill blister machines enabled production to already achieve 40% PVC Free by the end of 2013.

In Brazil, BIC Amazonia has reduced the use of PVC in its packaging by an average of 10% compared with 2010. The PVC free project is ongoing and the site expects to have good improvements in 2014/2015 and to reach 50% of PVC free on their packaging.

Actions to reduce packaging waste

In the United States, the Charlotte, NC site has sustained its performance of zero landfilled packaging waste (compared with 26% in 2006). This result has been achieved through a combination of several actions: encouraging suppliers to limit the amount of packaging entering the site; recycling used lighter trays; sending mixed plastic wastes to be recycled; and lastly using non-recyclable wastes for energy recuperation (3.8%).

In Brazil, BIC Amazonia has continued its efforts to reduce wastes by setting up a return circuit to encourage suppliers to reuse their packaging and by making use of more recycling services. The site has now achieved a packaging recycling rate of above 90% (vs 85% in 2012).

Perspectives

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

The goal of zero PVC has been set for 2016 in the United States.

The priorities in the coming years will be: PVC-free packaging everywhere around the world and responsible sourcing (using recycled or certified materials).

In addition, BIC will pursue its packaging reduction programs.

2.3. Environmental responsibility concerning our operations

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

BIC is able to exert good environmental control over its entire manufacturing chain due to two factors: first of all, its choices between in-house production and contract manufacturing (85% of the Group's net sales are generated with products manufactured in its own factories; 88% in the Consumer Goods business and 60% in the Advertising and Promotional Products business of BIC Graphic) and, secondly, the geographic distribution of its factories: in the Consumer business, the products sold on a given continent are also manufactured on that continent (91% in Europe and 58% in the Americas).

→ 2.3.1. OUR FACTORIES

Challenges

To manufacture its products, BIC uses raw materials (plastics, ink, paperboard, metals, etc.), consumes resources (water, energy) and produces waste. The Group is aware of the environmental impact of its production activity and is committed to minimizing it. While the need in terms of raw materials is determined mainly by the design of the products (see section 2.2.1. "Our product's environmental performance," page 37), the factories that manufacture BIC® products assume the important responsibility of optimizing their water and energy consumption, and of reducing GreenHouse Gas (GHG) emissions and waste production.

Approach

In its Environment, Health & Safety (EH&S) Policy (page 30), BIC confirms its responsibility to minimize its environmental impact. This policy codifies the Group's commitment to improving its industrial activity, from production to distribution, in order to protect the environment as much as possible. It applies to all of the Group's factories, including since 2010 the BIC Graphic (Advertising and Promotional Products) sites acquired in 2009.

2.3.1.1. Management systems and other measurements for controlling the environmental consequences of our industrial operations

The Group's industrial Policy on Environment, Health & Safety (EH&S) (page 30) is based on the implementation of pragmatic management systems to ensure that everyone gets involved, as well as the ongoing improvement of operational performances. In order to help the production sites deploy these management systems, BIC has a team of three EH&S experts representing the factories in Europe, North

America and Latin America. This team ensures that these facilities comply with the Group's policy and objectives, and monitors their performance by consolidating, analyzing and communicating the results achieved.

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

Implementing an environmental management system involves the identification of the regulatory requirements that apply to the site and the analysis of its compliance with those regulations, as well as a complete in-depth analysis of all aspects of the site's activity and its environmental impact on the water, air, soil, noise, etc.

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

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

In particular in France, our two SEVESO plants have an emergency procedure protocol ("*Plan d'opération interne*"). Our two high-threshold SEVESO plants have a major hazard prevention policy and have

implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition in French law of the European Council directive 96/82/EC.

Outside of France, some plants have equivalent emergency plans that address risks with potential off-site consequences. For example, all plants in the USA and our factory of New Zealand maintain an "Emergency Response Plan" that includes planning and prevention for off-site scenarios.

Air, water and soil release that seriously affect the environment

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, should result in a relatively low local environmental impact as compared with other manufacturing sectors. Nevertheless, in keeping with the Group's EH&S policy (page 30), our Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts.

A breakdown of the plants' water and energy consumption, greenhouse gas emissions and waste production is given on pages 46 to 49, along with the actions undertaken by the Group and its sites to control and reduce their environmental impact.

Conditions for use of soils

In Europe and the USA, where most of the Group's sites are located, whenever industrial restructuring results in factory closures, BIC has ensured that plant decommissioning was performed in accordance with local law and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of European plants used over a long period of time demonstrate that the Group's business does not have a significant impact on soil and subsoil.

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

Noise and odor impact

Odor is considered an insignificant aspect for our product molding, assembly and marking activities.

As far as noise impact is concerned, measures are taken within the property limits in the context of local regulations. In the event that noise pollution is identified in the future, the situation will be assessed and any appropriate corrective actions implemented.

Expenses for preventing consequences on the environment

Investments in short and long-term improvement programs to prevent or minimize environmental consequences are an integral part of the factories' budgets. In 2013, 4.5 million euros were invested in environmental improvement programs.

Provisions and guarantees for environmental risks

No provision.

The received guaranties regarding the environment are listed in Note 26 of the consolidated financial statements for the year "Off-balance sheet avals and guarantees".

Compensation paid during the fiscal year under court order

None.

Progress made in 2013

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

In 2013 the BIC Graphic Sleepy Eye site (USA) obtained ISO 14001 certification.

Once again this year, the management systems of BIC Sport (France) have been identified as a good practice and the subsidiary has earned the renewal of its Ecoride⁽¹⁾ label, an initiative of EuroSIMA Cluster, the European Boardsports Industry Manufacturers Association (in partnership with ADEME Aquitaine). BIC Sport was also named the 2013 Brand of the Year by EuroSIMA in recognition of its performance in 2012-2013. The association was impressed, among other points, by the fact that 95% of the brand's products are manufactured in Brittany using eco-friendly methods.

Performances

In 2013, the implementation of BIC's management systems is 99.9% complete for the environment and 99.7% complete for health and safety.

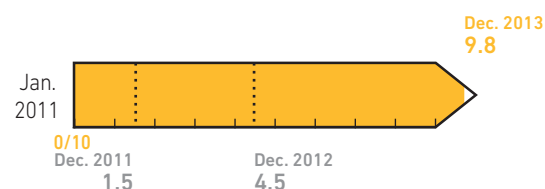
4 Deploy and maintain management systems in BIC factories

In 2013, 100% of BIC factories will have Environmental and Health & Safety management systems

(Jan. 2011 value: 92% - Dec. 2013 value: 99.7%*)

In 2013, 80% of the employees will work in ISO 14001 certified factories

(Jan. 2011 value: 66% - Dec. 2013 value: 81%)



The calculation of this indicator is based on the rate of implementation of management systems specific to BIC. ISO 14001 certification concerns BIC factories that manufactured finished products.

2011-2013 results: The objective was nearly reached thanks to the ISO 14001 certification of the BIC Graphic Sleepy Eye site in 2013 and improvements in management systems in Shanghai and Mexico factories.

* The figure disclosed is not the average of EMS and H&SMS but the lowest implementation rate.

(1) For more information on Ecoride, see <http://www.eurosima.com/environnement/Demarche-Ecoride-218-0.html>.



90.5% of the Group's employees work in ISO 9001 certified factories

Perspectives

In the years to come, the Group hopes to find the best way to integrate subcontractors in its environmental reporting process.

2.3.1.2. Reducing water consumption

Progress made in 2013 and performances

Water consumption per tonne of production decreased by 9.5% between 2012 and 2013. Total water consumption fell by 4.1% over the same period while production increased by 6%. This results from a multi-year continuous effort in water-use efficiency lead by the BIC Group factories.

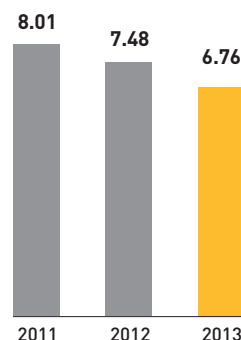
By normalizing water consumption with the ratio to production, the measure of water efficiency is less dependent on fluctuations in production volumes. However, it is to consider:

- a portion of water consumption, for building cleaning or watering for example, can't be entirely correlated to production, mainly because it depends on external events (climatic conditions here);
- the ratio per tonne of production proposes a relevant reading for BIC Group activities with high tonnage (which is not the case for products stocking and packaging neither for advertising and promotional products imprinting);
- the rough indicators are disclosed in page 75 for additional information.

15 sites reduced their ratio of water consumption per tonne of production. BIC Rasoirs (France), which represents an important part of the Group's water consumption, reported a ratio decrease of 20%. The efforts of this French shaver facility included the replacement of old cooling towers by new hybrid ones working with a closed water circuit, and with no water use during winter period. BIC Amazonia (Brazil) and BJ 75 (France) improved their water efficiency with respective ratio reductions of 3% and 6% thanks to new technologies used for the air conditioning system. PIMACO (Brazil) has also reduced its ratio significantly (-15%) by implementing a new process for parts machine cleaning: pre-cleaning using recycled cloths, daily monitoring of water consumption and awareness of employees involved in this process. BIC Graphic Red Wing (USA) has consumed substantially less water, despite an increase of its activity, thanks to the BritePix process (BIC's proprietary process) that replaced water-consuming silkscreen printing or other conventional forms of printing processes. Finally, it is notable to report a strong trend within the Group's sites to better understand and measure water consumption in order to optimize it. That is for example the case for BIC Violex (Greece) or Conté (France), which respectively installed water sub-meters and an electronic surveillance system of leaks.

BIC plants completed or implemented 10 projects targeted specifically at water savings during 2013.

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



2.3.1.3. Reducing energy consumption and greenhouse gas emissions

Progress made in 2013 and performances

Optimizing energy consumption

At the Group level, the Purchasing Department has developed an ambitious procedure for the purchase of "fluids" (electricity, gas, water). A dedicated buyer handles the electrical supply contracts in close cooperation with the factories, talking to the suppliers and negotiating the most advantageous contract for all French plants. In contact with the people in charge of monitoring energy consumption at each site, the buyer also keeps them up to date on the best practices developed in the Group, monitors and shares new developments in cooperation with experts in the field, and organizes programs to train the personnel in the optimal use of the equipment.

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

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

Energy consumption per tonne of production decreased between 2012 and 2013 (-2.3%), resulting from a continuous effort in energy efficiency lead by the BIC Group factories. It is notable that during the same period, production increased by 6%.

By normalizing energy consumption with the ratio to production, the measure of energy efficiency is less dependent on fluctuations in production volumes. However, it is to consider:

- a portion of energy consumption, for building heating or lighting for example, can't be entirely correlated to production, mainly because it depends on external events (climatic conditions here);
- the ratio per tonne of production proposes a relevant reading for BIC Group activities with high tonnage (which is not the case for products stocking and packaging neither for advertising and promotional products imprinting);
- the rough indicators are disclosed in page 75 as additional information.

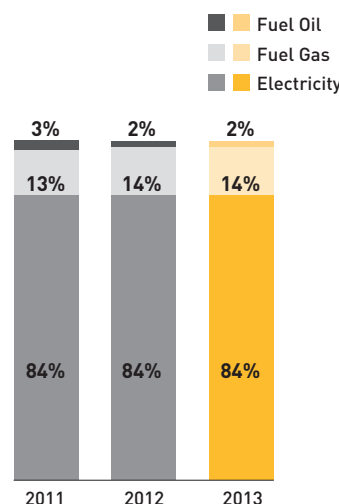
13 sites improved their ratio of energy consumption per tonne of production in 2013. BIC Violex (Greece), which is the first energy user in the Group (18% of the Group energy consumption), reported a ratio decrease of 9%, mainly in continuing the setting up of controllers for gas boilers that produce steam and hot water for shavers manufacturing. As for BIC Amazonia (Brazil), BIC Écriture 2000 (France) and BIC Iberia (Spain), for which ratio decreased respectively by 4%, 10% and 4%, as well as BIC CORPORATION Milford (USA) of which ratio is stable compared to 2012, they all replaced some hydraulic molding machines with electric or hybrid ones. BIC Amazonia (Brazil) also replaced its air conditioning system with a more energy-efficient one and BIC Écriture 2000 (France) put into service dry coolers in roof for refrigerating the mix water-glycol with outside temperature. In the same way, Conté (France) purchased two new refrigerating sets and two new gas boilers, with improved efficiency respectively of 25% and 20%, and managed to reduce its ratio of energy consumption per tonne of production by 5%. BIC Graphic Europe (Spain) reported a 6% decrease for its ratio. As part of its ISO 14001 certification plan, the plant started leading various programs for energy efficiency: employees training and programmed stops of some machines. Finally, many factories continued their efforts on this topic as, for example, the BIC Shavers Mexico packaging facility (Mexico), BIC Rasoirs (France), BIC Graphic Tampa (USA) and the BIC Charlotte Packaging facility (USA), with intensification in leaks and energies loss limitation or with energy consumption for domestic uses optimization.

BIC plants completed or implemented 28 projects targeted specifically at energy savings during 2013.

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



CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



The use of renewable energy

The BIC Group is constantly seeking and seizing opportunities to use renewable energy sources, depending on local contexts and feasibility. To this end, since 2012, BIC has purchased Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (USA) locations: headquarters, a factory and an R&D center. BIC has made this commitment through 2015 to help support the development and production of renewable wind-generated electricity. Constellation NewEnergy, the supplier, estimates that based on BIC's projected annual consumption, these RECs represent the avoidance of approximately 9,000 metric tonnes per year of indirect carbon dioxide emissions that would otherwise be produced by the electricity grid (estimate is based on U.S. EPA eGRID2010 Version 1.0).

A portion of this REC purchase concerns 6,117 metric tonnes of carbon dioxide corresponding to emissions attributable to the grid electricity consumption of BIC CORPORATION in Milford (USA). Since this site is included in the Group's environmental reporting perimeter, this represents 7.4% of all greenhouse gases emitted by the Group's factories.

Greenhouse gas emissions and actions to fight climate change

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

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

For its transport operations, BIC has developed an approach to reduce its GHG emissions (page 50).

Lastly, a carbon footprint was conducted in the BIC headquarters in Clichy (France) and in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), with the Bilan Carbone® ADEME methodology. The studies in factories showed that the indirect GHG emissions (issued

2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our operations

by suppliers during production of materials, components and energy production purchased by the factories) account for most emissions. Priority areas for improvement identified by the Group are the reduction of electricity consumption and use of recycled plastic.

For 2013, the BIC Group quantified the direct and indirect emissions of greenhouse gases from its manufacturing plants (scope 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2013 was estimated to 9,549 tonnes of CO₂ equivalent, i.e. a 4.6% decrease compared to 2012;
- **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 2013 was estimated to 82,575 tonnes of CO₂ equivalent, i.e. the same amount nearly than in 2012.

The total amount of direct and indirect GHG emissions was thus estimated to 92,124 tonnes of CO₂ equivalent, representing a decrease of 83 tonnes of CO₂ equivalent compared with 2012 emissions. Given that production increased by 6% over this same period, the ratio of direct to indirect GHG normalized to the Group's production decreased (-5.6%). As a reminder, the ratio of energy consumption normalized to production also decreased (-2.3%) over the same period.

ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS NORMALIZED TO BIC FACTORIES PRODUCTION - IN TONNES OF CO₂ EQUIVALENT/TONNE



For the past five years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2013, the Group was once again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI), and further improved its score in comparison with 2012. For the first time, BIC was also listed on the Carbon Performance Leadership Index (CPLI) and on the Supplier Climate Performance Leadership Index (SCPLI) (page 73).

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

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

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

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

2.3.1.4. Reducing waste production

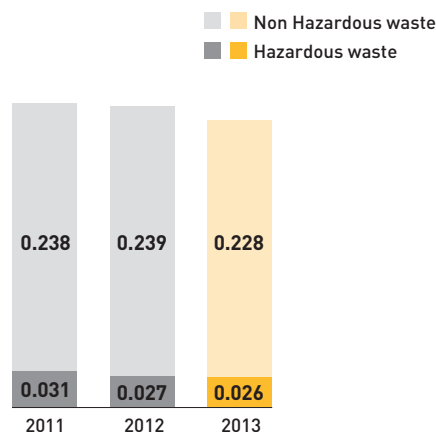
Progress made in 2013 and performances

In 2013, the BIC Group achieved a 4.2% decrease in the amount of waste generated per tonne of production compared with 2012. It results from a decrease in hazardous waste (-3.7%) as well as a decrease in non-hazardous waste (-4.6%), both measured on a per tonne of production basis. Waste production from plant closures, activity transfers or exceptional cleanings is included.

Year 2013 follows on from year 2012 regarding the application of the hazardous and non hazardous waste new classification that was circulated by the BIC Group.

BIC plants completed or implemented 17 programs targeted specifically at waste reduction during 2013.

ANNUAL PRODUCTION OF WASTE NORMALIZED TO BIC FACTORIES PRODUCTION - IN TONNES/TONNE



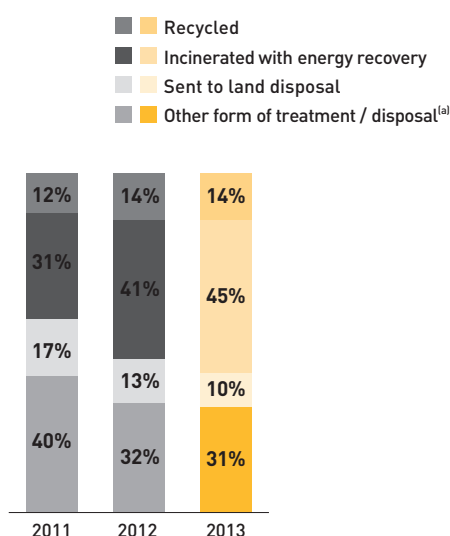
Hazardous waste

In 2013, the BIC Group registered a 3.7% decrease in hazardous waste generated per tonne of production compared with 2012.

13 sites improved their ratio of hazardous waste generated per tonne of production. BIC Écriture 2000 (France) decreased its ratio by 18%, for two main reasons: adjustment of the cleaning process for ink tanks optimizing the quantity of solvent needed, and modifications on machines allowing scraps decrease. Similarly, the implementation of a pre-cleaning of parts machines enables PIMACO (Brazil) not only to optimize its water consumption but also to decrease significantly the quantity of water soiled by ink and thus to contribute to the decrease of its ratio by 53%.

Significant improvements were reported by BJ 75 (France), BIC Violex (Greece), BIC Rasoirs (France), BIC CORPORATION Milford (USA) and BIC CORPORATION Gaffney (USA) with respective decreases of 21%, 15%, 17%, 15% and 10% in hazardous waste generated per tonne of production. BIC CORPORATION Gaffney (USA) achieved this result by operating careful management of color changes in production leading to the reduction of waste solvents. BIC Graphic Sleepy Eye (USA) decreased its glue waste thanks to, amongst others, the installation of programmable logic controllers in the gluing process. Finally, BIC Shanghai (China) initiated improvement actions on its assembly machines in order to reduce scraps.

BIC FACTORIES HAZARDOUS WASTE TREATMENT – % OF TOTAL EXPRESSED IN TONNES



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

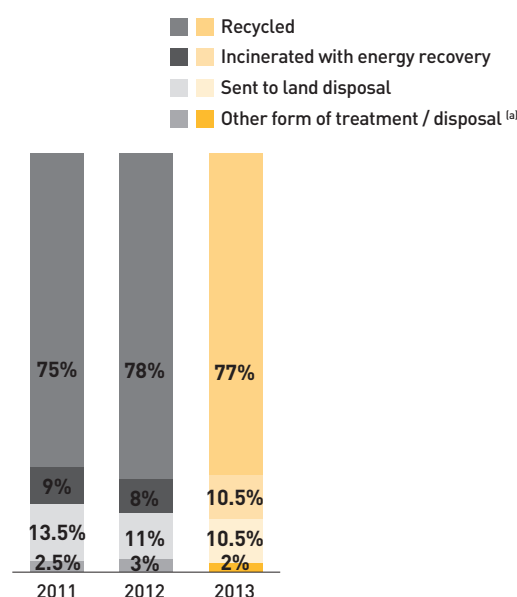
Non-hazardous waste

In 2013, the BIC Group's ratio for non-hazardous waste generated per tonne of production decreased compared with 2012 (-4.6%).

13 factories improved their ratio of non-hazardous waste per tonne of production. BIC CORPORATION Gaffney (USA) decreased significantly its ratio (-18%) thanks to, amongst others, its new ability to re-grind and re-use some materials, instead of sending them off site. As an example, 34 metric tonnes of plastic could be re-grounded and re-used in 2013. BIC Mexico (Mexico), BIC Sport (France), BIC Graphic Europe (Spain) and BIC Ecuador (Ecuador) all reported a decrease in their ratio, respectively of 26%, 18%, 6% and 35%, thanks to initiatives of waste reduction and/or recycling. From now, BIC Mexico (Mexico) repairs and re-uses its pallets. BIC Graphic Europe (Spain), as part of its ISO 14001 certification plan, rose awareness to its employees and improved waste sorting: pen scraps without cartridge are now recycled. Finally, BIC Sport (France) set up a new organization and created a center for waste sorting and recycling optimization.

In 2012, BIC Sport signed a partnership with Eveno-Fermeture for the purpose of reducing the volume of polyurethane used in its high-performance thermal products by 15%, replacing it with polyurethane from used surfboards or production scrap. To initiate the process, BIC Sport will encourage the recuperation of used surfboards through direct communication targeting French surfing schools.

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



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

5 Improve the environmental performance of BIC factories

In 2013, energy consumption will be 13.49 GJ per tonne of production, i.e. a 3% reduction
(Values: Jan. 2011: 13.39 – Dec. 2013: 12.52)

In 2013, water consumption will be 9.30 m³ per tonne of production, i.e. a 3% reduction
(Values: Jan. 2011: 8.21 – Dec. 2013: 6.76)

In 2013, non-recycled waste production will be 0.0879 tonne per tonne of production, i.e. a 1% reduction
(Values: Jan. 2011: 0.0913 – Dec. 2013: 0.0748)



Since 2002, BIC has implemented an environmental reporting with its factories.

2011-2013 results: The objective has been reached. The deployment of environmental management systems and the increase of investments have allowed for a reduction of energy/water consumption and waste production.

Perspectives

In 2014, the new BIC Barometer will define for 2016 quantified objectives for the environmental performance of its production facilities.

2.3.1.5. Reducing the impact on biodiversity

Challenges

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

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

Approach

An initial cartographic analysis of each BIC factory's physical surroundings was carried out in order to identify sensitive zones and prioritize the factories' risks of impacting their particular local biodiversity. The vast majority of BIC's factories are located in non-sensitive (in most cases industrial) zones, and neither their land use nor their operations pose any evident risk to their surroundings.

Progress made in 2013

For the third year in 2013, BIC centralized its production sites' regulatory obligations concerning the protection of biodiversity and conducted a survey of the actions undertaken.

This monitoring made it possible to confirm that all of the sites are in compliance with regulations. In cases where there are specific obligations, the management systems address the problem and enable follow-up.

Perspectives

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

→ 2.3.2. LIMITING THE ENVIRONMENTAL IMPACT OF SHIPPING

Challenges

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

BIC engages in two types of transport for its products:

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

In the consumer business:

- **91% of BIC® products sold in Europe are also manufactured on this continent;**
- **58% of BIC® products sold in Americas are also manufactured on these continents.**

Approach and progress made in 2013

BIC Group has factories all over the world, which tends to limit the need for shipping its products. In fact, in average, in the Consumer business, 72% of products sold in a continent are manufactured in this continent (91% in Europe and 58% in America).

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

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

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

Raising awareness and controlling emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by a number of different teams within the BIC Group, from production to transportation, sales and warehouse management. In 2013, the "Transport Community" continued to engage in consultations with experts and cooperative efforts with the Group's customers. For example, in Canada, where the distances to be covered pose a major challenge, distribution routes can be developed in collaboration with certain customers. In addition, an expert from an international shipping company shared valuable insights with the members of the "Transport Community" at their annual seminar. The event also offered an opportunity to exchange good practices in responsible shipping within the network.

Everywhere around the world, the impact on GHG emissions is always taken into account in the evaluation of logistical networks.

On the Group scale, commitment number six of the BIC Sustainable Development Barometer is devoted to this issue: "Reduce GHG emissions from our transport operations." One of the secondary objectives specifically measures GHG emissions per tonne of products for intersite shipping, in particular to limit air transport.

Optimizing shipments and routes

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

A great many actions were undertaken in 2013 to optimize shipping and routing, some of which achieved especially good results:

- in Brazil, the percentage of air transport for stock replenishment was reduced from 0.5% to 0.2%, and in France the number of pallets transported by air freight was reduced by 29%;
- until now, certain products manufactured in Asia were shipped to France, then packaged in Slovakia before being distributed throughout Europe. This transport plan has been completely overhauled to eliminate two steps: shipping by sea between Koper (Slovenia) and Le Havre (France), and by road between Le Havre and Slovakia;
- in Canada, the collaborations with certain customers have continued, making it possible to group shipments, optimizing their frequency and weight. The Group has also increased its use of rail transport for supplying western Canada;
- the transport system between the two main European platforms has been completely revamped, reducing the total number of trucks used by 7%;
- shipments from the packaging site in Mexico to the warehouse in the United States are now carried by rail rather than road transport;
- for the main promotional campaign of one of its major clients, BIC in Germany reduced its volume of shuttles by 50% by packing the display stands on half-pallets instead of full pallets.

Selecting responsible carriers

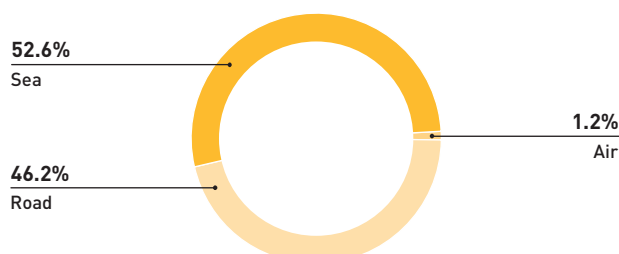
Ultimately, these logistical operations are carried out by the transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions: the condition of the vehicles, training in the techniques of eco-driving, the use of speed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

In order to encourage its transport service providers to adopt responsible practices, BIC is developing an increasingly demanding purchasing policy in terms of sustainable development and incorporates the reduction of GHG emissions in its criteria for selecting carriers. Compliance with these demands is specifically evaluated in the 2011-2013 Barometer, concerning both inter- and intra-continental intersite shipping and distribution shipping.

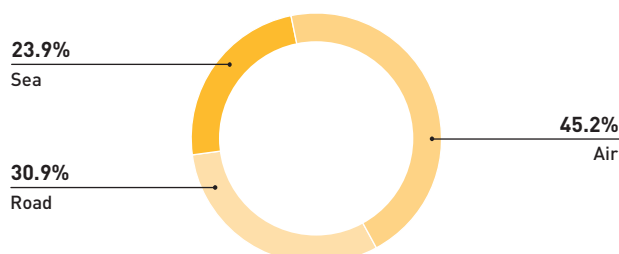
Lastly, in order to encourage its carriers' commitment to corporate responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all of the Group's transport teams worldwide, to be put into practice with their service providers. In Brazil, 100%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

Performances

BREAKDOWN OF TONNAGE SHIPPED – IN % OF THE TOTAL



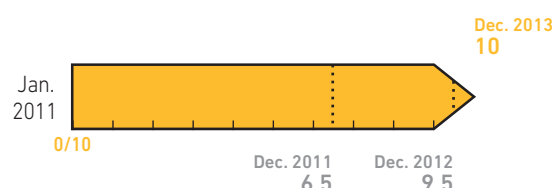
BREAKDOWN OF GHG EMISSIONS – IN % OF THE TOTAL



6 Reduce GreenHouse Gas emissions (GHG) from our transport operations

In 2013, GHG emissions will be 1.135 teqCO₂ per tonne of production for intra company transport, i.e. a 4% reduction*
(Value: Jan. 2011: 1.182 – Dec. 2013: 0.592)

In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group's calls for tenders for transport operations
(Values: Jan. 2011: 10% – Dec. 2013: 95%)



The perimeter is: for the first objective the intersite shipping, i.e. all factory-factory and factory-warehouse shipments and for the second objective the intersite shipping and the distribution shipping (warehouse-customer shipping).

2011-2013 results: Both indicators have significantly exceeded their objectives thanks to a reduction in the use of air freight and through the implementation of processes for tenders with our partners.

* Except BIC Graphic (Advertising and Promotional Products).

2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our operations

Perspectives

In 2014, BIC Group will pursue the programs it has already launched:

- in Brazil, a "General Network Design" study will evaluate the advantages of centralizing shipping flows at a warehouse and packaging site in order to consolidate shipments;
- the Brazilian teams also seek to develop a methodology for auditing their transport service providers' commitment in order to reward the most committed approaches;
- in Canada, BIC will study the possibility of direct shipments from the packaging site to end customers and conduct trials of rail transport for supplies shipped from Mexico.

→ 2.3.3. OUR SALES AND SUPPORT ACTIVITIES

Challenges

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

Approach and progress made in 2013

The carbon footprint of our sales and support activities

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

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

Company vehicles

The management of company vehicles is handled locally on each continent wherever policies are in force that integrate environmental and safety concerns, in particular using indicators to monitor factors like accidents or the fleet's GHG emissions.

In 2013 the average level of CO₂ emissions per km dropped from 118.4 g to 117.2 g for the sales force vehicles, and from 134.7 g to 122.1 g for the European business account Directors' vehicles.

Waste management

The headquarters in Clichy (France) has made considerable progress in waste management at the site, in partnership with the food service provider that runs the cafeteria, in particular by improving glass sorting and introducing the recovery and recycling of waste coffee capsules in 2010. A new service provider contracted in 2012 ensures that used coffee capsules are recycled and not sent to landfill.

Eco-performance of the buildings

Designed in compliance with LEED (Leadership in Energy and Environmental Design) standards, **the headquarters of BIC CORPORATION** in Shelton (USA) was certified as a "sustainable building" by the U.S. Green Building Council in May 2009. This international certification acknowledges that the structure meets the highest standards for environmental design and construction. In January 2010, the Shelton facility also received the Connecticut Green Business Award, given in recognition of initiatives to reduce a building's carbon footprint in its daily operations (electrical consumption, choice of furniture and interior materials, etc.).

The headquarters in Clichy (France) has succeeded in steadily reducing its energy consumption through a number of actions to improve its installations: changing light bulbs, replacing electronic devices (computers, printers) with energy-saving models, reducing the need for cooling in the machine room, etc. Due to these initiatives, the site's electrical expenses have remained stable despite higher charging rates.

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

Since 2013, BIC measures main environmental impacts on its three main headquarters buildings: Clichy (France), Shelton (United States) and Sao Paulo (Brazil). Water and energy consumption, waste production and accident incidence and severity rates are now followed-up.

Green IT

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

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

Since 2012, the Group continued the effort to virtualize all of its servers. For Europe, the Middle East and Africa, for example, centralizing the messaging services in Clichy (France) made it possible to reduce the number of machines by 75%. In addition, the use of increasingly efficient machines reduced the amount of energy needed for cooling. Since 2012, new applications shared by users Group-wide are installed in the "cloud," i.e. on virtual servers that are externalized and therefore mutualized.

Similarly, BIC is working on the mutualization of its own servers. The sales planning system for the Europe zone is hosted since 2012 on a single server in the United States, and studies have been conducted for mutualizations between the U.S. and Latin America, resulting in the use of one machine instead of two. The printing services have been outsourced to reduce the number of printers, and virtual archiving and sharing of documents, using centralized drives, has replaced photocopies in some offices.

The "Lync" tools, formerly called "OCS," offer internal chat, videoconferencing and a Live Meeting function that allows several co-workers 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 quicker. In 2013, in the Europe and Middle East-Africa zones, 100% of the co-workers who use a computer are now equipped with Lync, bringing the total number of users to more than 2,200. For example, since 2009 the Group's Sustainable Development Team has used multi-site Live Meetings to unite its 25 members at seven sites (Clichy, Verberie and Redon in France, Shelton in the U.S. Athens in Greece and Sao Paulo and Manaus in Brazil).

Perspectives

In France, the teams that operate vehicles will continue to receive training in eco-driving.

For the Europe and Middle East-Africa zones, following the virtualization of the servers, the Group plans to upgrade them with more efficient, less energy-consuming equipment that will cut the number of servers needed by half. In addition, each server's energy consumption will be reduced by 30%.

2.4. Our social responsibility to the employees

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

→ 2.4.1. THE WORKFORCE

The following sections describe the profile and evolution of BIC's workforce in 2013.

For the year ending December 31, 2013, the BIC workforce totalled 9,373 permanent and 1,389 temporary employees located in 56 countries around the world.

The seven legal entities of Cello Pens which take part of BIC Group reported 6,963 permanent employees and 104 temporaries present on December 31, 2013. Headcount is not reported full-time equivalent.

2.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

WORKFORCE BY REGION - ON FULL-TIME EQUIVALENT

WORKFORCE BY REGION	DEC. 2011	DEC. 2012	DEC. 2013	VARIATION 2013/2012
Europe	3,661	3,724	3,758	34
North America and Oceania	2,595	2,466	2,404	<62>
Latin America	2,486	2,517	2,638	121
Middle-East, Africa and Asia	456	549	573	24
TOTAL PERMANENT STAFF ON FULL-TIME EQUIVALENT	9,198	9,256	9,373	117
Temporary	1,257	1,227	1,389	162
TOTAL ON FULL-TIME EQUIVALENT	10,455	10,483	10,762	279

In 2013, permanent employees increased by 117.

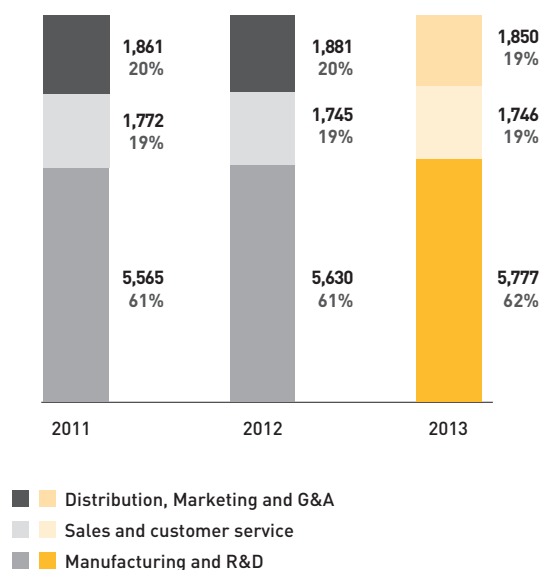
This essentially reflects the headcount increase in the plants in Greece (+43 in the Shavers plant), Mexico (+69 in the Shavers plant) and in Brazil (+23 in the Lighters plant and +41 in the Shavers plant) while the headcount of the Advertising and Promotional Products sector continues decreasing (-93).

Permanent employees (with a permanent employment contract) accounted for 87% of the total workforce. Temporary workers account

for 13% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. On December 31, 2013, the number of temporary workers was more important than on December 31, 2012: +162 (1,389 versus 1,227).

As last year, temporary workers are employed in production (80% of temporary staff), sales support (9%) and distribution/administration (11%), essentially due to the highly seasonal nature of BIC's activities.

PERMANENT EMPLOYEES BY ACTIVITY

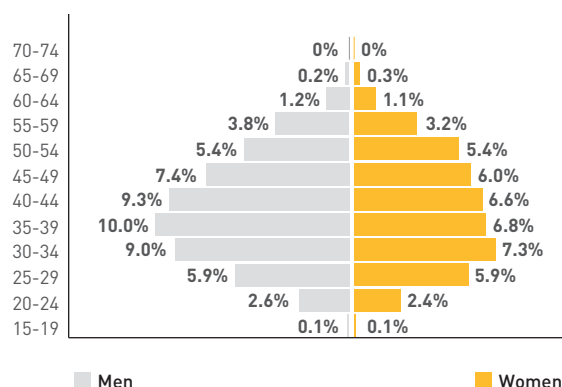


The workforce, across each activity, has remained proportionally constant for the last years, reflecting the stability of BIC's system of organization.

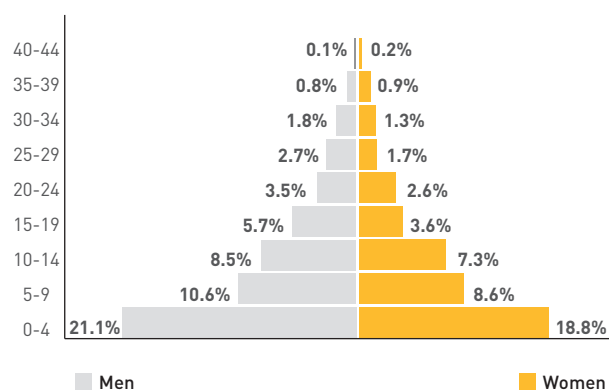
2.4.1.2. Age and seniority

In 2012, an in-depth analysis showed that the median age of BIC employees was 40 years and median seniority was seven years. The analysis of the age pyramid shows that all ages are represented in the Group. The 2012 seniority pyramid shows loyalty of BIC employees (25% of BIC employees have more than 15 years of seniority).

AGE STRUCTURE - 2012



SENIORITY STRUCTURE - 2012



2.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY

	DECEMBER 2011	DECEMBER 2012	DECEMBER 2013	VARIATION 2013/2012
Managers	2,353 (26%)	2,398 (26%)	2,440 (26%)	+42
Non-Managers	6,845 (74%)	6,858 (74%)	6,933 (74%)	+75

Managers accounted for around 26% of permanent Group employees in 2013. For the BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, a customer or a supplier portfolio.

2.4.1.4. Recruitment and terminations

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

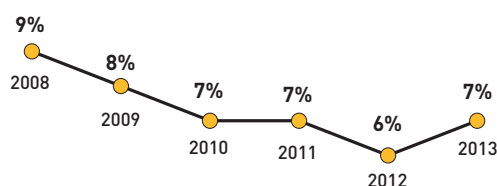
In addition, the Group **recruited some 250** external candidates for entry-level or middle management positions, and **some 700** for factory and staff positions, a 10% increase compared with 2012. In 2013, the external recruitment rate was 10% for both managers and others employees.

No external recruitment difficulties have been encountered thanks to the use of innovative, qualitative tools (LinkedIn) that enhance awareness of the Company in the international employment market, and thanks to collaboration with internationally-reputed specialized recruitment companies. Over recent years, the Group has reinforced in-house the managers' expertise in recruitment techniques and has developed a more efficient selection and tracking procedure.

2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

VOLUNTARY TURNOVER



Voluntary turnover in the Group workforce reached 7% in 2013. It represents 653 resignations and voluntary retirements. In 2013, the highest voluntary turnover rate took place in Asia (16%), slightly down from 2012 (19%) and much lower than in 2010 (34%). Oceania shows a large decrease with a rate of 13% in 2013 (18% in 2012). Europe has the lowest voluntary turnover (3.5%) due to staff stability in factories.

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

The Group has carried out more than 400 terminations of which 70% took place in Latin America, and 20% in Europe.

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

Moreover, every two years, BIC carries out an engagement survey that concerns the employees' motivation for the company's success, the pride of belonging and allegiance to the Group.

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

Performances and progress made in 2013

The adherence to values survey

BIC conducted its fifth values survey in September 2013. The scope of the survey included 8,884 employees (vs 8,669 in 2011). This survey is designed to assess adherence within the Group to its five shared Values and to show how employees apply those values day-to-day in their unit or subsidiary. The findings of the 2013 survey rated overall adherence to the Group's values at 85% (up from 81% in 2011). The high participation rate (84%) also showed significant progress over the previous surveys (75% in 2011 and 73% in 2009).

The most strongly shared values are still Responsibility (91% adherence) ⁽¹⁾ and Ethics (89%), but adherence increased for all of the values, including the one with the lowest rate: Teamwork, which progressed from 75% to 81% adherence. These results are especially promising in the context of the ongoing economic crisis that began in 2008. Following the completion of the survey, in-house meetings were held in October, November and December within each department to analyze the findings in detail and define specific action plans.

The engagement survey

This survey, conducted every two years in each country where the Group has operations, measures key parameters concerning employee engagement. It offers an opportunity for them to express their point of view and for the Group to launch internal improvement projects.

The results of the engagement survey conducted in 2012 show a very high participation rate of 87% and an overall engagement of 73%, which places BIC alongside some of the best employers and demonstrates its employee's strong sense of belonging to the company. In 2012, the scope of the survey was widened to include more than 7,000 employees, compared with 2,442 in 2010.

The Sustainable Development survey

In December 2013, the Group conducted its second survey on the BIC Sustainable Development Program. The participation rate remained constant at 40% (39% in 2011). According to the findings, 86% of the employees feel that the issue of sustainable development concerns them, which is nearly the same percentage as in 2011, but the number of those who describe themselves as highly concerned rose significantly (33% compared with 24% in 2011). 94% of the employees are aware of the BIC Sustainable Development Program — a five point increase over 2011. This rate is high on all continents, indicating that the gaps revealed by the previous survey, especially in North America and Asia, have now been eliminated. The most recently-hired

→ 2.4.2. SHARING VALUES

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.

Approach

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

Another part of the "Values in Action" program is the "Values in Action Awards". Every year, these awards are conferred on those who embody and excel in certain BIC values in the workplace. To date, over 750 employees have been recognized within this program, which started in 2006.

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

employees are also the most likely to be aware of the Program (88%). Additionally, 99% of the respondents feel that the Program is important for the Group, a very strong rate that shows a five point increase over 2011. The sharpest rise of all is in the number of employees who deem the Program indispensable: 79% today compared with only 46% in 2011. However, this comparison must be considered with caution, since the question was not worded the same as in the first survey.

Perspectives

BIC will continue its program of employee surveys. The next engagement survey will take place in 2014 and the next values and Sustainable Development Program surveys are scheduled for 2015.

In the years to come, BIC hopes to continue improving its employees' adherence to its values and will consequently fine-tune the analysis of the indicators used in the survey. The Group also hopes to expand the coverage of the values survey, in particular to include employees at factories with no online access to the survey.

→ 2.4.3. ENSURING HEALTH, SAFETY AND WELL-BEING IN THE WORKPLACE

Challenges

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

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

2.4.3.1. Health and safety in the workplace

Approach

BIC adopts measures that allow it to guarantee a working environment that protects its employees' physical integrity, in particular by deploying safety management systems at its production sites. In keeping with its Environment, Health & Safety (EH&S) Policy, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites. This policy is permanently posted at the sites. The Group applies it by deploying and ensuring the day-to-day implementation of health

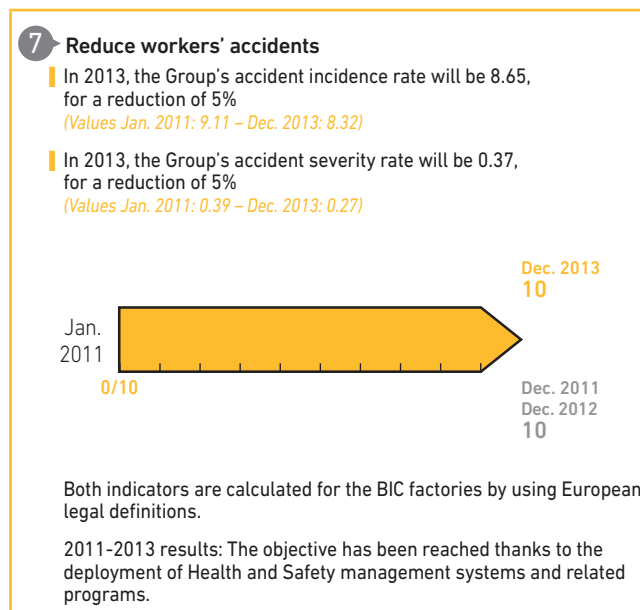
and safety management systems that cover the risks inherent in its various activities. In addition, a team of three EH&S experts assist the sites in the deployment and follow-up of programs for reducing their employees' health and safety risks. The self-evaluations of compliance with the Code of Conduct in the factories bolster this system. Since 2011, the three shaver factories have taken this approach even further, qualifying for triple certification in Safety, Quality and Environmental Protection.

In certain offices, like the Clichy headquarters (France), BIC conducted a psychosocial risk evaluation in 2011 and initiated a stress management and prevention plan that includes training/awareness programs for the managers. Furthermore, in 2013, a reporting system of the incidence and severity indicators for workers' accidents was made in the Group's three main headquarters: Clichy (France), Shelton (USA) and Sao Paulo (Brazil). The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention.

In France, the sales force receives regular training in road risk prevention and the Group chooses vehicles for its fleet that ensure comfort and ergonomics.

Performances

In 2013, health and safety management systems were operational at 99.7% of BIC's sites.

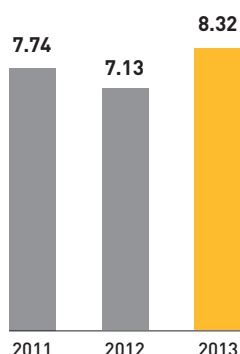


In 2013, the work accidents are mainly caused by manual handling (33%). Occupational diseases are closely monitored in France. Most are related to musculoskeletal disorders.

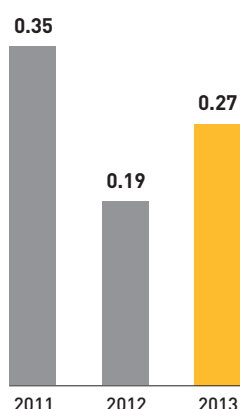
2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

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



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



In France, BIC recorded 36 recognized cases of occupational diseases by the end of 2013, and one occupational disease recognition request was pending as of December 31, 2013.

Progress made in 2013

2013 was devoted to implementing the commitments specified in the health and safety agreements that were signed with labor unions and employee representatives in 2012.

In 2012, the Group signed commitments concerning strenuous working conditions that cover a period of three years. In 2013 their implementation continued with training and awareness in movement and posture, investments to reduce noise or improve workstation ergonomics, and arrangements to avoid the necessity of alternating work teams or to reduce the physical stress endured by employees who are nearing retirement.

Perspectives

In 2014, the Group will finalize the revamping and harmonization of its health-disability coverage for all units in France. This project was undertaken to improve the parity of employees' benefits among French sites as well as among professional ranks (both managers and non-managers).

2.4.3.2. Organization and quality of life in the workplace

Approach and progress made in 2013

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. Overtime is strictly controlled and scrupulously recorded in all of the units concerned.

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

In 2012, the Group launched a **worldwide program called "Quality of Life at Work"** for the purpose of defining a goal and a global strategy for improving quality of life in the workplace. As part of this worldwide program, action plans have been defined and implemented locally based on past initiatives deployed in various countries. Through this program, BIC seeks to promote wellness at work, in the interest of its employees and their engagement. In this way, the Group will help limit the effects of stress, whether of professional or private origin, on its employees' health.

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

The efforts focus on four main areas:

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

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

Health and well-being

With the **Wellness in actionN (WIN) program**, which promotes physical activity, BIC encourages its employees in the United States to adopt active, healthy lifestyles. The program consists of various elements to improve employee and family health, enhance employee productivity, and instill a culture of wellness within the company. During company-sponsored Health Fairs, employees can receive various types of medical tests, seasonal flu vaccinations and information on a wide range of topics like Alzheimer's disease, the importance of nutrition, sleep disorders, cancer screening, etc. These semiannual events, held at the Charlotte, Shelton and Milford facilities in the U.S., have been a tremendous success. Health education and awareness are also promoted through monthly e-mail campaigns, seminars and conferences.

Since 2000, BIC South Africa has implemented a **program to fight against HIV and AIDS** in a country where the virus is taking an especially heavy toll. This initiative is managed by an in-house clinic and a group of peer educators composed of company employees who receive annual training. The program consists of three parts: education of employees using numerous and varied media, voluntary counseling and testing for anyone, permanent and temporary employees alike, and a health program. BIC South Africa pays the vast majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. These prevention, awareness and screening efforts were continued in 2013 through this program and dedicated "Wellness Days" held throughout the year. Since 2009, the peer educators have been working on two key challenges for the program's success: the fight against the social stigma of being HIV-positive and fear of the test results, which still all too often discourages people from getting tested. Awareness days are organized with the simple but ambitious goal of "Getting to Zero": zero infection, zero discrimination, and zero deaths from AIDS.

BIC Amazonia in Brazil has created an employee **association that promotes social and sporting events** with, for example, competitions (football, volleyball, billiards, chess, checkers, dominoes, ping-pong, etc.), Christmas gifts for employees and their children, raffles, etc. One of the most appreciated events is the sports competition in which four teams uniting employees from different departments (stationery, lighters, shavers and support) compete against each other. The event fosters good health and teamwork while strengthening the bonds among co-workers. Every two years, the employees elect a new representative.

The managers' role

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. In 2013, a new training program for BIC executives was developed and tested in Europe. It comprises two modules: "My Job: Manager at BIC" and "My Job: Leader at BIC," designed to help managers deal with the challenges they face as team leaders.

The workspaces and workstations

Local initiatives are carried out to improve the ergonomomy of the Group's workspaces and workstations. A few examples of improvements made in 2013 are mentioned below.

A "Generation Contract" agreement was signed between BIC Services, the BIC headquarters legal entity, and the French sales force, under which the Group agrees to study and improve the ergonomomy of its corporate vehicles, more specifically for "senior" employees (age 55 or older).

In France, the Clichy site reorganized and refurbished its workspaces, mobilizing the Group's corporate services, IT departments and occupational physicians to help improve their ergonomomy.

Also in 2013, certain sites in the United States tested sitting/standing workstations that help reduce MSDs. In Brazil, BIC Amazônia considerably improved its workstations and its employees' overall working conditions by scheduling breaks, offering daily exercise sessions and installing more ergonomic equipment.

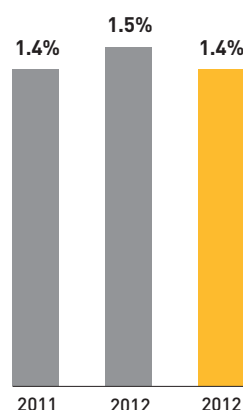
Employee services

An Employee Assistance Program (EAP) has been in operation in the United States for several years. Set up by the BIC CORPORATION for the benefit of its employees and their families, it offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals. This initiative inspired a similar program introduced in France in 2012. Based on the same model, an employee assistance program called "PASS" was launched for all of the Group's sites and sales teams in France, in May 2012. This system was set up in cooperation with the *Médecine du Travail*, France's national occupational medical service, and employee representatives in the departments concerned. After its launch in 2012, the program was assimilated by the employee representatives in 2013, enabling them to steer co-workers facing difficult situations, as well as those around them, toward the appropriate help services.

At the Clichy site in France, the concierge service, offered since 2012 to help employees balance their private and professional lives, has met with great success.

Performances

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



Absenteeism (excluding on-site accidents and maternity) remained low for a Group average at 1.4% in 2013, like in 2011 and 2010, compared with 1.5% in 2012.

The absenteeism rate (including on-site accidents and maternity) is also low and stable, at 2.2%, like during the last two years.

Perspectives

The Group will pursue its efforts to make the "Quality of Life at Work" program part of its ongoing corporate culture. BIC will continue to share and disseminate its vision based on the four main aspects of well-being, targeting both short and long-term results, with both curative and preventive actions, and putting special emphasis on stress management and prevention in 2014.

More action plans will be defined and deployed at the local level.

Following the test phase, the "My Job: Manager at BIC" and "My Job: Leader at BIC" training modules will be offered to some 100 managers in the Europe zone.

The Group also plans to increase communication on its employee assistance programs in order to make them more widely known within the company.

tasks and responsibilities, or even to change jobs in the course of their careers. The goal is to help employees take responsibility for managing their own careers and maintaining their employability.

The Group's 2,400 managers participate in annual performance and development interviews in which they review their professional aspirations.

Each manager can also make his or her aspirations known using the online "Taleo" system, which was conceived to facilitate geographic and functional mobility.

BIC continues to develop its employees' skills by improving and extending the "People Acceleration Plans" program. Based on their strengths and areas for improvement, as identified with their managers, all employees can benefit from a specific development plan for the following year, combining three options:

- training;
- learning through contact with others (managers, peers, coaches, mentors, etc.);
- new professional experience (short-term assignments, participation in project groups, extended responsibilities, possibilities of contact with the Group's upper management, etc.).

Regarding the allotment of time to be devoted to each employee's development, BIC plans to generalize the use of the 10/20/70 model, which has now been integrated into the "Taleo" system. The Group firmly believes that combining the three above-mentioned development options is the most effective way to improve its economic performance as well as its employees' satisfaction and engagement levels.

This approach enables BIC to continue favoring internal promotion to fill key positions.

The Group's talents, whose role is crucial for its development, are the subject of special attention and of tailored development plans. In 2013, as in every year, a Succession Plan, based on a detailed analysis of BIC's organization and resources, was approved by the Chairman and the CEO for 150 key posts.

In France, a series of agreements was negotiated and signed in 2013 with employee representatives at the various sites. They extend the commitments made in the previous agreements, which had expired, to ensure the professional development of all co-workers, in particular older employees ("Generation Contract") and those with disabilities, and also to facilitate functional and geographic mobility and employability (agreement on SWP). These agreements will be implemented between 2014 and 2016 through actions focusing in particular on hiring and managing the careers of employees under the age of 26 and over 55. Under these agreements, the sites in France undertake, among other things, facilitation of the integration of young hires and the transfer of skills through the creation of mentor-trainee partnerships.

In 2013, the "Opportunities with BIC" in-house employment exchange was deployed worldwide. All employees can now access information about an increasing number of vacancies within the Group.

→ 2.4.4. EMPLOYEE DEVELOPMENT

Challenges

The values of responsibility and ethical behavior emphasized by BIC go hand in hand with its perennial concern for the professional development of the Group's workforce through the implementation of programs to cultivate its employees' skills and employability.

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

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

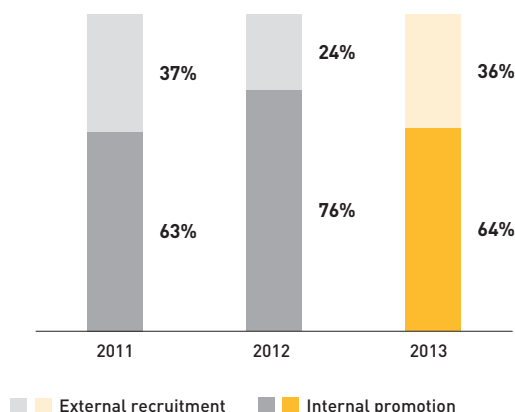
2.4.4.1. Career management

Approach and progress made in 2013

The BIC Group considers that all of its employees should be able to develop their professional skills and their internal and external employability during their time with the company. All co-workers are offered training programs as well as opportunities to take on new

Performances

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



In 2013, 64% of the four top manager levels were internal promotions. In 2012, the rate was 76%, 63% in 2011 and 70% in 2010. For all managers' categories the internal promotion rate has remained stable for several years at 46%.

2.4.4.2. Training

Approach and progress made in 2013

Training is one of the most important tools for developing employees' skills. For its managers, BIC offers Group-level programs for the sharing of values and management methods. For non-managers, it relies primarily on local initiatives adapted to each context and the specific needs of each region.

Established in 1998, BIC University is a company training center whose purpose is to develop strong management skills within the Group in order to facilitate teamwork and the sharing of team culture across many job functions and countries. Its curriculum offers local and international training on four continents. In 2013, more than 17,700 training days were logged.

The innovative programs created at BIC University since 2008 include the following: Mini MBA, BIC University Master, the "Hiring for tomorrow at BIC" program, and Executive Management Program.

- the Mini-MBA is an actual certification program created in collaboration with the MIP (Management Institute of Paris) whose objective is to provide the most-up-to date level of knowledge across different key business functions (strategy, finance, sales, marketing, HR, supply chain, production) to young managers. More than 190 managers have already participated in this program in the USA, Latin America, Europe and Asia;

- the Masters at BIC University (MBU) is a three-year program for each of the three above-mentioned continents for developing leadership capacity. It is conducted by several coach-consultants who personally supervise the participants in numerous simulation exercises;
- the "Hiring for Tomorrow at BIC" program was launched in late 2010 to help the Group's managers improve their ability to select and recruit outside candidates who are right for BIC and have good potential for professional development. So far the program has been deployed in some 15 European countries and South Africa, and 282 managers of all levels and functions have been trained in these recruitment techniques. The program was also launched in Latin America in 2013;
- launched in 2010 by BIC University, the Executive Management Program (EMP) prepares the future top managers of BIC subsidiaries in Europe. The participants – all selected for their high potential – work together to acquire the skills that a good leader needs. The two-year program, which also includes co-development groups and individual coaching, was extended in 2011 to Latin America, the Middle East, Africa and Oceania. The first EMP in those zones took place in 2011-2013;
- two new modules, "My Job: Manager at BIC" and "My Job: Leader at BIC," were tested in Europe in 2013 (see page 59).

BIC University is a key holder of BIC's culture, values and skills. It has been a crucial tool for the **integration of new employees** (managers and non-managers), in particular following the acquisition of Norwood and Antalis. In cooperation with the Europe Consumer Products business teams, BIC University developed a new integration program called "Welcome to BIC" for newly-hired managers from one of the Group's 12 European subsidiaries. This one-week program is offered an average of three times per year, bringing together new managers from all countries and all departments.

The "BIC Discovery Trip" allows managers of Asian subsidiaries to improve their knowledge of the Group: its values and culture, the brand and its history, BIC's organization and industrial processes, the products and their differentiating characteristics.

PIMS (Program for International Managers), launched at the end of 2011, is a program to train and integrate young high-potential employees from emerging countries with a degree in marketing, finance or supply chain management. The first ten participants in the program came from India, China, Tunisia, Turkey and the Democratic Republic of the Congo. After completing a 24-month international training program covering three different job positions on different continents, their role is to contribute to the growth of BIC's operations in Central and Eastern Europe, in the Middle East and in Asia. Three participants have successfully completed the program while three were terminated before its end. The program continues and new recruitments are on progress.

Lastly, the Group offers **local training programs** focusing on the job functions of the various business units, especially the production sites. These recurrent programs are adapted to meet local needs. Offered to non-managers, they cover topics such as IT tools, information management and basic English skills. They are not only technical – the Manaus plant in Brazil, for example, offers many general training courses.

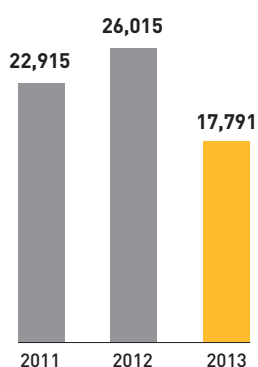
2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

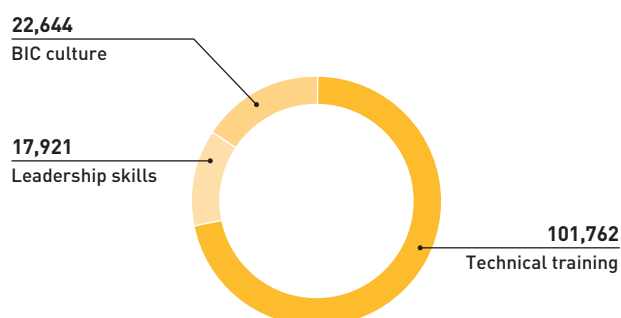
Performances



NUMBER OF TRAINING DAYS - BIC GROUP 2013



NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2013



Perspectives

In Europe, a second Executive Management Program will be launched in 2014.

The Leadership Development Program for the Senior Management will be tested in Europe in 2014.

Also in 2014, the "Bienvenue chez BIC" orientation day for new hires at the Clichy site (France) will be expanded and updated.

→ 2.4.5. THE REMUNERATION SYSTEM

Challenges and approach

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

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

- pay for performance;
- internal equity;
- external competitiveness.

An essential element in the BIC Group's remuneration policy is the acknowledgement of the performance of individuals and work teams. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). 89% of the managers present on December 31, 2013 have received a base salary increase during 2013.

In 2013, variable remuneration relating to performance represents an average of 12% of fixed remuneration salaries.

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

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

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

Performances

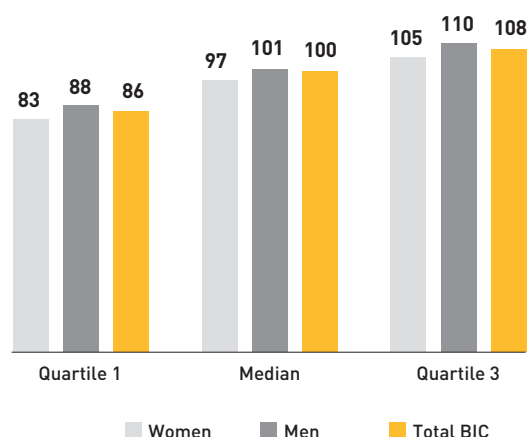
Within the Group the average annual cost (including payroll taxes) of each employee totalled 51,790 euros in 2013, or a 0.6% decrease at actual exchange rates from 2012.

Analysis using constant exchange rates shows a 1.9% increase compared with 2012. Overall, this slight rise reflects:

- a +1.3% increase in average fixed remuneration;
- an important decrease (-20.7%) in variable remuneration compared to 2012. In 2012, the good results led to the payment of good bonuses;
- a 9.3% increase in payroll taxes and other perquisites.

Information on managers' remuneration is provided in the registration document pages 95 to 106.

COMPARISON OF MANAGERS' SALARY WITH THE MARKET (IN 2013)



Results showed that, on average, BIC managers, men or women, are positioned at their local market median including men and women. Globally, the 4 points difference between men and women at BIC is explained by the structure of the population. Differing remuneration levels between employees are justifiable. They reflect responsibilities, experience, performance, and potential, and take the specificities of local markets into account.

→ 2.4.6. PROMOTING DIVERSITY

Challenges

As an international Group, BIC considers diversity to be an intrinsic part of its corporate culture, as well as a key factor for its sustainable growth, beyond any legal or ethical consideration. An in-depth analysis of the workforce in 2012 revealed that 74 nationalities were represented in the Group's permanent headcount.

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

Approach

In 2011, the Group signed the BIC Diversity Charter, which is translated and shared with all employees.

Since then, a dedicated Diversity Team uniting Human Resources employees around the world is in charge of overseeing and applying the Group's Diversity Policy on both the international and local levels. This team helps local HR departments find specific solutions in keeping with each country's cultural and legal context. It also coordinates BIC's diversity awareness and communication operations, consolidated under the "Diversity@BIC" banner, and evaluates the results achieved.

As part of this approach, BIC highlights a different diversity-oriented themes: gender diversity, disabled employees, minorities, seniors, etc. For each theme, actions are initiated locally and coordinated by

the Diversity Team, then extended and shared throughout the Group in the subsequent years.

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

In 2012, five specific questions on the issue of diversity were added to the engagement surveys. The results of this internal survey show that 85% of the respondents are satisfied with the state of diversity at BIC.

Progress made in 2013 and performances

In December 2013, the Mexican Ministry of Labor and Social Welfare awarded BIC Mexico's Planta 2 factory its "*Distintivo Empresa Incluyente*" ("Inclusive Company Prize"), given to honor companies that promote diversity in hiring.

A priority in 2013: generational diversity

In compliance with French law, "Generation Contracts" were signed with the Group's labor partners and action plans were implemented in the units concerned (see page 59).

Gender diversity

Local initiatives to improve gender diversity have been undertaken in the Group since 2010, when this issue was assigned top priority. The action plans that are now in progress concern training and raised awareness of this issue for BIC managers, the development of leadership by women, non-linear career management and increased follow-up of performance indicators. A pilot project was launched in France in 2012 to encourage the appointment of more women to positions of executive responsibility. In 2013, two training programs supplemented this effort in France. The first is a coaching workshop that is helping eight experienced women managers develop their leadership skills. They are the second group of women to take the workshop, the first having received coaching in 2011-2012. The second training program is comprised of two parts: an intercompany module on gender perception bias for women at the beginning of their careers, and a module for experienced women managers, in particular to help them develop their professional networks.

The issue of male/female equality has been addressed in bargaining agreements in various BIC units, for example in France and Spain. In order to improve gender parity, the management of the Tarragona factory (Spain) carried out an assessment of the current situation and, with the approval of its social partners, made a commitment to implement appropriate corrective actions to reduce the disparity (a process that continued throughout 2013).

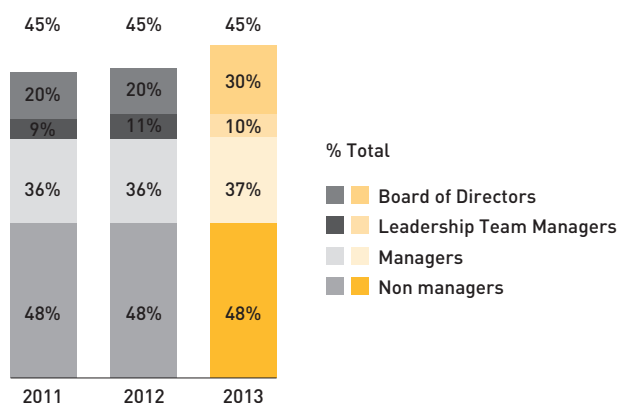
Similarly, BIC France signed a central agreement on professional equality within the Group in 2012. This agreement comprises various commitments and indicators covering aspects like hiring, effective remuneration policy, salary equality and professional development, as well as the balance between private and professional life and meeting family responsibilities. In 2013, this agreement was carried over to all legal entities throughout France, based on local analyses and actions adapted to the situation at each site. The resulting new agreements will be implemented in 2014 through 2016.

In 2013, women accounted for 45% of permanent employees of the Group. They accounted for 38% of the workforce in Europe, 54% in North America, 46% in Latin America and 52% in Middle East, Africa and Asia.

2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

PERCENTAGE OF WOMEN - BIC GROUP



In 2013, 28% of Directors and executives are women i.e. + 2 points versus 2012.

Disabled employees

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

In France, the corporate agreements signed with employee representatives in 2009 and 2010 were renewed in 2013. A program to promote the integration, employment and recognition of the disabled has been deployed with at least one dedicated contact person at each site. Like many companies, BIC has difficulty finding a sufficient number of qualified candidates for the recruitment of the disabled to fill management positions.

In various countries, especially in Oceania and France, BIC is working with companies and workshops that employ disabled workers. For example, the Clichy headquarters site (France) works with two nearby ESATs (establishments that promote the hiring of the disabled) for printing and waste processing. Thanks to a number of actions, the French entities of the Group increased their rate of disabled employees over the last three years to reach 4.6% of 2012 total workforce.

NUMBER OF DISABLED WORKERS – BIC GROUP



In 2013, disabled workers at the Group's largest sites totalled 173 (excluding indirect jobs associated with outsourcing). They numbered 53 in Europe, 77 in North America/Oceania (versus 59 in 2012), 42 in Latin America and 1 in the Asia/Middle East/Africa area. The commitment of BIC made in favour of diversity is reflected particularly by local trainings and employment assistance for disabled workers.

The professional integration of minorities

The theme of minorities in the workplace was BIC's top diversity priority in 2012.

For example, in France, BIC became a member of the association "Nos Quartiers ont des Talents" ("Our Neighborhoods Have Talent") and its mentorship program in April 2012. Founded in 2005, this non-profit organization helps young professional and technical school graduates from disadvantaged neighborhoods find work. Its mentorship program mobilizes managers of member companies to coach young people during their job search. The launch operation was very well received by all the employees at the Clichy site who want to become more personally involved in the Group's diversity actions. More than 35 managers have volunteered for "Nos Quartiers ont des Talents". Since the beginning of the program, BIC mentors have coached and advised a total of 86 young graduates, 33 of whom had found jobs by the end of 2013.

Perspectives

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

Following the great success of the coaching module for experienced women managers, BIC will launch a third edition of the program in 2014.

An event is scheduled for January 2014 to recruit new mentors as part of the Group's partnership with the "Nos Quartiers ont des Talents" program.

→ 2.4.7. SOCIAL DIALOG

Challenges

In order to maintain its employees' engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog everywhere in the world, 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 higher than the legal minimums, through superior employee benefits, or through investments to improve the working environment.

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

Progress made in 2013

All of BIC's subsidiaries and factories seek to apply this approach locally. Examples of the results achieved through social dialogue are mentioned in previous sections of this report concerning specific issues (diversity, safety, etc.). Selected examples are given in the following table, which provides a non-exhaustive overview.

PERIMETER	TOPIC OF DIALOG
United States – Lighters category	Renegotiation of the Collective Bargaining Agreement for the Milford unit. Result: innovative solutions for taking both the employees' desires and the Group's business needs (current and future) into account.
France – All units combined	Renegotiations of the agreements on career security, the hiring of the disabled, professional gender parity and intergenerational cooperation.
France – Local negotiations, all units combined	Examples of agreements signed in 2013: <ul style="list-style-type: none">• profit-sharing with employees at the site level;• physical stress on the job for sites that did not sign an agreement in 2012.

Perspectives

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

In France, 2014 will be marked by the opening of a renegotiation of the "Profit-sharing" agreement covering the perimeter of the industrial sites.

2.5. Our societal responsibility

BIC® products are distributed at 3.2 million points of sale throughout the world. Present in 160 countries, the Group manufactures and distributes its products in developed marketplaces as well as in some of the most impoverished ones.

In order to reduce the gap between developed and emerging countries, the United Nations have set a list of priorities to combat poverty. The Millennium Development Goals (MDG), adopted in 2000 by 189 countries, emphasize the crucial role of universal access to education and hygiene.

Respect and support for local communities is a core societal challenge for BIC, which the Group strives to meet through its local economic presence and philanthropic policies. In concrete terms, BIC introduces products that are affordable to the greatest number of consumers and adapts its offering to the specific habits and features of low-income communities. The Group also backs a great many local initiatives, in particular for the communities near its production sites.

BIC's commitment to offer affordable and adapted products is discussed in detail in the section "Our customers and consumers" (page 32).

→ 2.5.1. ETHICS AND THE FIGHT AGAINST CORRUPTION

Challenges

BIC generates 32% of its sales in countries where the risk of corruption is considered high or very high (like Brazil, Russia, Mexico, Italy and Argentina) and 68% in countries with a medium or low risk of corruption, including France, the United States and Spain (according to Transparency International).

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

The organization of BIC's subsidiaries is designed to limit the risk of corruption within the Group (see below).

Approach

The need to fight all forms of corruption, both active and passive, is included in the 14 standards of the BIC Group Code of Ethics, which formalizes the ethical principles that apply in all circumstances, for all employees in all countries. This document has been approved by the CEO and the Board of Directors and is available to all employees on the company intranet. It includes a Guide that enables all employees to formulate pertinent questions for evaluating their level of compliance in their relations with the stakeholders.

In order to limit the risk of corruption, the Group and its subsidiaries are organized so that the Executive Committee, category managements, Continents and central services like Legal, Human Resources and Finance are all interconnected. Since mid-2012, the BIC Group protocol for reporting cases of fraud, including aspects of corruption and the

subsidiaries are subjected to regular internal and external audits. In particular, these audit campaigns and the verifications carried out by the Group's different departments include aspects concerning customer relations and taxes.

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

Progress made in 2013

In 2013, the Ethics Charter was revised to tighten the Group's standards, in particular regarding the fight against corruption, donations to political parties, the protection of confidential information and responsible lobbying. This revision also brought the Ethics Charter of the U.S. subsidiary (BIC CORPORATION) in line with the Group Ethics Charter. A specific process that combines a local Code of Ethics as well as a Policy to pursue non-discriminatory hiring practices and to combat harassment in the workplace was instituted by BIC CORPORATION. These two documents are given to new hires, who are asked to sign them, attesting that they have received and read them. A copy of the Code of Ethics is periodically sent to all employees along with a questionnaire that allows them to detect possible violations. These policies are backed by an alert procedure, indicating the person to contact.

Perspectives

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

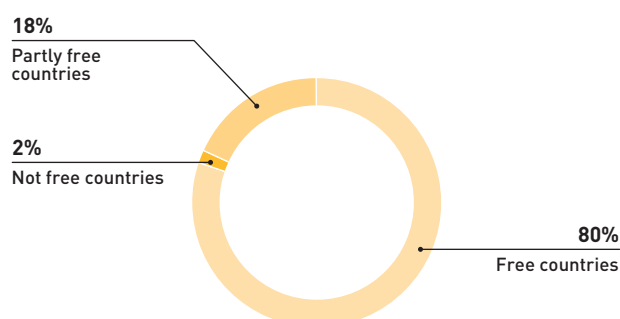
→ 2.5.2. ENSURING RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE

Challenges

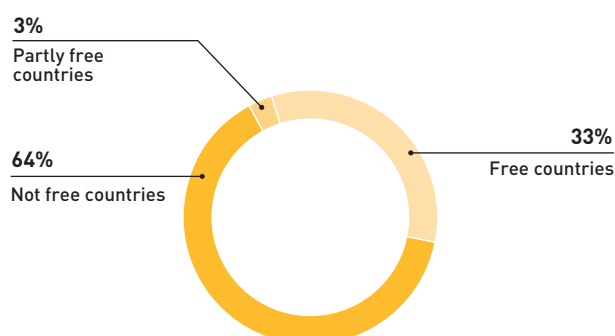
BIC makes 85% of its net sales by manufacturing its products in its own factories: 88% for the Consumer business, 60% in the Advertising and Promotional Products business of BIC Graphic. 84% of these factories are located in countries with no Human Rights risk according to Freedom House ⁽¹⁾.

BIC works with subcontractors primarily for stationery products in the Consumer business and for Advertising and Promotional Products. Subcontracting gives the Group greater flexibility and allows it to take advantage of new technologies.

BIC'S WORKFORCE BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2013 – BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2013 – BIC GROUP



Approach

Consequently, to ensure respect for Human Rights in the workplace, BIC has implemented the necessary tools: a Code of Conduct derived from the standards of the International Labor Organization (ILO) and an audit program covering all factories that produce BIC® products (page 30). This Code of Conduct applies to BIC factories, which are mainly located in South Africa, Brazil, Spain, the U.S., France, Greece and Mexico. It also applies to contract manufacturers which are primarily located in China, the United States and Spain.

Since 2012, the Code of Conduct covers all of BIC's partners, including suppliers, subcontractors and service providers, and specifies commitments concerning forced labor and human trafficking.

The social audit program

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

- for 13 years, BIC has had an audit program in place to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. The program applies as well to **global contract manufacturers** as to **manufacturers under local contracts** that make BIC® products for local markets. This program is applied to all of **BIC's Consumer Products and BIC Graphic** (Advertising and Promotional Products) businesses. Ongoing audits are conducted every two years to verify that standards are maintained at a satisfactory level. For Consumer Products, these audits are carried out by third party Auditors. For BIC Graphic the audit process combines external audits and audits by specially-trained employees (see page 68).

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

- self-Assessments have been conducted by all **BIC factories** since 2006. The responses are analyzed by independent Auditors. If needed, the factory Director is required to implement a corrective action plan (CAP) in collaboration with the Human Resources Department;
- a training manual facilitates the implementation of the CAP with the help of local teams.

→ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

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

Since 2009, BIC has been implementing a specific process in its offices located in China, Russia and Colombia. They were evaluated on their performance in relation to the Code of Conduct, signed the Code of Conduct and, where needed, adopted corrective action plans.

(1) Source: "Freedom in the World 2013," a study by the non-governmental organization Freedom House.

Social audits in the Advertising and Promotional Products business

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

QUALITY CERTIFICATION ALLIANCE (QCA)

In North America, BIC Graphic has been accredited by the Quality Certification Alliance (QCA) since 2012. QCA accreditation requires audit scores of 91% or better in five different areas, not only for BIC Graphic facilities in the U.S. but also for three BIC Graphic contract manufacturers. Those five areas are Quality, Product Safety and Regulatory Compliance, Environmental Stewardship, Supply Chain Security and Social Compliance.

SEDEX PLATFORM AND SMETA AUDITS

In Europe, BIC Graphic joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a non-profit membership organization dedicated to driving improvements in responsible and ethical business practices in global supply chains. Being a member of SEDEX provides the added benefit of having a confidential platform for sharing social compliance audit reports and related information and to participate in working groups. The SEDEX Members Ethical Trade Audits (SMETA) standard combines several reputable programs including the ILO Convention, ETI Base Code, SA 8000 and ISO 14001. The BIC Tarragona factory (Spain) and La Granada (Spain) warehouse passed the audit with high scores in 2012 and will be audited again in 2014.

Progress made in 2013

Changes in the Code of Conduct were implemented in 2013.

In 2013, the BIC Code of Conduct was amended for it to be applicable to transport carriers and other suppliers. The updated Code was shared with every continent. Brazil dedicated a booklet to the presentation of the BIC Code of Conduct to transport contractors. By the end of 2013, 100% of Brazilian transporters had signed the BIC Group Code of Conduct.

In 2010, BIC Amazonia obtained on a voluntary basis the SA 8000 certification. BIC Amazonia has been re-certified under the terms of international social responsibility standard SA 8000. The second cycle of certification has started in July 2013 and a few examples of the results obtained are: important relation improvement between management and employees; greater transparency in the HR process, focusing on internal recruitment, training and development; best practices have been successfully extended to subcontractors working on-site at the factory.

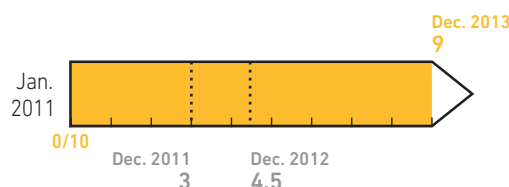
Performances

During the last three years, BIC Graphic audited 98% of its contract manufacturers' sites including those located in countries with Human Rights risks.

8 Deploy and maintain the BIC Group Code of Conduct

In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, been audited and be monitored on a regular basis
(Values Jan. 2011: 75% - Dec. 2013: 96%)

In 2013, 100% of BIC Graphic factories and contract manufacturers will have signed the BIC Group Code of Conduct, been audited (if located in a high risk country) and be monitored on a regular basis
(Values Jan. 2011: 32% - Dec. 2013: 98%)



Since 2000, BIC has been committed to a process of social audits.

2011-2013 results: The objective was nearly reached due to the implementation of significant resources; especially for the second indicator.

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

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

Main issues encountered in the assessment of contract manufacturers

In 2013, the main issue encountered during the audit process concerned the limit of 60 working hours per week. Contract manufacturers continue to resist this limit on working hours. In addition, it was observed that many contract manufacturers that achieve compliance with the BIC Group Code of Conduct after implementing a corrective action plan do not sustain compliance through their next audit cycle, especially in the areas of working hours and health and safety.

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

In Asia, BIC Graphic has had a business relationship with its main suppliers for more than 10 years.

Perspectives

In 2014, the new BIC Barometer will focus on the qualitative results of audits and set qualitative objectives for Code of Conduct compliance for 2016.

→ 2.5.3. ACTING AS A LOCAL ECONOMIC FORCE

Approach

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

Every time it starts operations in a new region, the Group's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 57 expatriated employees today. BIC thus contributes directly to local economies by generating jobs.

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

BIC highly values the local manufacturing of its products in order to contribute to local economic development and include the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of 10 licensed factories only for the Middle East-African zone. This local partnership approach has kept brought BIC® products closer to its consumers, making them more affordable and minimizing the transportation share of the costs. There are multiple benefits for the partners and the communities alike:

- **local job creation:** more than 1,000 direct jobs have been created in the factories of our licensed manufacturing partners thanks to BIC's direct operations in the Middle East and Africa. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for a number of families from impoverished backgrounds;
- **technology sharing and transfers:** licensed local production of BIC's pen and shaver products essentially requires molding and product assembly operations. As they acquired BIC skills and expertise in plastic molding technology, many licensed manufacturers now produce other plastic products of their own. As evidence of their quality standards, the partnerships between the BIC Group and our local partners enable the latter to diversify their business activities and to attract other large corporations;
- **enhanced product competitiveness** and strong local positioning help maintain BIC's quality standards at an affordable price for the greater number.

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

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

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

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

→ 2.5.4. A SOCIAL BUSINESS INITIATIVE

Challenges and approach

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

In May 2011, BIC launched its first Social Business initiative in Bangladesh by joining the NGO CARE's "Rural Sales Program," now called JITA in honor of the self-employed women entrepreneurs called Aparajitas ("those who never give up"), who are the backbone of the project. Launched in 2004, JITA fights poverty by promoting entrepreneurial ventures among the poorest women. Under the program backed by BIC, they sell simple products (shavers and soon pens) door-to-door in the most remote and impoverished rural areas of Bangladesh. The local BIC distributor and CARE teams provide sales training and coaching on the features and use of the products and shaving practices. The Group sees JITA as an appropriate long-term solution for these women, giving them the means to overcome poverty and social isolation, as well as a feeling of pride and a new role in the community.

Progress made in 2013

In 2013, the JITA program involved more than 4,000 Aparajitas reaching 20,000 consumers. The program has developed new marketing tools conceived to boost the Aparajitas' sales: advertising, including TV ads, and vehicles in the BIC colors that tour rural areas providing information on the use of shavers. Also in 2013, the Group reviewed the success of its products in the various platforms developed by CARE. For the few platforms that have not generated economic development, the decision was made to halt distribution in order to concentrate on zones where the products are better adapted to the local needs. At the end of the year, test sales of pens were introduced to expand the range of products offered by the Aparajitas.

In collaboration with the Group's partner CARE and its local distributor, a feasibility study was conducted on a similar distribution model in Ghana, with the goal of duplicating the model developed in Bangladesh taking local parameters into account. The study examined the need, the adaptations to be made in the model, and the population in order to identify the groups who would most likely be able to achieve the desired economic development through the sale of BIC® products.

Perspectives

BIC estimates that in 2014 its products will be sold by approximately 5,500 women in Bangladesh. The number of Aparajitas is lower than the original projections, which allows each one to reach a greater number of consumers and generate more income. In addition, the range of products offered for sale will be expanded with the addition of the BIC® Evolution™ pencil and the RS2 ballpoint pen, two products that are well suited to the market.

→ 2.5.5. PROMOTING PHILANTHROPIC ACTIONS

2.5.5.1. Access to education

Challenges

In the area of education and promoting literacy, pens for learning to write are just as important as books for learning to read. In the learning process, writing by hand is a basic skill that helps structure the thought process. For this reason, pens and pencils are indispensable tools for advancing education.

Approach and progress made in 2013

Philanthropic actions and charity products to promote education

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

In 2013, **BIC South Africa** renewed its large-scale "Choose BIC and Change a Future" charity products campaign. South Africa is a country that faces enormous educational challenges: 4.7 million of its citizens are illiterate and its unemployment rate exceeds 24%. For this campaign, BIC South Africa donated one pen for each product purchased to the NGO READ Educational Trust, which distributed them to underprivileged children. As in 2012, the operation was a huge success, with 1.2 million pens donated once again in just three months, for a total of 2 million pen donated in two years.

In **Europe**, for the fourth consecutive year, the "Kit Rentrée 2013" operation, to which BIC contributes through the French NGO *Dons Solidaires*, met with great success. In 2013, a new "Kit Loisirs" ("vacation kit") was created to help children make the most of their time away from school. In all more than 50 associations received shipments and distributed them to thousands of underprivileged children at the beginning of summer vacation and the start of the school year. The "Kits Rentrée" contain school supplies and hygiene products, while the "Kits Loisirs" include beach games, coloring books and other materials for fun activities. The kits are very much appreciated for the quality and variety of the items they contain, donated by more than 15 partners.

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

In September 2013, during a meeting, the "Emerging Markets" team built bikes that were donated to a group of disadvantaged children near Shelton, **United States**. A local police officer was present to provide them with training on road safety. For many, it was the first bike they had ever owned! The children also received backpacks containing BIC® products.

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

PROGRAM TYPE	EXAMPLES OF VOLUNTEER ACTIVITIES AMONG BIC GROUP SUBSIDIARIES TO PROMOTE EDUCATION
Products donation	<p>France: Donation of writing instruments and shavers to associations that meet charitable needs, like "Restaurants du Cœur", the French Red Cross, "Secours Populaire".</p> <p>Greece: Employees donated notebooks and stationery products to elementary schools located in Athens.</p> <p>USA: BIC Graphic Clearwater donated 150 backpacks that employees have filled with school supplies for children of Pinellas County who do not have the financial means to purchase these supplies.</p> <p>USA: Donation of backpacks filled with school supplies to the organization "Adopt-a-classroom," which identifies schools that are in need of supplies.</p> <p>China: Donation of writing instruments for two charity associations (Stepping stones and "À pleines mains") that support schools that children of migrant workers in Shanghai attend.</p> <p>Venezuela: Donation of writing instruments to the foundation "Niños de la Luz", which provides access to education for homeless children and helps them integrate into society.</p>
Financial aids	<p>USA, Mexico: BIC is a partner of ENACTUS, which is an international not-for-profit that supports student leadership development and social responsibility by bringing together the power of business and education. Leading universities from around the world identify and implement impactful, socially responsible initiatives at the local and international level, that positively impact the lives of thousands of people around the world, all through the power of business and free enterprise.</p> <p>Brazil: BIC supports Amarati, an association that promotes and monitors student learning, respecting the developmental stages of children and adolescents with lesions and neurological syndromes, responding to their specific needs.</p> <p>Mexico: BIC brings financial aids to the "Tony" association, which provides scholarships to children without access to education.</p>

Examples of initiatives to promote health or undertaken, in response to local needs, for the environment, emergency humanitarian aid and sports are described in the following section, "2.5.5.2 Other philanthropic actions."

2.5.5.2. Other philanthropic actions

Approach and progress made in 2013

BIC Citizens in Action

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

At the global level, this commitment takes the form of matching fund campaigns: the employees are mobilized through fundraising drives in all subsidiaries worldwide, and the Group matches the amount of money collected.

As in 2010, BIC joined forces in 2012 with the *Planète Urgence* "A School, A Future" program to offer assistance to Haitian families by improving the quality of education in 15 schools and helping develop local commercial activity.

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

PROGRAM TYPE	EXAMPLES OF ACTIVITIES IN BIC GROUP SUBSIDIARIES IN THE FIELD OF HEALTH, ENVIRONMENT, SPORT OR EMERGENCY HUMANITARIAN AID
Employee volunteer work	<p>France: Employees and members of their families participated in a charitable race organized by the association "Odyssea". The registration fees are donated to the Gustave Roussy Institute specialized in treatment for cancer.</p> <p>Canada: BIC employees organized events (barbecues, raffles...) to raise funds to help the local food bank: "North York Harvest Food Bank" and also to help the people and students affected by the explosion of a freight train carrying crude oil following its derailment in the town of Lac-Mégantic.</p> <p>Brazil: on a voluntary basis, all employees of PIMACO donated food, toiletries and cleaning products for the "Educational Association Francisca Nubiana da Silva" that helps 220 children ages 3 to 6 years.</p> <p>USA: BIC Consumer Products employees participated in the "2013 Earth Day" by cleaning and planting native flowers and shrubs in Eisenhower Park, located in Milford, CT.</p>

2 - Our environmental, social, and societal responsibility

Our societal responsibility

PROGRAM TYPE	EXAMPLES OF ACTIVITIES IN BIC GROUP SUBSIDIARIES IN THE FIELD OF HEALTH, ENVIRONMENT, SPORT OR EMERGENCY HUMANITARIAN AID
Financial aid	<p>France: Donations to "l'enfant@l'hôpital", an association that provides children in the hospital with access to a special computer network. This helps them feel less lonely and keep up with their schoolwork.</p> <p>UK: Sheaffer® has renewed its support for the "National Autistic Society," which is an association that helps children and families affected by autism.</p> <p>USA: Since 1994, the aim of "play safe! be safe!®" is to teach young children basic fire safety and prevention lessons. This multimedia program was created for BIC by educators and fire safety experts.</p> <p>In the USA, BIC Consumer Products has renewed its support to "Susan G. Komen for the Cure®" to participate in the fight against breast cancer with a donation of more than 74,000 euros from the sales of stationery products. Employees of BIC Graphic Clearwater have also supported this foundation by taking part in a team race.</p> <p>Ecuador: BIC Ecuador, through its support for the "Foundation Hermano Miguel" helps Bayron Lopez, a Paralympic athlete to compete in numerous national and international competitions.</p> <p>Brazil: BIC Amazonia made donations to the NGO Curupira that provides dedicated training to people with disabilities and develops educational programs to help companies work with people with disabilities.</p>

Performances



257 philanthropic projects involving volunteer work, product donations and financial aid carried out in 2013 (all fields combined)

In 2013, a total of 257 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.5% of the Group's pretax profits, primarily in education and health. These two sectors account for 71% of BIC's community activities, and represent 73% of their total estimated financial value.

10 Maintain our commitment toward our communities

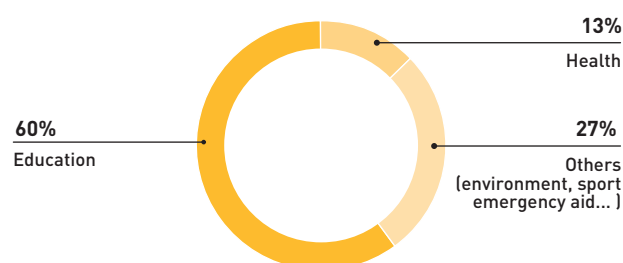
In 2013, contribution toward our communities will be more than 0.5% of pretax profit
(Values Jan. 2011: 0.5% - Dec. 2013: 0.5%)



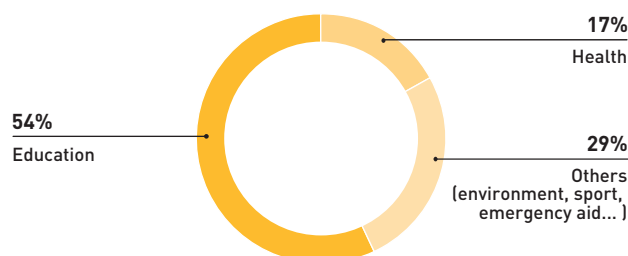
The valued contribution of this indicator concerns product and financial donations of the Group and its subsidiaries and does not include employees volunteer work.

2011-2013 results: The efforts have allowed maintaining the contribution toward our communities.

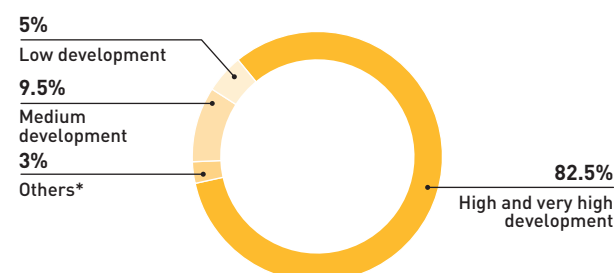
FINANCIAL BREAKDOWN OF ACTIVITIES – BIC GROUP – 2013



BREAKDOWN OF ACTIONS BY FIELD – BIC GROUP – 2013



DISTRIBUTION OF ACTIVITIES BY COUNTRY ACCORDING TO THE UNITED NATIONS HUMAN DEVELOPMENT INDEX (HDI) – 2013



* Countries without Human Development Index.

2.6. Milestones

→ 2.6.1. EXTRAFINANCIAL RATINGS

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

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

Carbon Disclosure Project: BIC improves its CDLI score and joins the CPLI and SCPLI

In recognition of BIC's actions to reduce and manage carbon emissions, the Group has been included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI) since 2009. BIC improved its score once again in 2013 with 96 points, up from 93 in 2012, 84 in 2011, 78 in 2010 and 66 in 2009.

Also in 2013, BIC was listed on the CDP Climate Performance French Leadership Index (CPLI) for the first time. This distinction comes in recognition of BIC's actions to reduce greenhouse gas emissions in its factories, with its shipping carriers and in partnership with its customers, and the Group's transparency in reporting on GHG emissions. This commitment to fight climate change also resulted in BIC joining the Climate Supplier Performance Leadership Index (SCPLI). BIC was recognized as one of the 80 most successful companies among the 2,868 participants of the CDP Supply Chain program that allows "suppliers" and "customers" companies to work together to reduce carbon emissions.

→ 2.6.2. PRIZES

In 2013, BIC was honored for the transparency of its financial information by the "French Listed Companies Transparency Grands Prix" organized by Labrador and Léonard de Vinci Management School. BIC was selected from a field of 120 French companies for three prizes:

- First prize for the Consumer Goods and Health sector;
- First prize for Mid-Caps;
- First prize all categories combined.

An independent scientific committee, made up of representatives from major regulated brokerage firms, validated the 105 ranking criteria in order to ensure an objective evaluation of the transparency of four information sources: the short form prospectus, the half-yearly financial report, the Notification of the General Assembly and the website.

BIC was also awarded the Best Investor Relations Trophy in the sustainable development category, sponsored by SFAF, CLIFF, NYSE Euronext, Middlesnext, AGF and IFA.

Organized by Capitalcom, the "Grand Prix de l'AG" was created to encourage and spotlight the best corporate practices in shareholder

general assemblies. Each year, the Grand Prix ceremony honors the companies that have derived the greatest benefit from this essential interaction with their Shareholders. At the ceremony held on July 10, 2013, BIC was rewarded with the SBF 120 Trophy.

The Norwood-BIC Graphic factory in Clearwater, Florida (USA) was chosen as one of 13 companies to be honored for their sustainable development approach at the fifth edition of the Earth Charter US (ECUS) Sustainable Business Awards organized by the University of Tampa in Florida and Earth Charter US. The factory was singled out for its environmental performance, in particular its low waste production and impressive management of inflammable and toxic materials.

→ 2.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1, 2013 to December 31, 2013.

2.6.3.1. Perimeter

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

The indicators that refer to environment and workers' accidents only concern the operations that have a significant impact in those areas, namely the industrial activities. These indicators therefore concern the BIC Group's factories that produce finished or semi-finished products, as well as its engineering units and packaging operations. Small-scale operations are excluded from the perimeter. Since 2010, the reporting of these indicators includes the factories of the Advertising and Promotional Products activity (BIC Graphic) acquired in 2009. The activities in portable fuel cells and FlameDisk® acquired in 2011 have not been included in the perimeter.

BIC Group's share in the capital of the seven Cello Pens entities went from 40% to 55% in late September 2013. Cello activities have not been included in the environmental, social and societal reporting established end of 2013.

2.6.3.2. Indicators

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

The inventory of activities for the benefit of our communities is compiled from surveys, sent annually to the management of each subsidiary.

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

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

Concerning the reporting on greenhouse gas emissions, the conversion factors have been normalized based on those annually proposed by the International Energy Agency. Since 2010, BIC commissions a review of its procedures and data in order to obtain a statutory report in the aim of providing a limited assurance. This work has resulted in recommendations, shared internally, which will also serve as a basis for improvement during the coming financial year.

The attestation resulting from this review is included in the present document (page 78).

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 266).

2.6.3.3. Methodological information concerning the BIC Sustainable Development Barometer

Definitions

Products

MEASURE THE ENVIRONMENTAL PERFORMANCE OF BIC® PRODUCTS

BIC® product is considered to have been environmentally evaluated when a Life Cycle Analysis (LCA) or a Life Cycle Assessment has been conducted. The environmental impact study is carried out either internally (BIC has equipped its R&D with an eco-tool based on the SimaPro 7.3.2 software) or by an external agency.

This indicator is calculated with the net sales.

OFFER BIC® PRODUCTS WITH ENVIRONMENTAL BENEFITS

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

- light and long lasting (writing instrument ≤ 3 g per km; lighter ≤ 8 g per 1000 flames; shaver ≤ 1 g per shaving);
- made from alternative materials (recycled, vegetable origin, etc.);
- refillable;
- ecolabelled (NF Environnement, etc.).

This indicator is calculated with the net sales.

OFFER ECO-OPTIMIZED PACKAGING

This indicator includes all packaging with the BIC® products when 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. By unit of product, we mean that for a 10 shavers' pouch, there are 10 units of products.

Industry

DEPLOY AND MAINTAIN MANAGEMENT SYSTEMS IN BIC FACTORIES

BIC environmental and health & safety management systems are specific to the Group, modeled on the corresponding international standards. The calculation of this indicator is based on the implementation rate of BIC's management systems. The figure disclose

is not the average of EMS and H&SMS but the lowest implementation rate.

ISO 14001 certification is based on the ISO 14001 international standard that defines the environmental management of the organization for continuous improvement of the environmental performance. This objective concerns BIC factories of finished products.

IMPROVE THE ENVIRONMENTAL PERFORMANCE OF BIC FACTORIES

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

REDUCE GREENHOUSE GAS EMISSIONS (GHG) FROM OUR TRANSPORT OPERATIONS

BIC outsources 100% of its transport operations. The reduction of GHG emissions from products transportation therefore requires two types of actions corresponding to the two objectives selected:

- Optimization of shipments: transportation mode, consolidation of shipments, anticipation of orders, etc.

The scope of this objective is the intersite shipping, i.e. all the factory-factory and factory-warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental).

- Selection of responsible carriers: eco-driving, fleet renewal... The scope of this objective is the intersite shipping (see above) and distribution shipping (warehouse-customer routes).

Social

REDUCE WORKERS' ACCIDENTS

The two indicators, Incidence Rate (IR) and Severity Rate (SR) of accidents are calculated for BIC Group's factories with the European legal definitions. IR is expressed in number of accidents with temporary or permanent disability per million hours worked and SR is expressed in days of temporary disability per thousand hours worked.

DEPLOY AND MAINTAIN THE BIC GROUP CODE OF CONDUCT

The two businesses, BIC Consumer Products and BIC Graphic, are distinct because of their different scope. BIC Graphic's business includes a larger number of subcontractors: priority is given to sites located in countries with "Human Rights" risks (not free and partly free, source: www.freedomhouse.org).

DEVELOP EMPLOYEES' TRAINING

This indicator measures the rate of Group's employees who actually received at least one training (on the basis of the permanent employees).

MAINTAIN OUR COMMITMENT TOWARD OUR COMMUNITIES

The valued contribution in this indicator concerns the Group products and financial donations and its subsidiaries and does not include employees' volunteer work.

The pretax profit is the one of the previous year.

→ 2.6.4. INDICATORS TABLE

ENVIRONMENT	BAROMETER	UNIT	2011	2012	2013
Management systems of factories					
Factories with environmental and health & safety management systems (or with implementation under way)	Barometer	%	94	95	99.7
BIC employees working in ISO 14001 certified factories	Barometer	%	66	74	81
BIC employees working in ISO 9001 certified factories		%	90	90	90.5
Energy consumption					
Annual energy consumption		Gigajoule	1,109,157	1,048,594	1,085,853
Annual energy consumption normalized to production	Barometer	Gigajoules per tonne	12.80	12.82	12.52
GreenHouse Gas (GHG) emissions					
Total amount of annual GHG emissions		tCO ₂ -e	95,771	92,041	92,124
Direct GHG emissions		tCO ₂ -e	9,962	9,131	9,549
Indirect GHG emissions		tCO ₂ -e	85,808	82,910	82,575
Total amount of annual GHG emissions normalized to production		tCO ₂ -e/tonne	1.12	1.13	1.06
Water consumption					
Annual water consumption		m ³	687,911	611,742	586,583
Annual water consumption normalized to production	Barometer	m ³ per tonne	8.01	7.48	6.76
Waste production					
Annual waste production		Tonnes	23,080	21,704	22,033
Non hazardous waste		Tonnes	20,415	19,534	19,803
Hazardous waste		Tonnes	2,665	2,170	2,230
Annual production of waste normalized to production		Tonnes/tonnes	0.269	0.265	0.254
Recovered waste		%	79	84	85
Annual production of non-recycled waste normalized to production	Barometer	Tonnes/tonnes	0.0866	0.0746	0.0748
Transportation					
GHG emissions related to intra-company transport*	Barometer	tCO ₂ -e	0.796	0.559	0.592
Calls for tenders for transportation that include a criterion on GHG emissions	Barometer	%	28	69	95
Products					
Products certified with the French <i>NF Environnement</i> ecolabel			19	20	22
Products that have been environmentally measured*	Barometer	%	87.9	89.0	89.7
Products that have at least one environmental benefit*	Barometer	%	48.5	49.9	49.9
Packaging					
Average packaging weight per product unit*	Barometer	Grammes	4.49	4.66	4.69

* Except BIC Graphic (Advertising and Promotional Products).

2 - Our environmental, social, and societal responsibility

Milestones

SOCIAL INDICATORS	BAROMETER	UNIT	2011	2012	2013
Group workforce					
Total workforce (full-time equivalent) – BIC Group			10,455	10,483	10,762
Permanent employees			9,198	9,256	9,373
Temporary workers			1,257	1,227	1,389
Voluntary turnover		%	7	6	7
Workforce by region					
Permanent workforce by geographical area					
Europe		%	40	40	40
North America and Oceania		%	28	27	26
Latin America		%	27	27	28
Middle East, Africa and Asia		%	5	6	6
Workforce by activity					
Permanent workforce by activity					
Manufacturing and R&D		%	61	61	62
Distribution, marketing et G&A		%	20	20	19
Sales force and customer service		%	19	19	19
Training and career management					
Employees that have received one training	Barometer	%	85	90	85
Number of training days		days	22,915	26,015	17,791
Number of training days per employee		days	2.49	2.81	1.89
Number of training hours per theme		hours	184,867	182,107	142,327
Technical training		hours	133,791	138,731	101,762
Leadership skills		hours	24,889	20,618	17,921
BIC culture		hours	26,187	22,758	22,644
Internal promotion rate among managers (levels 3, 4, 5 and 6)					
External recruitment		%	37	24	36
Internal recruitment		%	63	76	64
Diversity					
Women's share in management and workforce					
Board of Directors		%	20	20	30
Leadership Team		%	9	11	10
Managers (levels 3 to 6)		%	26	26	28
Safety					
Incidence rate of workers' accidents in the factories	Barometer	Number per millions of hours worked	7.74	7.13	8.32
Severity rate of workers' accidents in the factories	Barometer	Number per thousands of hours worked	0.35	0.19	0.27
Absenteeism					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.4	1.5	1.4

SOCIETAL INDICATORS	BAROMETER	UNIT	2011	2012	2013
Respect for Human Right in the workplace					
Net sales from BIC® products manufactured in its own factories		%	79.0	84.0	84.6
BIC permanent employees working in countries with no Human Rights risk ^(a)		%	82	80.5	80
BIC factories located in countries with no Human Rights risk ^(a)		%	87	84	84
Contract manufacturers located in countries with no Human Rights risk ^(a)		%	26	30	33
Factories' share (contract manufacturers included) that have signed the Code of Conduct and have been audited and monitored on a regular schedule					
Factories of BIC Consumer Products activity	Barometer	%	77	81	96
Factories of the BIC Graphic activity	Barometer	%	69	75	98
Net sales in countries with no Human Right risks ^(a)		%	88.2	86.6	87.3
Sponsorship					
Contribution to the communities (percentage of the Group's pretax profit)	Barometer	%	> 0.5	> 0.5	> 0.5

(a) Source : Freedom House.

→ **2.6.5. INDEPENDENT VERIFIER'S
CERTIFICATION AND ASSURANCE
REPORT ON CONSOLIDATED SOCIAL,
ENVIRONMENTAL AND SOCIETAL
INFORMATION CONTAINED IN THE
MANAGEMENT REPORT**

ERNST & YOUNG et Associés

SOCIÉTÉ BIC

Year ended the 31/12/2013

To the shareholders,

In our quality as an independent third-party organization of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the number n° 3-1050, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31/12/2013, presented in chapter 2 of 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 Executives board 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 regarding environmental, safety and HR data in their versions respectively dated November 2013, December 2013 and September 2013 (hereafter referred to as the "Protocols"), and of which a summary is included in introduction to chapter "Perimeter and selection of indicators" of the management report.

Independence and quality control

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

Responsibility of the independent third-party verifier

It is our role, based on our work:

- To attest whether the required CSR Information is present in the Annual 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, based on the fact that the CSR Information, taken together, is presented, in all material aspects, in an accurate way and in conformity with the Protocols used (Reasoned opinion on the accuracy of CSR Information);

Our verification work was undertaken by a team of 5 people between October 2013 and February 2014 for an estimated duration of eleven weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third party conducts its mission, and in relation to the reasoned opinion of sincerity and limited assurance, in accordance with the international standard ISAE 3000⁽¹⁾.

1. Attestation of presence of CSR Information

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

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

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

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (*Code de commerce*) with the limitations specified in the Methodological Note in chapter 2.6.3.1 of the management report, notably Cello's activities in 2013.

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

2. Reasoned opinion on the accuracy of CSR Information

Nature and scope of the work

We undertook about fifteen interviews with the people responsible for the preparation of the CSR Information in the different departments⁽²⁾, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the appropriateness of the Protocol for reporting, in relation to their relevance, comprehensiveness, accuracy, neutrality, and understandability, taking into consideration, if relevant, sectorial best practices;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

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

(2) Departments in charge of: CSR, HR, Safety at work, Finance, Supply and Quality.

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 challenges in relation to social and environmental subjects, its strategy in relation to sustainable development and sectorial best practices.

For the CSR Information which we considered the most important⁽³⁾:

- At the level of the parent company, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we:
- implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information,
- verified their coherence and consistency with the other information presented in the management report.
- At the level of the representative selection of sites that we selected⁽⁴⁾, 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 to identify potential omissions;

- 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 30% of the total workforce and between 23% and 45% of the quantitative environmental information.

For the other consolidated CSR Information, we assessed its coherence 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 sizes of the samples that we reviewed by exercising our professional judgment allow us to formulate a conclusion of limited assurance; 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 anomalies likely to call into question the fact that the CSR Information, taken together, is presented in an accurate manner, in conformity with the Protocols.

Paris-La Défense, 12 February 2014

Independent Third Party Organisation
ERNST & YOUNG et Associés

Partner
Sustainable development
Eric Mugnier

Partner
Bruno Perrin

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

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

(4) *BJ75 (France), SOCIETE BIC Amazonia (Brazil), SOCIETE BIC APP Tampa (USA) and SOCIETE BIC Mexico (Mexico).*

CORPORATE GOVERNANCE

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3.1. Chairman's report on the Board of Directors function and on the risk management and internal control procedures implemented by the Company

Dear Shareholders,

You will find hereafter the Chairman's Report in compliance with Article L. 225-37 of the French Commercial Code. This report was established with the support of the Internal Control and Audit, Legal and Human Resources Departments. It was approved by the Board of Directors held on February 11, 2014, after it had been checked by the Audit Committee and the Compensation and Nomination Committee.

The Company abides by the AFEP and MEDEF's corporate governance Code of listed corporations (version dated June 2013 available on the website www.medef.fr). The Company complies with this Code except when indicated in this report.

→ 3.1.1. COMPOSITION AND FUNCTION OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1.1. Composition of the Board of Directors

The positions and functions of the Directors and of the Corporate Officers are presented in § 3.4. of this registration document.

The Directors are elected by the Annual Shareholders' Meeting. The term of their mandate is three years except shorter term in order to favor a smooth replacement of Directors.

According to the Articles of Incorporation, the Board of Directors must comprise between three and twelve members. With the help of the Compensation and Nomination 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 expertise in a particular field (such

as finance, production and human resources). Moreover, the Board endeavors to be composed of at least one third Independent Directors.

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

- three women: Elizabeth Bastoni, Marie-Pauline Chandon-Moët and Marie-Henriette Poinot;
- four nationalities, helping the BIC Group to benefit from an international vision;
- four Independent Directors within the definition of the AFEP and MEDEF's corporate governance Code of listed corporations: Elizabeth Bastoni, John Glen, Frédéric Rostand and Pierre Vareille.

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. Characterization as an Independent Director has been discussed by the Compensation and Nomination Committee and then reviewed by the Board of Directors on February 11, 2014. The results of this review are presented in the table below.

CRITERIA PROVIDED BY THE AFEP/MEDEF CODE	ELIZABETH BASTONI	JOHN GLEN	FRÉDÉRIC ROSTAND	PIERRE VAREILLE
Not to be an employee or Executive Director of the Company, or an employee or Director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years	Compliant	Compliant	Compliant	Compliant
Not to be an Executive Director 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 for less than five years) is a Director	Compliant	Compliant	Compliant	Compliant
Not to be a customer, supplier, investment banker or commercial banker: <ul style="list-style-type: none"> • 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 an Executive Director	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

According to the Rules of Procedures revised by the Board of Directors before the publication of the present report, Directors qualified as independent strive to maintain this quality. However, if a Director believes that he can no longer or will shortly no longer be qualified as independent under the AFEP and MEDEF's corporate governance Code, such Director shall immediately notify the President, who will place this item on the agenda of the next meeting of the Board of Directors. The functions of Chairman of the Board and of Chief Executive Officer are separated.

3.1.1.2. Function of the Board of Directors

Rules of Procedures formalize the mission, organization and ethical principles that guide the actions of the Board of Directors.

a) Mission of the Board of Directors and of the President of the Board

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 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.

Bruno Bich, President of the Board of Directors, organizes and directs the work of the Board and reports to the Shareholders as provided by the legislation. He also ensures that the organs of the Company functions properly and that the Directors are able to fulfil their mission. Additionally, Bruno Bich meets important partners of the Group in order to ease the business relationship with them. These meetings are organized in close cooperation with the General Management.

b) Rights and duties of the Directors – Ethics – Conflicts of interests

In order to successfully achieve its mission, the Board of Directors has complete, sincere and fast information, in particular regarding the activity of each category, as well as the financial and treasury situation of the Company. The Rules of Procedures provide how the Board of Directors is kept informed about the financial situation of the Company. The Rules also provide that each Director has the duty to keep up-to-date and to ensure that he receives in due time sufficient and relevant information.

The Rules of Procedures provide that any Director must be a shareholder and should hold, beyond the only statutory requirement (one share), 500 shares.

Moreover, Directors and other people concerned are informed in writing of rules concerning restrictions and/or prohibitions regarding share purchase or sale activity when they have information not yet made public.

According to the Rules of Procedures, any Director must inform the Board, completely and beforehand, of any real or potential conflict of interest in which he could be directly or indirectly involved. In such case, the Director can take part neither to the debates nor to the decision on this matter.

c) Function

The Board of Directors is assisted by two committees of experts, the Audit Committee and the Compensation and Nomination Committee. These committees meet several days prior to the Board Meeting which allows the Management team to take any necessary additional corrective measures to be reviewed at the Board Meeting.

Invitation and notification to Board members for upcoming meetings are always confirmed in writing.

In principle, the Board of Directors meets at least six times a year in ordinary session, as follows:

- in February, to review the previous year's financial statements and approve the upcoming annual budget;
- in April, to examine the accounts of the 1st Quarter of the year;
- in May, after the Ordinary Annual Shareholders' Meeting;
- in August, for the half-year results;
- in October, to examine accounts of the 3rd Quarter of the year;
- in December, to analyze the activity and the initial estimates of full-year results.

Other meetings of the Board of Directors are organized as required by the Group's business activities throughout the year. The meetings serve to provide the Board with regular and relevant information and promote an environment for strong corporate governance.

The Chief Executive Officer, 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.

3 - Corporate governance

Chairman's report on the Board of Directors function and on the risk management and internal control procedures implemented by the Company

In 2013, the Board of Directors met six times for meetings of an average of four hours and three minutes. Additionally, the Directors visited the plants of Sleepy Eye and Red Wing, Minnesota (USA). The rate of attendance to the meetings was 93.33% and breaks down as follows:

DIRECTOR	ATTENDANCE
Bruno Bich - President	6/6 meetings
Mario Guevara	6/6 meetings
François Bich	5/6 meetings
Elizabeth Bastoni (Director since the Shareholders' Meeting of May 15th, 2013)	4/4 meetings
Marie-Pauline Chandon-Moët	6/6 meetings
John Glen	6/6 meetings
Gilles Pélissou (Director up to the Shareholders' Meeting of May 15th, 2013)	0/2 meetings
Marie-Henriette Poinsot	6/6 meetings
Frédéric Rostand	6/6 meetings
SOCIÉTÉ M.B.D. (Édouard Bich)	6/6 meetings
Pierre Vareille	5/6 meetings

Independent Directors met on February 11, 2014. This meeting allowed the Independent Directors to discuss about the governance arrangements in the Group and the future of its management.

In 2013, the Board of Directors ruled in particular on the following points:

- accounts and budget:
 - settlement of the statutory accounts and of the consolidated financial statements for the year ended December 31, 2012 and for the first Half of the year 2013,
 - review of the quarterly results,
 - revision of the 2013 budget and 2014 preliminary budget;
- corporate governance:
 - setting compensation for Corporate Officers and Directors,
 - succession plan of the Corporate Officers and Directors,
 - allocation of free shares with or without performance conditions,
 - drawing-up of the various documents submitted to the Shareholders' Meeting;
- strategy:
 - analysis of the strategy for the Group's Shaver activity,
 - analysis of the strategy for the Group's Advertising and Promotional Products activity,

- completion of the purchase of the seventh and last entity of Cello and increase of the BIC Group's stake from 40% to 55% in Cello Pens 7 entities;
- miscellaneous:
 - BIC Group's Sustainable Development Program,
 - progress of the project for fuel cell,
 - share repurchase program – cancellation of shares.

d) Assessment

The Rules of Procedures prescribe that, once per annum, the Board of Directors must devote a point of its agenda to a discussion on its operation. This assessment makes it possible to give a progress report on the procedures of the Board of Directors in order to increase its efficiency and to ensure that the important questions are suitably prepared and discussed.

At the beginning of 2014, an assessment was conducted through a questionnaire sent to each Director. This questionnaire was mainly related to the composition of the Board of Directors, to the access to information by the Directors, to the quality and efficiency of the discussions held by the Board of Directors, as well as to the role and performance of the committees of experts. This evaluation made it possible to acknowledge that it was neither necessary to modify the Rules of Procedures, nor to further formalize the rules of operation of the Board of Directors.

e) Summary of the non-compliances with the AFEP and MEDEF's Code

The Company abides by the AFEP and MEDEF's Code, except for the following recommendations:

RECOMMENDATION OF THE AFEP AND MEDEF'S CODE	JUSTIFICATION
Paragraph 23.2.4. Performance shares "In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to Executive Directors are conditional upon the acquisition of a defined quantity of shares upon the availability of the awarded shares."	Since December 11, 2007's plan, Corporate Officers must keep 20% of performance shares definitely acquired, until their mandate expires (the 20% will be reduced to 10% when the CEO owns five years of base salary in BIC shares and when Executive Vice-Presidents own three years of base salary in BIC shares). This obligation to keep shares, added to the performance conditions, appears sufficient.
Paragraph 23.2.6. Supplementary pension schemes "Additional pension schemes with defined benefits 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."	Mario Guevara, CEO of SOCIÉTÉ BIC and CEO of BIC CORPORATION and of BIC INTERNATIONAL, American companies, could be entitled to a pension established by BIC CORPORATION, without being a Corporate Officer of SOCIÉTÉ BIC, of BIC CORPORATION and of BIC INTERNATIONAL when claiming his pension rights. The American senior managers benefit from this pension plan, established by BIC CORPORATION for more than 30 years. Mario Guevara, in the Group for twenty years, has been eligible for this pension for 13 years, significantly in advance of his appointment as Executive Vice-President and then CEO. Fifteen individuals benefit from this pension plan, which has not been modified since the appointment of Mario Guevara.
Paragraph 23.2.6. Supplementary pension schemes "Each year, the increase in potential rights shall be progressive in relation to the seniority in the scheme and shall only account for a percentage limited to 5% of the beneficiary's compensation."	Mario Guevara, François Bich and Marie-Aimée Bich-Dufour participate to the supplementary pension schemes described in paragraph 3.3.1.6. of the registration document. These three corporate officers having about twenty years of service, the introduction of a new rule progressively increasing the potential rights in relation to the seniority would have no effect on current accrued pension benefits.
Paragraph 23.2.6. Supplementary pension schemes The supplementary pension scheme may not give right to more than 45% of the reference income (fixed and variable compensation due in the reference period).	Mario Guevara having already accrued a pension benefit equivalent to 50% of the average remuneration of the last three years of service, the limitation of 45% of the reference income can't be applied.

3.1.1.3. Committees set up by the Board of Directors

Two committees of experts, the Audit Committee and the Compensation and Nomination Committee assist the Board of Directors.

a) Audit Committee

John Glen – Chairman (Independent Director).

Pierre Vareille (Independent Director).

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

The Audit Committee was created in 1997. Its primary mission is to ensure that the accounting principles applied to the Company's consolidated and statutory accounts 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 accounts by the Audit Committee is accompanied by a presentation from the External Auditors of their audit reports and the accounting methods chosen, and by a presentation from the CFO of the risks and significant off-balance sheet items of the company.

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

It interviews the External 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.

The Committee can call upon outside independent experts on matters within their competence, at the expense of the company, after having informed the Chairman of the Board of Directors or the Board itself and reports their conclusions to the Board.

The career of the Audit Committee members allows them to benefit from financial and accounting skills necessary to fulfill their mission. John Glen, President of the Committee, has eight years experience as Group Finance Director of Air Liquide SA between 2000 and 2008. He was Vice Chairman of EFRAG (European Financial Reporting Group) Supervisory Board for four years. He is a fellow 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 a MBA in Finance from Wharton University – USA. Pierre Vareille, who is presently Chairman and CEO of Constellium, a global leader in the aluminum industry, has key experience in the management of industrial companies at the world level. He started his career in 1982 with Vallourec, holding various positions in manufacturing, controlling, sales and strategy before being appointed CEO of several subsidiaries. After having held various general management positions at GFI Aerospace, Faurecia and Pechiney, he was, from 2004 to 2008, Chief Executive of the English automotive equipment manufacturer Wagon Plc (listed company in London) and, then from 2008 to 2011, Chairman and CEO of FCI, a world leading manufacturer of electronic connectors. He graduated from the *École Centrale* of Paris, he is an alumnus of the *Institut d'Études Politiques* of Paris as well as of Sorbonne University (Economy and Finance) and of Institut de Contrôle de Gestion (Audit).

During 2013, the Audit Committee met four times in the presence of its President and of all other members. Representatives from both audit firms attended the meetings when company results were reviewed. Audit committees relating to the review of the financial statements are held several days before the examination by the Board.

Among other tasks, the Committee continues to monitor new communications and requirements related to the Law of Financial Security (LSF) and the Company's implementation plan to meet these requirements. The Audit Committee also reviews any new International Financial Reporting Standards, Internal Control Structure and other financial reporting matters including the registration document.

In 2013, the Audit Committee also worked on:

- review of the goodwill amortization and impairment tests;
- review of pensions and employee benefits;
- review of the Group's effective Tax rate;
- review of Cello accounting as the Group prepares for the consolidation of their accounts;
- review of the Group's Internal Control and Audit findings, which also included the review of the Group's risk mapping assessment;
- future Audit Committee review topics;
- the preparation and planning of the Auditors renewal after 2016;
- review of the Group's preliminary long term strategy.

b) Compensation and Nomination Committee

Gilles Péliçon then Frédéric Rostand from May 2013 – Chairman (Independent Director).

Marie-Henriette Poinot.

Frédéric Rostand then Elizabeth Bastoni from May 2013 (Independent Director).

The Compensation Committee was created in 2001 and is responsible for examining the remuneration of Corporate Officers and of the members of the General Management and making proposals to the Board of Directors. The Committee's responsibility also includes Group salary policy, benefits, stock option plans and free share awards.

From 2007, the Board of Directors decided to allocate to this committee, now called the Compensation and Nomination Committee, the following additional tasks:

- proposal to the Board of Directors of nomination of new Directors, taking into account the rules regarding the nomination of Independent Directors;
- examination and proposal to the Board of Directors of the succession plan for Corporate Officers, in case of unforeseeable vacancy.

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

During 2013, the Compensation and Nomination Committee met five times. The rate of attendance was 93%. The Committee's activity focused specifically on:

- details and level of remuneration for the Chairman;

- details and level of base remuneration, plus annual variables and long-term incentives for the CEO and the two Executive Vice-Presidents;
- determination of the criteria and annual targets used to calculate their variable remuneration 2013;
- details of their supplementary pension plans and other benefits;
- review of the non-recurring compensation of the Corporate Officers and of the management;
- analysis of the position of the total reward of the Corporate Officers and of the management;
- principles and amounts of free share awards based on performance, portion of the grant dedicated to Corporate Officers, determination of three-year targets that govern these awards, in addition to principles in case of departure of 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 Officers Succession Plan (for which the contribution of the Chairman has been requested).

The Committee also gave its opinion on the remunerations 2013/2014 of the BIC Management team and on the practice of the compensation policy in the Group.

3.1.1.4. Limitation of the powers of the Chief Executive Officer

The Rules of Procedures specify the type of operations that must in any case be first authorized by the Board of Directors:

- transactions not in line with 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 participation, 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.

➔ 3.1.2. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

3.1.2.1. Risk management and internal control definitions and objectives

3.1.2.1.1. Adoption of the principles of the AMF's Risk Management and Internal Control Systems – Reference Framework

For the issuance of this report, 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* – Paris Stock Exchange 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 that continuously adapt them to their current situation, with guidance from the Group Accounting and Controllers 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

The adoption process takes into account the definition of risk management as a company's dynamic system, defined and implemented under its responsibility. This system is comprehensive and covers all of 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 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:

- 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 for internal control as a company's 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, the internal control contributes to the 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 laws and regulations 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 of 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 earnings releases reported publicly. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures § 3.1.2.2.4. *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 to identify the source of the information and of produced materials;
- 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.

3.1.2.1.2. Scope of risk management and internal control

Risk management and internal control as defined in this report concern 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 § 3.1.2.3. *Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions*), and compliance with law and regulations.

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

3.1.2.1.3. 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 uncertainties in the outside world, the judgmental 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 taken into account ensuring reasonable control coverage.

3.1.2.2. 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.

3.1.2.2.1. Control environment

a) Organization

The Group implemented a structured internal control system giving the appropriate guidelines and responsibilities 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 § 3.1.2.3.5. *Employees*);
- Vision and Values (see § 3.1.2.3.5. *Employees*);
- Group Accounting and Controllers 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.

- Human Resources Management Policy:

Detailed in *Our environmental, social and societal responsibility – § 2.4. Our social responsibility to the employees*, Human Resources Management fully participates 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 promotes 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 efficiently meet the following goals:

- cascading of the Company's objectives to the employees throughout the year,

- training and people development: see our environmental social and societal responsibility – § 2.4. *Our social responsibility to the 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 which 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 § 3.1.2.2.4. *Internal Control procedures*).

3.1.2.2.2. 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 process and follow-up for the achievement of Management's objectives.

3.1.2.2.3. Risk management process

Risk management, among its objectives, aims to address the existing risks that could potentially impact the Company. All risks cannot be addressed. When covered, the employed means include internal mitigation processes 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

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

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

BOTTOM-UP APPROACH

This annual practice, based on a self-declaration principle, aims to identify and measure from a subsidiary level the risks considered as significant for the Group.

Questionnaires are addressed to the representatives of the targeted level (General Manager/Chief Financial Officer). Their feedback covers the main risks.

The Internal Control and Audit (IC&A) 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 average 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 maintained internally.

TOP-DOWN APPROACH

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

This project, conducted by the IC&A Department with the support of an independent advisory firm, is monitored by the Leadership Team. The purpose was to obtain a synthetic overview of major risks that the Group is or could be exposed to.

The approach that consisted in updating the Group risk mapping could 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.

For the Group risk mapping to remain pertinent, the major risks identified in 2010 have been updated and re-assessed every year.

Risks listed by this approach have been considered in the *Group Presentation – § 1.7. Risk factors* and are taken into account for the internal audit schedule.

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 in 2013. Progress and status of action plans related to certain key risks have been also reviewed and discussed at Board Meetings. The other risks continue to be monitored closely.

In addition, different procedures exist (see § 3.1.2.2.4. *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 – § 1.7. Risk factors*:

- the Group Treasury manages and monitors interest rate exposure and foreign exchange exposure on a daily basis;
- the Legal Department regularly follows changes of laws/regulations and litigations in progress;

- the main industrial and environmental risks are taken into account 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 – § 1.7. Risk Factors – Insurance – Coverage of any risks to which the issuer may be exposed*.

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 regularly basis.

3.1.2.2.4. 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 companies, under the control of their own Finance and Operations Directors, report information to the continent finance teams who 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 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;

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- 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 on a monthly basis the consolidated data and the related analysis;
- 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 in particular the following:

- the fixing and circulation of accounting rules by the Group finance headquarters 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 affiliate for the account closing;
- the signature of an internal representation letter by the affiliate 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 correct 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 adapted for an accurate endorsement 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 engagement authorization. Indeed 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.

Therefore, the Group has implemented an authorization matrix that provides the accurate level of responsibilities required in accordance with the amount to be engaged. All authorizations are expected to be formalized on the appropriate form or through the IT systems.

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;
- 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 engagement 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 engagement.

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 receivables fair value guarantee with procedures for bad debt reserve computation and credit notes issuance.

Similarly to the relationships with vendors, 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 both physical custody of the goods, valuation of these items and monitoring of the related flows. Thus the procedures in place address both 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; and
- 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 follow the Group rules as well as comply with local accounting and financial standards. The Group rules are disclosed in the *Notes to the consolidated financial statements – Note 1 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 – § 4.3. Management of currency and interest rate risks*.

FIXED ASSETS MANAGEMENT PROCEDURES

As defined in the objectives for internal control, asset security is identified as a matter of focus. To achieve this goal, 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 comparison with the financial systems.

In addition to the investment authorization process mentioned earlier, all fixed assets movements, *i.e.* transfers, disposal and sales, are regulated with respective 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 monitoring activities.

3.1.2.2.5. Control activities

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

Moreover, the IC&A Department ensures through its annual review that no material differences exist in the Group.

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

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

3.1.2.3. 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.

3.1.2.3.1. The Board of Directors

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

3.1.2.3.2. The Leadership Team

The Leadership Team, under the direction of Mario Guevara, Chief Executive Officer of SOCIÉTÉ BIC, is comprised of ten executives 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 Mario Guevara, to François Bich, Executive Vice-President and General Manager Lighters and to Marie-Aimée Bich-Dufour, Executive Vice-President and General Counsel, the Leadership Team members include:

- operational representatives responsible for continents:
 - Billy Salha, General Manager Europe,
 - Chris Mills, General Manager North America,
 - Gonzalve Bich, General Manager Developing markets;
- representatives of product categories:
 - Ed Dougherty, category President for Stationery and Shavers,
 - Benoît Marotte, General Manager for Stationery,
 - Edgar Hernandez, Chief Executive Officer for Advertising and Promotional Products;
- representative of transverse functions:
 - Jim DiPietro, Chief Financial Officer.

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

The Leadership Team 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 in order 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 three times 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.

3.1.2.3.3. The Audit Committee

The Audit Committee, described earlier in this report (see § 3.1.1.3. *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.

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

In January 2004, the Group established the Internal Control and Audit Department, reporting operationally to the Financial Direction and on demand to the Leadership Team and to 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 the BIC 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 during operations of external acquisition or internal restructuring.

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

Each year, the IC&A Department presents the review schedule to the External Auditors, provides updates and shares the resulting reports 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.

a) IC&A Department's activities in 2013

Since the beginning of 2006, a long-term rotation schedule has been put in place to ensure that all sites and key processes are reviewed approximately every three years.

The 2013 schedule led the IC&A Department to perform the audits of 31 entities, in manufacturing and distribution, combining initial visits and follow-up visits.

These audits were carried out in accordance with a 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 in accordance with an approach based on the identified risks;
- 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 issues were identified as a result of the reviews. The issued recommendations in the audit reports highlighted improvements to certain controls for better efficiency. Local Management has shared their response to these recommendations and proposed action plans with the related implementation dates and responsibilities for execution. These implementations have been checked during follow-up visits performed by the IC&A Department. Furthermore, follow-up of action plans progress contribute to an efficient monitoring of recommendations implementation related to significant audit issues. Finally, the best practices in terms of internal control noted while performing these reviews have been communicated and shared within the Group.

In addition, each subsidiary of the Group completed a risk assessment in the format of a self-evaluation coordinated by the IC&A Department. The objective is to measure regularly the exposure to the potential major risks for these entities and, consequently, to provide a risk matrix at Group level. This annual requirement is in place since December 2003.

In addition to these self-assessments, all General Managers and Finance Directors of the subsidiaries signed a letter attesting that the internal controls in place are comprehensive and operate adequately to manage the operations. In the letter, they also attest to the reliability of the financial information reported and compliance with relevant laws and regulations.

If necessary, the General Manager of the subsidiary provides details of non-significant weaknesses for which corrective actions will be implemented in 2014. This process allows for a reasonable confidence being placed on the achievement of operational goals, on the reliability of financial information reported and on the compliance with relevant laws and regulations. All of these letters have been collected for 2013 and no major issues have been identified.

A summary of the work performed 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 for progress.

As explained in the § 3.1.2.2.3. *Risk management process*, the IC&A Department continued to conduct in 2013 the risk mapping approach.

b) Perspectives and Action Plan for 2014

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

The 2014 audit schedule, prepared by the IC&A Department and validated by the Audit Committee and the Leadership Team, meets the long-term rotation principle for the site and processes reviews. It maintains the same level of commitment as in 2013, in terms of number of audits and of audited sites and processes.

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

3.1.2.3.5. Employees

Each employee is involved in internal control in accordance with his/her respective knowledge and access to information to design, operate and monitor the internal control system.

To reinforce the commitment of all employees to the importance of internal control, the Values of the Group have been posted since 1998 at all Group locations so that employees can share them. In 2005, the Group Vision and Values were updated and presented to all employees. Since 2005, a survey is performed every two years with employees regarding the compliance with Group Values (85% positive opinions in 2013). These values were continuously shared in 2013 within the Group.

A Group Code of Ethics exists and is available for all employees. The Board of Directors has taken note of it and reasserted, as necessary, the importance of action and behavior principles mentioned in this Code. The Leadership Team validated the Group Code of Ethics, the procedures and policies, and cascades it throughout the Group.

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

3.2. Statutory Auditors' report prepared pursuant to Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors

→ FOR THE YEAR ENDED DECEMBER 31, 2013

This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and 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 the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Auditors of SOCIETE BIC, and pursuant to Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We performed our procedures in accordance with professional standards applicable in France.

Information in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report on the information given in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set forth in the report of the Chairman of the Board of Directors, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, February 26, 2014

The Statutory Auditors

Grant Thornton

French Member of Grant Thornton International

Vincent PAPAZIAN

Deloitte & Associés

Jean-François VIAT

3.3. Senior Management compensation and employees' interests in the issuer's capital

→ 3.3.1. SENIOR MANAGEMENT COMPENSATION

3.3.1.1. Compensation policy

3.3.1.1.1. General policy

Remuneration is fixed by the Board of Directors upon the recommendation of the Compensation and Nomination Committee. This committee:

- analyzes and compares trends in remuneration for comparable individuals and positions in the French marketplace for the Chairman and the Executive Vice-Presidents (who are paid by Société BIC) and in the USA marketplace for the Chief Executive Officer (who is paid in United States and is paid by BIC International);
- 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 reward including all benefits (and including pension).

3.3.1.1.2. Rules governing the granting of the variable annual part (Bonus) in 2013

- The Chairman, Bruno Bich, received no variable remuneration for 2013.
- The bonus paid to the Chief Executive Officer, Mario Guevara, was calculated on the basis of six criteria proposed by the Compensation and Nomination Committee and authorized by the Board of Directors at the beginning of the fiscal year:

CRITERIA	2013 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2013 BONUS PAID, AS A % OF BASE SALARY
Group net sales	25.0%	25.30%
Income from operations	25.0%	23.70%
Net income	12.5%	11.10%
Inventory	12.5%	12.30%
Customers	12.5%	12.70%
Personal objectives determined by the Board at the beginning of the fiscal year (3 objectives in 2013)	37.5%	33.75%
TOTAL*	125.0%	118.95%

* The maximum bonus 2013 is 175% of base salary, equivalent to 140% of target bonus.

The bonus paid for 2013 represents 95% of the bonus target, amounting to 891,375 U.S. dollars.

- The bonus paid to the Executive Vice-Presidents, François Bich and Marie-Aimée Bich-Dufour, was calculated on the basis of four or five criteria:

BONUS – FRANÇOIS BICH

CRITERIA	2013 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2013 BONUS PAID, AS A % OF BASE SALARY
Net sales	12.0%	13.08%
Income from operations	12.0%	13.32%
Net Income	12.0%	15.24%
Inventory	6%	5.34%
Personal objectives and general appraisal	18.0%	18.00%
TOTAL*	60.0%	64.98%

* The maximum bonus 2013 is 90% of base salary, equivalent to 150% of target bonus.

The 2013 bonus paid to François Bich amounts to 305,406 euros, which represents 108% of the bonus target.

BONUS – MARIE-AIMÉE BICH-DUFOUR

CRITERIA	2013 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2013 BONUS PAID, AS A % OF BASE SALARY
Net sales	9.0%	9.18%
Income from operations	9.0%	12.83%
Net Income	9.0%	4.01%
Personal objectives and general appraisal	18.0%	20.70%
TOTAL*	45.0%	46.72%

* The maximum bonus 2013 is 67.5% of base salary, equivalent to 150% of target bonus.

The 2013 bonus paid to Marie-Aimée Bich-Dufour represents 104% of the bonus target, amounting to 130,349 euros.

3.3.1.2. Individual remuneration

The total amount of remuneration awarded to the four Corporate Officers for the fiscal year 2013 is equal to 1,501,602 euros as fixed remuneration (base) and 1,107,022 euros as variable remuneration (bonus). For the fiscal year 2012, those amounts were 1,477,947 euros as fixed remuneration (base) and 1,119,594 euros as variable remuneration (bonus) ⁽¹⁾.

The total amount of remuneration awarded to the members of the Management team ("Leadership" team of ten members, including the Chief Executive Officer and the two Executive Vice-Presidents) for the

fiscal year 2013, is equal to 3,314,402 euros as fixed remuneration (base) and 2,198,184 euros as variable remuneration (bonus). For the fiscal year 2012, the team was made up of nine members and those amounts were 3,029,969 euros as fixed remuneration (base) and 2,082,607 euros as variable remuneration (bonus) ⁽¹⁾.

(Total compensation and fringe benefits awarded for fiscal years 2012 and 2013 by SOCIÉTÉ BIC and by the companies it controls, according to Article L. 233-16 of the French Commercial Code, to members of the Management bodies and to Senior Management of SOCIÉTÉ BIC in accordance with their functions within the Group, were as follows:

TABLES A – SUMMARY OF COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH CORPORATE OFFICER
(Table 1 according to the AMF Position-Recommendation N. 2009-16)

BRUNO BICH CHAIRMAN	FINANCIAL YEAR 2012 (in euros)	FINANCIAL YEAR 2013 (in euros)
Compensation due in respect of the financial year (detailed in table B)	183,600	187,800
Valuation of long-term variable compensation awarded during the financial year	-	-
Valuation of stock options awarded during the financial year (detailed in table D)	-	-
Valuation of performance shares awarded during the financial year (detailed in table G)	-	-
TOTAL	183,600	187,800

Bruno Bich has been the Non-Executive Chairman since March 2006 and receives a fixed remuneration (with no variable element) through SOCIÉTÉ BIC, in relation to his position as Non-Executive Chairman.

MARIO GUEVARA CHIEF EXECUTIVE OFFICER	FINANCIAL YEAR 2012 (in U.S. dollars) ^(a)	FINANCIAL YEAR 2013 (in U.S. dollars) ^(b)
Compensation due in respect of the financial year (detailed in table B)	1,697,620 (1,320,489 euros)	1,733,169 (1,305,196 euros)
Valuation of long-term variable compensation awarded during the financial year	-	-
Valuation of stock options awarded during the financial year (detailed in table D)	-	-
Valuation of performance shares awarded during the financial year (detailed in table G)	1,874,694 (1,458,225 euros)	2,628,943 (1,979,775 euros)
TOTAL	3,572,314 (2,778,714 euros)	4,362,212 (3,284,971 euros)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2012 (1 euro = 1.2856 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1 euro = 1.3279 U.S. dollars). (See Note 3 to the consolidated financial statements).

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1 euro = 1.3279 U.S. dollars) and for 2012 (1 euro = 1.2856 U.S. dollars).

FRANÇOIS BICH EXECUTIVE VICE-PRESIDENT	FINANCIAL YEAR 2012 (in euros)	FINANCIAL YEAR 2013 (in euros)
Compensation due in respect of the financial year (detailed in table B)	755,397	779,078
Valuation of long-term variable compensation awarded during the financial year		
Valuation of stock options awarded during the financial year (detailed in table D)	-	
Valuation of performance shares awarded during the financial year (detailed in table G)	648,100	879,900
TOTAL	1,403,497	1,658,978

MARIE-AIMÉE BICH-DUFOUR EXECUTIVE VICE-PRESIDENT	FINANCIAL YEAR 2012 (in euros)	FINANCIAL YEAR 2013 (in euros)
Compensation due in respect of the financial year (detailed in table B)	404,336	411,209
Valuation of long-term variable compensation awarded during the financial year		
Valuation of stock options awarded during the financial year (detailed in table D)	-	
Valuation of performance shares awarded during the financial year (detailed in table G)	194,430	373,958
TOTAL	598,766	785,167

TABLES B – SUMMARY OF THE COMPENSATION OF EACH CORPORATE OFFICER

(Table 2 according to the AMF Position-Recommendation N. 2009-16)

BRUNO BICH CHAIRMAN	AMOUNTS FOR FINANCIAL YEAR 2012 (in euros)		AMOUNTS FOR FINANCIAL YEAR 2013 (in euros)	
	DUE	PAID	DUE	PAID
Fixed compensation	183,600	183,600	187,800	187,800
Annual variable compensation	-	-	-	-
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	-	-	-	-
TOTAL	183,600	183,600	187,800	187,800

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Senior Management compensation and employees' interests in the issuer's capital

MARIO GUEVARA CHIEF EXECUTIVE OFFICER	AMOUNTS FOR FINANCIAL YEAR 2012 (in U.S. dollars) ^(a)		AMOUNTS FOR FINANCIAL YEAR 2013 (in U.S. dollars) ^(b)	
	DUE	PAID	DUE	PAID
Fixed compensation	720,000 (560,050 euros)	720,000 (560,050 euros)	750,000 (564,802 euros)	750,000 (564,802 euros)
Annual variable compensation	900,000 (700,062 euros)	840,000 (653,391 euros)	891,375 (671,267 euros)	900,000 (677,762 euros)
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	1) Vehicle benefit: 19,200 (14,935 euros)	1) Vehicle benefit: 19,200 (14,935 euros)	1) Vehicle benefit: 19,200 (14,459 euros)	1) Vehicle benefit: 19,200 (14,459 euros)
	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:
	a) 401 K: 7,550 (5,873 euros)	a) 401 K: 7,550 (5,873 euros)	a) 401 K: 7,650 (5,761 euros)	a) 401 K: 7,650 (5,761 euros)
	b) "Exec Comp Plan": 28,800 (22,402 euros)	b) "Exec Comp Plan": 28,800 (22,402 euros)	b) "Exec Comp Plan": 30,000 (22,592 euros)	b) "Exec Comp Plan": 30,000 (22,592 euros)
	3) Other: 22,070 (17,167 euros)	3) Other: 22,070 (17,167 euros)	3) Other: 34,944 (26,315 euros)	3) Other: 34,944 (26,315 euros)
TOTAL	1,697,620 (1,320,489 euros)	1,637,620 (1,273,818 euros)	1,733,169 (1,305,196 euros)	1,741,794 (1,311,691 euros)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2012 (1 euro = 1.2856 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1 euro = 1.3279 U.S. dollars). (See Note 3 to the consolidated financial statements).

FRANÇOIS BICH EXECUTIVE VICE-PRESIDENT	AMOUNTS FOR FINANCIAL YEAR 2012 (in euros)		AMOUNTS FOR FINANCIAL YEAR 2013 (in euros)	
	DUE	PAID	DUE	PAID
Fixed compensation	460,757	460,757	470,000	470,000
Annual variable compensation	290,968	318,464	305,406	290,968
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672
TOTAL	755,397	782,893	779,078	764,640

MARIE-AIMÉE BICH-DUFOUR EXECUTIVE VICE-PRESIDENT	AMOUNTS FOR FINANCIAL YEAR 2012 (in euros)		AMOUNTS FOR FINANCIAL YEAR 2013 (in euros)	
	DUE	PAID	DUE	PAID
Fixed compensation	273,540	273,540	279,000	279,000
Annual variable compensation	128,564	128,873	130,349	128,564
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 1,860	Vehicle (Value of benefit): 1,860
TOTAL	404,336	404,645	411,209	409,424

3.3.1.3. Directors' fees

Bruno Bich, Mario Guevara, François Bich and Marie-Aimée Bich-Dufour receive no Directors' fees in connection with the functions they perform in Group companies.

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

Total Directors' fees paid to Mrs. Chandon-Moët, Mrs. Poinot, Mr. Glen, Mr. Péliesson, Mr. Rostand, Mr. Vareille and SOCIÉTÉ M.B.D. are determined on the basis of their participation in the Audit Committee and the Compensation and Nomination Committee of the Board of Directors.

For fiscal year 2013, the allocation of Directors' fees is based on the following rules:

- Director basic fee 20,000 euros;
- Variable part corresponding to 100% Board Meeting Attendance Fees 12,000 euros;
- Variable part corresponding to the role of Committee Chairman 16,800 euros;
- Variable part corresponding to the role of Committee Member 12,750 euros.

These Board members do not receive any other compensation from BIC.

TABLE C – NON-CORPORATE OFFICERS' FEES

(Table 3 according to the AMF Position-Recommendation N. 2009-16)

BOARD MEMBERS	DIRECTORS' FEES PAID RELATING TO 2012 (in euros)	DIRECTORS' FEES PAID RELATING TO 2013 (in euros)
Elizabeth Bastoni	0	31,000
Marie-Pauline Chandon-Moët	31,620	32,200
John Glen	47,950	49,000
Gilles Péliesson	47,950	14,950
Marie-Henriette Poinot	43,870	44,950
Frédéric Rostand	43,870	48,000
SOCIÉTÉ M.B.D.	43,870	44,950
Pierre Vareille	43,870	44,950
TOTAL	303,000	310,000

3.3.1.4. Allocation of stock options

As part of a policy recommended by the Compensation and Nomination Committee, the Board has decided not to award stock options in 2011 and set up a policy of free share grants.

To the knowledge of the Company, no hedging instrument has been put in place by the two Corporate Officers holding stock options (Mario Guevara and Marie-Aimée Bich-Dufour). Moreover, these

Corporate Officers have made the formal commitment not to use such instruments.

The dilutive impact of the previous stock option grants is reported in Note 8 to the consolidated financial statements. A template 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.

TABLES D – STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR 2013 TO EACH CORPORATE OFFICER

(Table 4 according to the AMF Position-Recommendation N. 2009-16)

OPTIONS AWARDED TO EACH 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 FINANCIAL YEAR	EXERCISE PRICE (in euros)	EXERCISE PERIOD
N/A	-	-	-	-	-	-

STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR 2012 TO EACH CORPORATE OFFICER

OPTIONS AWARDED TO EACH 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 FINANCIAL YEAR	EXERCISE PRICE (in euros)	EXERCISE PERIOD
N/A	-	-	-	-	-	-

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TABLES E – STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR 2013 BY EACH CORPORATE OFFICER
(Table 5 according to the AMF Position-Recommendation N. 2009-16)

OPTIONS EXERCISED BY CORPORATE OFFICERS (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE (in euros)	AWARD YEAR
N/A	-	-	-	-

STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR 2012 BY EACH CORPORATE OFFICER

OPTIONS EXERCISED BY CORPORATE OFFICERS (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE (in euros)	AWARD YEAR
Marie-Aimée Bich-Dufour	6 (Dec 17, 2003)	6,500	36.96	2003
Marie-Aimée Bich-Dufour	7 (Dec 15, 2004)	5,000	36.76	2004
Marie-Aimée Bich-Dufour	8 (Dec 14, 2005)	5,000	50.01	2005
Marie-Aimée Bich-Dufour	9 (Dec 13, 2006)	5,000	52.35	2006
Marie-Aimée Bich-Dufour	10 (Dec 11, 2007)	5,000	49.62	2007

TABLE F – STOCK OPTIONS PLANS

(Table 8 according to the AMF Position-Recommendation N. 2009-16)

	PLAN N°7	PLAN N°8	PLAN N°9
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 24, 2006
Board of Directors' Meeting date	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006
Number of options available for subscription	370,450	427,850	398,500
<ul style="list-style-type: none"> Among which, options granted to the Corporate Officers (% of BIC Shares as of December 31, 2013) 			
<ul style="list-style-type: none"> Mario Guevara 	12,000 (0.02%)	15,000 (0.03%)	-
<ul style="list-style-type: none"> Marie-Aimée Bich-Dufour 	5,000 (0.01%)	5,000 (0.01%)	5,000 (0.01%)
Date from which options may be exercised	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009
Option expiration date	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014
Exercise price (in euros) ^(a)	36.76	50.01	52.35
Number of options exercised as of Dec. 31, 2013	278,302	300,834	302,000
Number of void options as of Dec. 31, 2013	73,900	84,300	57,100
Number of remaining options as of Dec. 31, 2013	18,248	42,716	39,400

(a) No discount on the exercise price.

	PLAN N°10	PLAN N°11	PLAN N°12	PLAN N°13
Annual Shareholders' Meeting date	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of options available for subscription	440,500	371,400	360,000	382,950
<ul style="list-style-type: none"> Among which, options granted to the Corporate Officers (% of BIC Shares as of December 31, 2013) 				
<ul style="list-style-type: none"> Mario Guevara 	-	-	-	-
<ul style="list-style-type: none"> Marie-Aimée Bich-Dufour 	5,000 (0.01%)	-	-	-
Date from which options may be exercised	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiring date	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	49.62	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2013	320,599	266,500	156,171	24,525
Number of void options as of Dec. 31, 2013	40,800	30,300	31,600	34,750
Number of remaining options as of Dec. 31, 2013	79,101	74,600	172,329	323,675

(a) No discount on the exercise price.

Bruno and François Bich were not granted any options under the above stock option plans.

3.3.1.5. Free, performance-based share allocations

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

According to Law n°2006-1770 of December 30, 2006, BIC Corporate Officers will have to keep 20% of free shares acquired, until their mandate expires. The 20% will be reduced to 10% when the Chief Executive Officer owns five years of base salary in BIC shares and

when the Executive Vice-Presidents own three years of base salary in BIC shares.

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

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

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

TABLES G – PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR 2013 TO EACH CORPORATE OFFICER
(Table 6 according to the AMF Position-Recommendation N. 2009-16)

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF THE SHARES ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS (in euros)	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Mario Guevara	9 (Feb. 12, 2013)	22,500	1,979,775	Mar. 12, 2016	Mar. 12, 2019	1) Increase net sales 2) Net cash from operating activities, excluding capital outlays, as a percentage of net sales
François Bich	9 (Feb. 12, 2013)	10,000	879,900	Mar. 12, 2016	Mar. 12, 2019	
Marie-Aimée Bich-Dufour	9 (Feb. 12, 2013)	4,250	373,958	Mar. 12, 2016	Mar. 12, 2019	

3 - Corporate governance

Senior Management compensation and employees' interests in the issuer's capital

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR 2012 TO EACH CORPORATE OFFICER

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF THE SHARES ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS (in euros)	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Mario Guevara	8 (Feb. 14, 2012)	22,500	1,458,225	Mar. 14, 2015	Mar. 14, 2018	1) Increase net sales 2) Net cash from operating activities, excluding capital outlays, as a percentage of net sales
François Bich	8 (Feb. 14, 2012)	10,000	648,100	Mar. 14, 2015	Mar. 14, 2018	
Marie-Aimée Bich-Dufour	8 (Feb. 14, 2012)	3,000	194,430	Mar. 14, 2015	Mar. 14, 2018	

TABLES H - PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR 2013 TO EACH CORPORATE OFFICER

(Table 7 according to the AMF Position-Recommendation N. 2009-16)

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE FOR EACH CORPORATE OFFICER (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR	ACQUISITION TERMS	AWARD YEAR
Mario Guevara	3 (Dec. 13, 2006)	11,515	94% of the initial allocation is finally acquired, based on the realization of performance conditions	2006
Marie-Aimée Bich-Dufour	3 (Dec. 13, 2006)	2,491		2006

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR 2012 TO EACH CORPORATE OFFICER

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE FOR EACH CORPORATE OFFICER (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR	ACQUISITION TERMS	AWARD YEAR
Mario Guevara	2 (Dec. 14, 2005)	1,431	54% of the initial allocation is finally acquired, based on the realization of performance conditions	2005
Marie-Aimée Bich-Dufour	2 (Dec. 14, 2005)	1,431		2005

TABLE I – PERFORMANCE SHARES PLANS

(Table 10 according to the AMF Position-Recommendation N. 2009-16)

	PLAN N° 1		PLAN N° 2		PLAN N° 3		PLAN N° 4		PLAN N° 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 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"> Among which, shares granted to the Corporate Officers (% of BIC Shares as of December 31, 2013) 										
<ul style="list-style-type: none"> Mario Guevara 	2,650	238	2,650	238	12,250 (0,02%)	294	14,350 (0,03%)	302	16,450 (0,03%)	806
<ul style="list-style-type: none"> François Bich 	-	-	-	-	-	-	-	-	-	-
<ul style="list-style-type: none"> Marie-Aimée Bich-Dufour 	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 net sales 2) Net cash from operating activities, excluding capital outlays, as a percentage of net sales									
Total number of free shares acquired as of December 31, 2013	20,405	1,162	15,741	640	31,443	-	37,550	-	57,500	-
Total number of void shares as of December 31, 2013	11,395	1,456	16,059	1,978	2,007	1,248	-	1,208	-	389
Total number of free shares still under acquisition period as of December 31, 2013	-	-	-	-	-	1,104	-	1,436	-	2,254

(a) Those free share grants are void due to beneficiary leaving the company or to all performance conditions not achieved.

M = Main.

S = Secondary.

	PLAN N° 6	PLAN N° 7	PLAN N° 8	PLAN N° 9
Annual Shareholders' Meeting date	May 23, 2007	May 12, 2010	May 12, 2010	May 12, 2010
Board of Directors' Meeting date	February 16, 2010	February 15, 2011	February 14, 2012	February 12, 2013
Grant	M	M	M	M
Number of shares granted	83,475	87,650	159,940	161,010
<ul style="list-style-type: none"> Among which, shares granted to the Corporate Officers (% of BIC Shares as of December 31, 2013) 				
<ul style="list-style-type: none"> Mario Guevara 	20,400 (0.04%)	22,500 (0.04%)	22,500 (0.04%)	22,500 (0.04%)
<ul style="list-style-type: none"> François Bich 	10,000 (0.02%)	10,000 (0.02%)	10,000 (0.02%)	10,000 (0.02%)
<ul style="list-style-type: none"> Marie-Aimée Bich-Dufour 	3,500	3,500	3,000	4,250
End of the Acquisition Period	March 16, 2013	March 15, 2014	March 14, 2015	March 12, 2016
End of the Holding Period	March 16, 2016	March 15, 2017	March 14, 2018	March 12, 2019
Performance conditions	1) Increase net sales 2) Net cash from operating activities, excluding capital outlays, as a percentage of net sales			
Total number of free shares acquired as of December 31, 2013	76,797	-	-	-
Total number of void shares as of December 31, 2013	6,678	10,625	7,940	3,230
Total number of free shares still under acquisition period as of December 31, 2013	-	77,025	152,600	159,190

(a) Those free share grants are void due to beneficiary leaving the company or to all performance conditions not achieved.

M = Main.

S = Secondary.

3.3.1.6. Pension plans

- a) Since April 2006, the Chairman, Bruno Bich, has been receiving a pension paid by the BIC CORPORATION Supplementary Executive Retirement Plan, to which he has been contributing for more than 30 years. In 2013 Bruno Bich received 555,360 U.S. dollars.
- b) Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This plan provides a pension equal to 2.5% of the average remuneration of the last three years of service, by year of seniority, with a maximum of 50% (i.e. 20 years of service) including the pension granted by the U.S. Qualified Pension Plan. The commitments arising from this plan are recorded in BIC CORPORATION's accounts in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2013 for Mario Guevara is 9,023,513 U.S. dollars (8,227,037 U.S. dollars for the Supplementary Executive Retirement Plan and 796,476 U.S. dollars for the U.S. Qualified Pension Plan). As of December 31, 2013, Mario Guevara has accrued a pension benefit equivalent to 2.5% x 20 years of service = 50% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 809,000 U.S. dollars payable at age 57, if he had stopped his activity in December 31, 2013).
- A minimum period of 5 years of participation is necessary to benefit from the plan.

- c) François Bich and Marie-Aimée Bich-Dufour contribute to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all their pension rights cannot exceed a replacement rate of 50%. SOCIÉTÉ BIC has made provision for the commitments arising from this plan in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2013 is 3,827,133 euros for François Bich and 1,302,075 euros for Marie-Aimée Bich-Dufour. As of December 31, 2013, François Bich has accrued a pension benefit equivalent to 1.25% x 20 years of service = 25% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 190,000 euros, if he had stopped his activity in December 31, 2013) and Marie-Aimée Bich-Dufour has accrued a pension benefit equivalent to 1.25% x 18 years of service = 22.5% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 91,000 euros, if she had stopped her activity in December 31, 2013).

Three conditions are necessary to benefit from the plan: a minimum period of 5 years of participation, to retire at BIC and to officially be Social Security retiree.

3.3.1.7. Exceptional remuneration (paid upon assuming or relinquishing an appointment)

No commitment was entered into with Corporate Officers regarding exceptional remuneration to be paid at the conclusion of their term of appointment.

TABLE J

(Table 11 according to the AMF Position-Recommendation N. 2009-16)

CORPORATE OFFICERS	WORKING CONTRACT		SUPPLEMENTARY PENSION PLAN		MANDATE TERMINATION INDEMNITIES OR BENEFITS		NON-COMPETITION INDEMNITIES	
	YES	NO	YES	NO	YES	NO	YES	NO
Bruno Bich Chairman 1 st nomination: June 2, 1986 End of mandate: Annual Shareholders' Meeting in 2016, for the fiscal year 2015		X	X			X		X
Mario Guevara Chief Executive Officer Beginning of mandate: Mar ^{ch} 1, 2006 End of mandate: Annual Shareholders' Meeting in 2016, for the fiscal year 2015		X ^(a)		X (See § 3.3.1.6.)		X		X
François Bich Executive Vice-President Beginning of mandate: December 15, 1988 End of mandate: end of CEO's mandate		X		X (See § 3.3.1.6.)		X		X
Marie-Aimée Bich-Dufour Executive Vice-President Beginning of mandate: March 22, 1995 End of mandate: end of CEO's mandate		X		X (See § 3.3.1.6.)		X		X

(a) No working contract was concluded between SOCIÉTÉ BIC and Mario Guevara. Mario Guevara is also Chief Executive Officer of BIC CORPORATION and BIC INTERNATIONAL, American companies. No termination payments are provided for these two functions, which can be terminated at any time.

→ 3.3.2. TRANSACTIONS IN COMPANY SHARES BY CORPORATE OFFICERS IN 2013 (ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE)

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

DECLARING	TYPE AND NUMBER OF TRANSACTIONS				NUMBER OF SHARES
	PURCHASE	SALE	EXCHANGE	OTHER	
Mario Guevara	-	1	-	-	5,750
Bruno Bich	-	3	-	-	22,000
	-	-	-	1 ^(a)	184,239

(a) Distribution trustale

→ 3.3.3. EMPLOYEES' INTERESTS IN THE ISSUER'S CAPITAL

3.3.3.1. Agreements for profit sharing

No plan in conformance with the issuer (SOCIÉTÉ BIC has no salaried employees) but every subsidiary can have its own agreement according to the applicable law.

3.3.3.2. Stock options granted to the first ten employees who are not Corporate Officers, and options exercised

TABLE K

(Table 9 according to the AMF Position-Recommendation N. 2009-16)

STOCK OPTIONS GRANTED TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS, AND OPTIONS EXERCISED	TOTAL NUMBER OF ATTRIBUTED OPTIONS/ OF SUBSCRIBED SHARES	WEIGHTED AVERAGE PRICE (in euros)	DATE OF MATURITY	NUMBER OF PLAN
Options granted during the exercise by the issuer and by any company included in the perimeter of allocation of the options, to ten 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 concerned previously, raised during the year , by the ten employees of the issuer and these companies, receiving the highest number of so subscribed options	8,900	36.96	Dec. 16, 2013	6
	900	36.76	Dec. 14, 2014	7
	5,534	50.01	Dec. 13, 2015	8
	12,400	52.35	Dec. 12, 2014	9
	1 000	49.62	Dec. 10, 2015	10
	1 800	40.18	Dec. 9, 2016	11
	11,550	47.99	Dec. 14, 2017	12
	4,850	63.71	Dec. 15, 2018	13
TOTAL	46,934	48.43		

The characteristics of these plans are described in Note 23 to the consolidated financial statements as well as the use made by the employees. No stock-option is granted since 2011.

3.3.3.3. Free share allocations with or without performance conditions

From 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free share grants. From 2012, some 500 executives receiving stock options on the basis of their position in the Company (eligible) receive three-year performance-based free share grants.

Regarding the eight plans in force, performance is assessed over a three-year period according to the achievement of two objectives:

- net sales growth;
- net cash from operating activities, excluding capital outlays, as a percentage of net sales.

At the conclusion of this three-year period in which the required level of performance must be achieved, the shares, which are permanently transferred, will be non-transferable for a further period of three years.

In 2013, 161,010 performance shares were granted to 525 beneficiaries.

In 2012, 159,940 performance shares were granted to 535 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 Remuneration and Nomination Committee, to award free share grants without performance condition.

The acquisition period is four years. After this four years period, the shares will be non-transferable for a further period of two years for the French beneficiaries.

In 2013, 19,950 shares were granted without performance conditions to 233 beneficiaries.

In 2012, 20,050 shares were granted without performance conditions to 222 beneficiaries.

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

FREE SHARES GRANTED AND TRANSFERRED IN 2013 TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS

FREE SHARES GRANTED AND TRANSFERRED TO THE FIRST TEN 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 N°
<ul style="list-style-type: none"> • Shares granted during the exercise by the Company or by any company included in the perimeter of allocation of shares, to the ten employees of the Company and of any company included in this perimeter, being allocated the highest number of shares ^(a) 	36,250	3,189,637	March 12, 2016	March 12, 2019	9
<ul style="list-style-type: none"> • Shares transferred during the exercise by the Company or by any company included in the perimeter of allocation of shares, to the ten employees of the Company and of any company included in this perimeter, being transferred the highest number of shares ^(a) 	18,400	867,928	March 16, 2013	March 16, 2016	6
	12,455	560,350	March 13, 2013	March 13, 2013	3

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

3.4. Mandates of the Directors and the Corporate Officers as of December 31, 2013

→ CHAIRMAN OF THE BOARD OF DIRECTORS

MR BRUNO BICH	
Age	67
Nationality	French/American
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on June 2, 1986
Expiration date	Annual Shareholders' Meeting in 2016, for fiscal year 2015
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013, SOCIÉTÉ M.B.D. held 26.54% of SOCIÉTÉ BIC share capital and 36.60% of the voting rights.
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy – France

Main position:

- Bruno Bich was Chairman and Chief Executive Officer of SOCIÉTÉ BIC from May 27, 1993 to February 28, 2006.
- He has been Chairman of the Board of Directors of SOCIÉTÉ BIC since March 1, 2006.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
EDHEC Group	France	Member of International Advisory Board
Harlem Academy	USA	Trustee

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Management Institute of Paris – M.I.P. (merged with EDHEC Group)	France	Co-founder Member of the Supervisory Board
Imperial Tobacco ^(a)	United Kingdom	Director of the Board

(a) Listed company.

→ CHIEF EXECUTIVE OFFICER AND DIRECTOR

MR MARIO GUEVARA	
Age	54
Nationality	Mexican/American
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	No
Date of 1st appointment	Director of the Board: Annual Shareholders' Meeting on May 22, 2001 Chief Executive Officer: March 1, 2006
Expiration date	Annual Shareholders' Meeting in 2016, for fiscal year 2015
Member of a committee	No
Number of BIC shares held	17,835
Professional address	BIC INTERNATIONAL One BIC Way, Suite 1 Shelton, CT - 06484 - 6299 - USA

Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006, Mario Guevara was General Manager for North, Central and South America from 2001 to March 10, 2004 and then Executive Vice-President until February 28, 2006.

Main position:

- Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
BIC Chile SA ^(a)	Chile	Chairman of the Board
BIC CORPORATION ^(a)	USA	Chairman of the Board Chief Executive Officer
BIC INTERNATIONAL Co. ^(a)	USA	Chief Executive Officer Director of the Board
BIC Japan KK ^(a)	Japan	Director of the Board

^(a) BIC Group.

Expired mandate or function in the previous five years (non BIC Group companies):

- Not applicable.

→ EXECUTIVE VICE-PRESIDENT AND DIRECTOR

MR FRANÇOIS BICH	
Age	64
Nationality	French
Basis of the appointment	Article L.225-17 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 on May 29, 1978
Expiration date	Annual Shareholders' Meeting in 2014, for fiscal year 2013
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013, SOCIÉTÉ M.B.D. held 26.54% of SOCIÉTÉ BIC share capital and 36.60% of the voting rights.
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy - France

Main positions:

- Executive Vice-President of SOCIÉTÉ BIC since December 15, 1988;
- General Manager Lighters of BIC Group.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Société du Briquet Jetable 75 ("BJ 75") ^(a)	France	President
SOCIÉTÉ M.B.D.	France	Chairman of Supervisory Board

^(a) BIC Group.

Expired mandate or function in the previous five years (non BIC Group companies):

- Not applicable.

→ **DIRECTORS**

MRS ELIZABETH BASTONI	
Age	48
Nationality	American
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 15, 2013
Expiration date	Annual Shareholders' Meeting in 2016, for fiscal year 2015
Member of a committee	Compensation and Nomination Committee
Number of BIC shares held	836

Main position:

- Human Resources consultant - EBB LLC (USA - non listed company)

Other current mandate or function:

- Not applicable.

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Rezidor Hotel Group ^(a)	Sweden	Director of the Board Chairman of the Compensation Committee
Carlson Wagonlit Travel	France	Director of the Board Chairman of the Compensation Committee
Carlson	USA	Executive Vice President Chief Human Resources and Communication
The Coca-Cola Company ^(a)	USA	Head of Global Compensation, Benefits and Mobility
World at work	USA	Director of the Board Chairman of the Governance Committee

^(a) Listed company.

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Mandates of the Directors and the Corporate Officers as of December 31, 2013

MRS MARIE-PAULINE CHANDON-MOËT (MAIDEN NAME: BICH)	
Age	46
Nationality	French
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 28, 2003
Expiration date	Annual Shareholders' Meeting in 2014, for fiscal year 2013
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013, SOCIÉTÉ M.B.D. held 26.54% of SOCIÉTÉ BIC share capital and 36.60% of the voting rights.

Current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
SOCIÉTÉ M.B.D.	France	Director of Supervisory Board
Ferrand SAS	France	President
SC Ameuvi	France	Managing Director

Expired mandate or function in the previous five years (non BIC Group companies):

- Not applicable.

MR JOHN GLEN	
Age	54
Nationality	British
Basis of the appointment	Article L.225-17 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 on May 14, 2009
Expiration date	Annual Shareholders' Meeting in 2015 for fiscal year 2014
Member of a committee	Chairman of the Audit Committee
Number of BIC shares held	500
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 – non listed company).

Other current mandate or function:

- Not applicable.

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Air Liquide Group ^(a)	France	Vice-President, Finance and Administration Member of the Executive Committee
European Financial Reporting Group (EFRAG)	Belgium	Vice Chairman of the Supervisory Board

(a) Listed company.

MRS MARIE-HENRIETTE POINSOT (MAIDEN NAME: BICH)	
Age	52
Nationality	French
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 21, 1997
Expiration date	Annual Shareholders' Meeting in 2015 for fiscal year 2014
Member of a committee	Compensation and Nomination Committee
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013, SOCIÉTÉ M.B.D. held 26.54% of SOCIÉTÉ BIC share capital and 36.60% of the voting rights.

Expired mandate or function in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Options SAS	France	Director of Strategic Planning Member of Strategic Planning Committee

MR FRÉDÉRIC ROSTAND	
Age	51
Nationality	French
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 28, 2003
Expiration date	Annual Shareholders' Meeting in 2014 for fiscal year 2013
Member of a committee	Chairman of the Compensation and Nomination Committee
Number of BIC shares held	1,000
Professional address	SODIAAL 170 bis boulevard du Montparnasse 75680 Paris cedex 14 – France

Main position:

- Chief Executive Officer of SODIAAL Group (France – non listed company).

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Sodiaal Union	France	Chief Executive Officer
Groupe Sodiaal	France	Chief Executive Officer
Sodiaal International	France	Chief Executive Officer
Beuralia	France	Director of the Board
Entremont Alliance	France	Director of the Board
Candia	France	Director of the Board
Eurosérum	France	Director of the Board
Monts & Terroirs (ex-Juragruyere)	France	Director of the Board
CF&R Gestion (Compagnies des Fromages & RichesMonts)	France	Vice-Chairman and Chief Executive Officer Vice-Chairman of the Board
Nutribio	France	Director of the Board
Yoplait	France	Director of the Board Chairman of the Supervisory Board
Orlait	France	Member of the Management Board
Fondation des Foyers de Charité	France	Director of the Board

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Mandates of the Directors and the Corporate Officers as of December 31, 2013

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Générale de Santé SA ^(a)	France	Chairman of the Directory Board
Compagnie Générale de Santé SAS	France	President
Générale de Santé Cliniques	France	Chairman Chief Executive Officer
GIE Générale de Santé	France	Director of the Board
GIE Générale de Santé Hospitalisation	France	Director of the Board
Conectis Santé	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Hôpital Privé Beauregard (ex-Provence Santé)	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Sam Bio	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
École Européenne de Chirurgie	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Cofindex	France	Permanent representative of Sogur, Director of the Board
Fondation d'entreprise Générale de Santé	France	Director of the Board
Financière la Providence	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Générale de Santé Domicile	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Immobilière de Santé	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Pass	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
CF&R (Compagnie des Fromages & RichesMonts)	France	Managing General Partner "Gérant commandité"
Louis Delhaize SA	Belgium	Director of the Board

(a) Listed company.

SOCIÉTÉ M.B.D.	
Type of legal entity	Société en commandite par actions
Registration	389,818,832 – Register of Trade and Companies of Nanterre (France)
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 24, 2006
Expiration date	Annual Shareholders' Meeting in 2015, for fiscal year 2014
Member of a committee	Audit Committee
Number of BIC shares held	26.54% of SOCIÉTÉ BIC share capital and 36.60% of the voting rights (as of December 31, 2013)
Address	1 place Paul Verlaine 92100 Boulogne-Billancourt – France
Permanent representative and Managing Director	Mr Édouard BICH 49 years old Nationality: French Other current mandates or functions: <ul style="list-style-type: none"> Digital Fashion Group SAS – France – Member of the Supervisory Board (not listed) The Wharton School – USA – Member of the Executive Board for Europe, the Middle East and Africa Expired mandate or function in the previous five years (non BIC Group companies): Not applicable. Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

SOCIÉTÉ M.B.D. does not exercise any other mandate.

MR PIERRE VAREILLE	
Age	56
Nationality	French
Basis of the appointment	Article L.225-17 of the French Commercial Code
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 14, 2009
Expiration date	Annual Shareholders' Meeting in 2015, for fiscal year 2014
Member of a committee	Audit Committee
Number of BIC shares held	1,000
Professional address	CONSTELLIUM Max Högger-Strasse 6 8048 Zürich - Switzerland

Main position:

- Chief Executive Officer and Executive Director of CONSTELLIUM N.V. (Netherlands – listed company).

Other current mandate or function:

- Chairman of the Board of Directors of CONSTELLIUM Switzerland (Switzerland - non listed company)

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

COMPANY	COUNTRY	MANDATE/FUNCTION
CONSTELLIUM France Holdco SAS	France	Chairman of the Board
FCI SA	France	Chairman of the Board and Chief Executive Officer
FCI Holding	France	President
FCI AUTOMOTIVE HOLDING SAS	France	President
Alumni Association of École Centrale de Paris	France	Chairman
FCI USA, Inc.	USA	Chairman of the Board and Chief Executive Officer
FCI Asia Pte. Ltd.	Singapore	Director of the Board

→ EXECUTIVE VICE-PRESIDENT

MRS MARIE-AIMEE BICH-DUFOUR	
Age	55
Nationality	French
Date of 1st appointment	Board of Directors of March 22, 1995
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013, SOCIÉTÉ M.B.D. held 26.54% of SOCIÉTÉ BIC share capital and 36.60% of the voting rights
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy – France

Main positions:

- Executive Vice-President of SOCIÉTÉ BIC;
- General Counsel of BIC Group.

3 - Corporate governance

Mandates of the Directors and the Corporate Officers as of December 31, 2013

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Association Nationale des Sociétés par Actions (ANSA)	France	Representative of SOCIÉTÉ BIC, Director of the Board
ASMEP-ETI (Syndicat des Entreprises de Taille Intermédiaire)	France	Representative of SOCIÉTÉ BIC, Director of the Board
BIC Holdings Southern Africa (Pty.) Ltd. ^(a)	South Africa	Director of the Board
BIC GmbH ^(a)	Germany	Managing Director
BIC Australia Pty. Ltd. ^(a)	Australia	Director of the Board
BIC Iberia SA ^(a)	Spain	Director of the Board
BIC Violex SA ^(a)	Greece	Director of the Board
BIC India Pvt. Ltd. ^(a)	India	Chairman of the Board
BIC Products Pvt. Ltd. ^(a)	India	Chairman of the Board
BWI Manufacturing India Pvt. Ltd. ^(a)	India	Chairman of the Board
BIC Malaysia Sdn. Bhd. ^(a)	Malaysia	Director of the Board
Mondial Sdn. Bhd. ^(a)	Malaysia	Director of the Board
BIC (NZ) Ltd. ^(a)	New-Zealand	Chairman of the Board
BIC Portugal SA ^(a)	Portugal	Director of the Board

^(a) BIC Group.

Expired mandate or function in the previous five years (non BIC Group companies):

- Not applicable.

➔ ABSENCE OF CONVICTION OF THE DIRECTORS AND THE CORPORATE OFFICERS

To the Company's knowledge and during the five previous years, no Director or Corporate officer has been convicted in relation to fraudulent offences, associated with a 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 A CONFLICT OF INTERESTS AMONG THE DIRECTORS AND THE CORPORATE OFFICERS

There is no conflict of interests between any duties to the issuer, of the persons referred to above, and their private interests and/or other duties.

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4.1. Operations and consolidated results

→ THE GROUP IN 2013

2013 KEY EVENTS	
May	The BIC Group and Cello Group jointly filed an agreement with the Bombay High Court to allow the BIC Group to acquire the remaining 40% of the last (7th) stationery entity of Cello Group.
September	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 from 40% to 55% in Cello Pens 7 entities for 2.9 billion Indian rupees (35.2 million euros).
October	The BIC Group acquired land for the construction of a lighter facility in China. With this new facility, the Group will be better positioned to supply the fast growing Asian lighter market and particularly China. The factory will be located in Nantong (130 km North of Shanghai). The total investment is estimated to be around 14 million euros over the next two years. The factory will be operational by the end of 2015.

In 2013, BIC realized net sales of 1,887.8 million euros (+3.6% on a comparative basis ⁽¹⁾) and reached 344.2 million euros normalized IFO ⁽²⁾ (18.2% of net sales). Net income Group share was 241.5 million euros and earnings Group share per share 5.13 euros.

In 2013, BIC realized 86% of its sales in Consumer Goods (through its stationery, lighter, shaver and other products categories) and 14% in the Advertising and Promotional industry.

- In the Shaver category, net sales increased 6.5% at constant currencies with mid-single digit growth in Europe and low-single digit increase in North America. Developing markets grew low double digit.

Advertising and Promotional Products

BIC Graphic net sales decreased 5.0% at constant currencies impacted notably by the challenging economic situation in Southern Europe.

Consumer business

- In Stationery category, net sales increased 5.6% at constant currencies and +2.1% on a comparative basis. In Europe, BIC net sales grew low-single digit and in North America, net sales decreased low-single digit. Developing countries grew low-single digit.
- In the Lighter category, net sales grew 7.0% at constant currencies. In Europe, BIC registered a low-single digit growth and in North America, net sales grew high-single digit. In developing markets, full year 2013 net sales increased high-single digit.

In 2013, BIC continued to invest in brand name development to strengthen its recognition and reputation among customers and consumers in both developed and developing markets. Our goal is to consistently produce quality products at a lower cost, either in-house with our own technologies or, to a lesser extent, by outsourcing to increase flexibility.

(1) On a comparative basis: at constant currencies and constant perimeter; Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates – Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during previous year, until their anniversary date.

(2) Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

COMPARISON OF KEY FIGURES 2011-2013

(in million euros)	CHANGE 2012/2013				
	2011	2012	2013	AS REPORTED	AT CONSTANT CURRENCIES ^(a) ON A COMPARATIVE BASIS ^(b)
NET SALES	1,824.1	1,898.7	1,887.8	-0.6%	+4.6%
Gross Profit	897.2	964.2	929.5	-3.6%	
Normalized Income From Operations ^(d)	358.5	368.3	344.2	-6.5%	
Income From Operations	335.8	365.0	339.2	-7.1%	
Financial income/(costs)	9.2	10.5	6.6		
Income Before Tax and non-controlling interests	344.9	375.5	345.8	-7.9%	
Income tax expense	(113.7)	(119.6)	(105.9)		
Income From Joint ventures	4.1	3.7	2.4		
Group Net Income	235.3	259.6	242.3	-6.7%	
Non-controlling interest	-	-	(0.8)		
Net Income Group Share	235.3	259.6	241.5	-7.0%	
Earnings Per Share (in euros)	4.95	5.48	5.15	-6.0%	
EPS Group share (in euros)	4.95	5.48	5.13	-6.4%	
Number of shares ^(d)	47,565,299	47,339,322	47,047,710		

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

(c) Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

(d) Average number of shares outstanding net of treasury shares.

BIC Group 2013 net sales reached 1,887.8 million euros, compared to 1,898.7 million euros in 2012, down 0.6% as reported, up 4.6% at constant currencies and +3.6% on a comparative basis.

- Our Consumer business increased 5.2% on a comparative basis in 2013. Developed markets showed good performance with sales up 4.3% in Europe and +4.6% in North America. In developing markets, net sales grew 6.5%, with Latin America up mid-single digit and the Middle-East and Africa up high-single digit.
- The Advertising and Promotional Products business (BIC Graphic) sales decreased 5.0% at constant currencies. In the U.S., the market was impacted by a difficult and more competitive environment. Europe remained under pressure due to the significant contraction of markets in Southern Europe.

The 2013 gross profit margin decreased 1.6 points to 49.2% of sales versus 50.8% in 2012. Excluding the impact of non-recurring 2012 Special Premium to employees (+0.3 pts), the decrease is due to higher production costs year-on-year (less favorable cost absorption and impact of currency fluctuations in H1 2013).

2013 Income from operations decreased 7.1% as reported to 339.2 million euros. 2013 IFO included a total of -5.0 million euros of non-recurring items.

(in million euros)	2012	2013
INCOME FROM OPERATIONS	365.0	339.2
As % of net sales	19.2%	18.0%
Non-recurring items	3.3	5.0
Of which impairments and related restructuring	-	6.1
Of which other restructuring costs	8.7	3.3
Of which retiree medical adjustment in the U.S.	-	-4.3
Of which gains on disposals and real estate	-5.4	-1.3
Of which Cello inventory fair value adjustment (IFRS 3R)	-	1.2
NORMALIZED IFO	368.3	344.2
As % of net sales	19.4%	18.2%

NORMALIZED IFO MARGIN

	2012	2013
Group	19.4%	18.2%
• Consumer business	21.6%	20.5%
• BIC Graphic	7.1%	4.3%

Income before tax decreased 7.9% as reported to 345.8 million euros, including 3.0 million euros for Cello Q4 consolidation.

Net finance revenue decreased 3.9 million euros to 6.6 million euros compared to 2012 due to less favorable interest rates. Tax rate was 30.6%.

2013 Group Net Income was 242.3 million euros. 2013 Net income Group Share was 241.5 million euros, a 7.0% decrease as reported (2.4 million euros from Cello Pens first 9 months).

EPS Group share is 5.13 euros compared to 5.48 euros in 2012, down 6.4%. Earnings per share (EPS) is 5.15 euros in 2013. Normalized EPS Group share decreased 5.8% at 5.21 euros compared to 5.53 euros in 2012.

→ 2013 GROUP PERFORMANCE BY CATEGORY

BIC GROUP NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2012-2013

(in million euros)	STATIONERY		LIGHTERS		SHAVERS		OTHER PRODUCTS CONSUMER ^(a)		BIC GRAPHIC	
	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO
2012	617.9	92.8	551.0	206.7	373.5	64.1	65.2	(15.0)	291.1	16.4
2013	616.4	79.4	557.8	207.2	377.5	65.3	68.2	(18.1)	267.9	5.4

(a) Income from operations includes Other Products Income from operations as well as Group expenses not allocated to the categories.

BIC GROUP IFO AND NORMALIZED ^(a) IFO BY PRODUCT CATEGORY 2012-2013

(in million euros)	STATIONERY		LIGHTERS		SHAVERS		OTHER PRODUCTS CONSUMER ^(b)		BIC GRAPHIC	
	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO
2012	92.9	92.8	206.0	206.7	63.9	64.1	(15.3)	(15.0)	20.7	16.4
2013	78.3	79.4	206.2	207.2	64.3	65.3	(16.1)	(18.1)	11.6	5.4

(a) Normalized means excluding restructuring, BIC Graphic integration plan expenses, gain on the disposal of the phone cards distribution business in France (in 2012), impairments and related restructuring regarding Sologear discontinued operation and BIC Graphic San Antonio manufacturing site, retiree medical adjustment in the U.S., gains on disposals and real estate, and Cello Pens inventory fair value adjustment (IFRS 3R).

(b) Income from operations includes Other Products Income from operations as well as Group expenses not allocated to the categories.

Consumer business

Stationery

2013 Stationery net sales decreased 0.2% as reported to 616.4 million euros and increased 5.6% at constant currencies and + 2.1% on a comparative basis. Full Year 2013 volumes grew 0.3%.

The Global Stationery market increased low-single digit in 2013, mainly driven by the growth in developing markets (Asia, Middle-East and Africa and Central Eastern Europe). Developed countries and Latin America experienced a flattish trend. Most of the growth came from retail mass market while the office supply channel maintained a soft trend driven by the overall economic challenges.

- **Developed markets:** In Europe, BIC net sales grew low-single digit. BIC has continued to gain market shares in an intensely competitive environment thanks to distribution gains and a strong Back-to-School sell-out. Eastern Europe continued to show double-digit growth. Consumers reacted positively to our new products notably the BIC® Hello Kitty range, BIC® Cristal Stylus and BIC® 4 colours™ extensions. In North America, our sales decreased low-single digit. BIC sell-through performed better than the slightly declining U.S. market, thanks to expanded distribution and good back-to-school execution.
- **Developing markets:** Full year 2013 net sales increased low-single digit on a comparative basis. Latin America has registered a low-single digit growth impacted by the overall economic slow-down of the region driving major customers to reduce their level of inventory. The high-single digit growth performance in Middle-East and Africa was driven by the full implementation and acceleration of our Proximity strategy, notably illustrated by the rapid and efficient start of production of our new factory in Tunisia, and local sales growth. Asia increased low-single digit.

The new products and ranges that contributed to 2013 performance are:

- BIC® 2-in-1 and Cristal Stylus, combining state of the art pad for use with smartphones and tablets on one side and Ball pen on the other side;
- 4-color™ range with successful new additions, 4-color™ shine and Mini 4-color™ Fashion;
- partnership with Hello Kitty in Europe;
- extension of the Super EZ range in Asia.

In a challenging environment, we have continued to strongly invest in brand support:

- in Latin America to further develop the growth of our Evolution range of coloring and graphite pencils;
- in Europe to reinforce the leadership of our Tipp-Ex® range of correction products;
- to globally grow the sales of our BIC® Cristal Champion brand.

We have also continued to invest in selected developing markets, notably in Asia, to further build the presence of the BIC® brand. Thanks to those efforts, we now have 200 BIC-branded stores in China and enjoy a strong growth in that country.

In September 2013, BIC closed the acquisition of 40% of the last (7th) stationery entity of Cello Group and completed the purchase of shares pursuant to the call option to increase its stake from 40% to 55% in Cello Pens 7 entities.

Full year 2013 Stationery normalized IFO margin was 12.7% compared to 15.0% in 2012. Excluding Cello, Stationery Normalized IFO margin would have been 12.4% compared to 15.0% in 2012. The decrease is due to the impact of currency fluctuations on purchases, mainly in Latin America and less favorable fixed cost absorption. The absorption has been impacting the first half of the year with the situation improving towards the fourth quarter. This improvement has led to an increase in IFO margin in fourth quarter.

Lighters

Full Year 2013 Lighter net sales increased 1.2% as reported and +7.0% at constant currencies. Full year 2013 volumes were up 3.8%.

- **Developed markets:** In Europe, net sales grew low-single digit, driven by Central and Eastern Europe thanks to distribution gains. Southern countries (especially Italy, Greece and Spain) remained flat despite difficult economic situations. In North America, net sales outperformed the category, growing high-single digit, as we benefited from the success of our category leading safety and quality positioning, our added-value sleeve designs and our 40th anniversary BIC® pocket lighter promotion.
- **Developing markets:** Full year 2013 net sales increased high-single digit. In Latin America, sales growth benefited from distribution gains across most of the region especially in Mexico and Argentina. In Middle-East and Africa, despite turbulences both political and economic, we maintained our Proximity strategy with distribution gains and improved visibility. In Asia, the strong performance was driven by Japan and improved in-store visibility. We continued to focus on building distribution channel through convenience stores.

The Lighter normalized 2013 IFO was 37.0% compared to 37.4%. Excluding the positive impact of the Special Premium for Employee in 2012 (+0.3 pts), the benefit of net sales increase was offset by higher cost of production due to less favorable fixed cost absorption and raw materials costs (partially offset by price increases).

Shavers

Full year 2013 Shaver net sales increased 1.1% as reported and +6.5% at constant currencies. Full year 2013 volumes were up 1.3%.

- **Developed markets:** In Europe, despite a challenging environment in Southern countries, net sales were up mid-single digit thanks to the growth in Eastern Europe and the success of our triple blades products such as the BIC® Flex 3 for men and BIC® Miss Soleil® for women. In North America, net sales increased low-single digit. In an increasingly aggressive, highly promoted and competitive environment, we have maintained market shares in both men's and women's segments thanks to our best value and quality positioning across our core and added value lines including BIC® Soleil®, BIC® Flex 4, BIC® Flex 3, BIC® Hybrid Advance 3® and BIC® Hybrid Advance 4®. In 2013, for the first time since several years we have invested in TV advertising in the U.S. with the campaign "Make Your Own Sun" to continue to improve the brand awareness of our leading Brand: BIC® Soleil®.

- **Developing markets:** 2013 net sales grew low double digit, with a solid performance across all regions. In Latin America, sales growth was driven by a strong performance of triple blade disposable shavers (BIC® Comfort 3®) and the launch of BIC® Flex 4 refillable. In the Middle-East and Africa, we maintained our solid position in our core products (double-edge blade and single blade shaver) and continued to expand our business with added value products such as the BIC® Flex 3 and BIC® Flexi Lady in the Middle East and the BIC® Flex and BIC® Easy range in South Africa.

In addition to the growth coming from our core triple blade launched few years ago (BIC® 3 and BIC® Miss Soleil®), the key contributors to the category growth continued to be the products featuring our moveable blade technology such as BIC® Flex 3 and BIC® Shave & Trim.

The 2013 Shaver normalized IFO margin was 17.0% compared to 17.1% in 2012. Excluding the positive impact of the Special Premium for Employees in 2012 (+0.6 pts), the decrease is mainly due to less favorable fixed cost absorption.

Other Consumer Products

Full year 2013 other consumer products net sales increased 4.6% as reported, +6.6% at constant currencies and +12.5% on a comparative basis.

BIC Sport net sales (38% of other consumer products category) reached 26.2 million euros, up 14.4% as reported and +16.1% at constant currencies driven by the continued success of Stand-Up-Paddle boards.

Other consumer products 2013 IFO was -18.1 million euros, including:

- the expenses related to the portable Fuel Cell project: 11.8 million euros compared to 12.5 million euros in 2012;
- Sologear (maker of FlameDisk®) discontinued operations: 2.7 million euros.

Other consumer products 2013 Normalized IFO was -16.1 million euros.

Advertising and Promotional Products

Full Year 2013 BIC Graphic net sales decreased 8.0% as reported and -5.0% at constant currencies.

In North America, the Advertising and Promotional Products business has evolved into a price-driven industry as a result of the economic conditions faced during the past five years, while compliance and product safety has become top of mind. In Europe, the industry continued to be unfavourably impacted by a difficult economic environment, especially in Southern countries while Northern countries have started to show signs of recovery with single digit growth rates.

- **Stationery.** In Europe, Stationery products have shown some improvement with a good performance in France and the success of new products including the new pen SuperClip pen and the BritePix® range. In North America, after a negative impact of the ERP implementation in 2012 and a difficult beginning of the year in 2013, sales have shown improving trends towards the end of the year, thanks to new product launches. Developing markets continued to perform well.

- **Hard goods.** In Europe, Northern countries sales were driven by added value and design items, while Southern countries continued to be impacted by the difficult environment. In North America, the Good Value® range of value priced items and the innovative new BritePix® imprinted technology have been well received by customers.

- **Calendars.** The U.S. promotional calendar industry overall has decreased as a result of the difficult economic environment experienced over the past few years. In this context, our market share continues to be strong.

In 2013, BIC Graphic reported IFO margin was 2.0% compared to 5.6% in 2012. This includes 6.2 million non-recurrent items (restructuring costs and impairment of San Antonio ⁽¹⁾ manufacturing site). Full year 2013 normalized IFO margin reached 4.3% compared to 7.1% in 2012. Excluding the impact of the Special Premium for Employees (1.0 pts), the decline is due to the decrease in net sales and the associated impact to absorption.

→ 2013 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

(in million euros)	CHANGE 2012/2013				
	2012	2013	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
Europe	484.5	493.8	+1.9%	+2.7%	+3.4%
North America	818.0	802.6	-1.9%	+1.8%	+1.8%
Developing markets	596.2	591.3	-0.8%	+10.1%	+6.4%

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

(1) San Antonio asset (BIC Graphic facility based in Texas) was held for sale since 2011 due to the BIC APP's integration plan in the USA. The Group is actively marketing the site via realtors.

IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

In %	2012	2013
Perimeter	-2.1	+1.0
Currencies	+3.4	-5.2
• Of which U.S. dollar	+3.5	-1.5
• Of which Brazilian real	-0.9	-1.5
• Of which Argentine pesos	-0.1	-0.5

SENSITIVITY TO KEY CURRENCY CHANGES ON NET SALES

In %	2012	2013
+/-5% changes of U.S. dollar	+/-2.0	+/-2.0
+/-5% changes of Brazilian real	+/-0.6	+/-0.5
+/-5% changes of Mexican peso	+/-0.2	+/-0.2

Europe

The Europe region includes Western and Eastern Europe. In 2013, net sales in Europe reached 493.8 million euros, 1.9% as reported, +2.7% at constant currencies and +3.4% on a comparative basis compared to 2012.

Consumer business

In 2013, BIC has outperformed the market trends thanks to sustained investments in the brand and a strong product portfolio.

- **In Stationery**, while the office product channel remained soft, the Retail Mass Market registered a steady growth. The performance was good in France, Benelux, the United Kingdom, Iberia and Greece thanks to successful Back-to-School. We continued to gain market share in most regions and reinforced our leadership. With purchasing power under pressure due to the economic downturn in several countries especially in Southern countries, our "great value" positioning was very well received by the consumers. Most of the category growth came from added value ball pens (namely 4 Colors) and coloring. BIC launched a viral campaign for the BIC® 4-Colors™ ball pen which tells the amusing story of four flatmates with an original look and character: the "4 inseparable colours in one pen" came alive online, on Facebook and YouTube, achieving a huge engagement from the fans of our iconic 4 Colours especially in France.
- **In Lighters**, our good results were driven by continuous growth in Central and Eastern Europe thanks to distribution gains. Most of the growth has been driven by the decorated flint pocket lighters and the Utility range. Many events around the 40th anniversary of BIC® lighters have been organized as the pop-up store in Paris. Overall, 13 countries invested behind "Design on Fire" Facebook campaign.

- **In Shavers**, the growth was driven by the strong performance in Eastern countries and the good one in France and in the United Kingdom, despite a challenging environment in Southern countries especially in Greece. BIC outperformed the market in both volume and value. The new shaver Flex O3 Control, targeting young men, has been launched in 10 countries: it has been a positive launch appreciated by local buyers as it is a unique concept.

Advertising and Promotional Products

Despite a difficult economic context that continued to impact unfavorably the European promotional industry, especially Southern countries, Northern countries have started to show signs of recovery with single digit growth rates. Price is still one of the main drivers as customers keep optimizing their budgets, but also focusing on quality, and more and more on safety and compliancy.

North America

The North America region includes the USA and Canada. In 2013, net sales in North America reached 802.6 million euros, down 1.9% as reported and up 1.8% at constant currencies compared to 2012.

Consumer business

In North America, BIC delivered an overall strong performance despite an increasingly demanding and competitive marketplace where economic caution still lingers. Within this environment BIC grew market share in most of categories.

- **In Stationery**, supported by expanded distribution and a good Back-to-School, BIC outperformed the slightly declining U.S. market. Canada sales were impacted by a notably increased competitive environment. Across the continent, multi-media and social advertising have contributed in the promotion of our added-value products, including our Easy Glide ink, 4-Color™ pen, Atlantis, BIC® 4 Her, and the innovative Stylus 2 in 1.

- **In Lighters**, net sales growth reflected continued share gains in both the U.S. and Canada. Our strong performance was driven by price adjustments on pocket lighter in the U.S., the successful "Flicktacular" promotion celebrating our 40th anniversary where we engaged our consumers through social media and multi-promotional campaigns, our increased emphasis on impactful added value sleeve designs and our continued premium quality/value positioning.
- **In Shavers**, net sales growth continued despite an aggressive increase of competitive promotional investment. BIC's performance driven by expanded distribution and shelf presence at key retailers in both countries, the strength of the overall Soleil® brand and our core "value" products, continued growth of our premium flexible blade products that have been launched over the past four years, and our overall best value for money positioning. Our premium Flex 3 and Flex 4 men's lines were supported by promotional partnerships with ToughMudder® (endurance event series with military-style obstacle courses) in the U.S. and the National Basketball Association's Toronto Raptors, in Canada. BIC® Soleil® was supported by a strong North American consumer campaign ("Make your own sun") which incorporated TV in the U.S. and social and print in both countries, along with a Soleil® Shave & Trim campaigns.

Advertising and Promotional Products

The stationery category has been the category most impacted in 2012 by the ERP implementation. Following a difficult beginning of the year in 2013, sales supported by new product launches registered some improvement toward the end of the year. BIC won the 2014 *Counselor Distributor Choice Award* for the Pen category showing that we are progressively regaining confidence from customers. The promotional calendar industry overall has decreased as a result of the difficult environment experienced over the past few years and a competitive environment.

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), Middle East, Africa, Oceania and Asia. In 2013, net sales reached 591.3 million euros, down 0.8% as reported, up 10.1% at constant currencies and +6.4% on a comparative basis.

Consumer business

Latin America

Sales grew mid-single digit in Latin America. While consumer consumption was affected in the region, especially in the Mexican and Brazilian markets, we grew in our three categories thanks to distribution gains and new products launches.

- **Stationery**: we maintained our leadership in ball pen Classic, with strong competitive and promotional pressure, and grew in marking and coloring. We globally gained market shares in key countries.

- **Lighters**: in a flat market, with decreasing tobacco consumption, our sales grew thanks to improved quality and depth of distribution as well as sleeves and added value products.
- **Shavers**: the sales growth was driven by a strong performance of triple blade disposable shavers and the launch of BIC® Flex 4 refillable. The distribution of starter kits and refills continues to grow, supported by a creative continental advertising campaign and strong point-of-sales activities. Our commitment to the value for money proposition continues across our range of products, from disposable single blade shavers to the newly launched BIC® Flex 4.

In all categories, sales were sustained by successful marketing programs such as the BIC® Evolution™ advertising campaign in Brazil, Argentina and Mexico, the "Y a ti que BIC® te va" in Lighters and the BIC® Flex 4 Angel.

Middle East and Africa

Despite continued political turmoil in the region, 2013 was an excellent year in the Middle-East and Africa region, where we continued to work closely with our distributors to reinforce the presence of the BIC® brand. We also grew our own distribution network, with the opening of an office in Senegal, and increased presence in the Southern Africa region.

- **Stationery**: through our focus on quality and depth of the distribution of our core and added value products, our market share increased in key countries in the region driven by the strength of the brand and consumer appeal.
- **Lighters**: we continue to see a great opportunity for Lighters in Africa, and are working on ways to create positive growth momentum for the years to come. Our sales in South Africa continued to be strong in both Pocket Lighters, where we have number one position, as well as in Utility Lighters.
- **Shavers**: we maintained our solid position in our core products (double-edge and single blade) and continued to expand our business with added value products such as the BIC® Flex 3 and BIC® Flexi Lady in the Middle-East and the BIC® Flex and BIC® Easy range in South Africa. Our communication campaigns featuring the rugby player Tendai Mtawarira continue to be successful and drive both sales and increased market-share in South Africa.

Asia

In Asia, 2013 net sales growth was driven by enhanced breadth, depth and quality distribution and as well as increased promotional activities in the region.

- **Stationery**: sales were driven by the continued implementation of strategy:
 - new product launches in Japan and North Asia,
 - the continued focus on our EZ-range of products, which has smooth ink product specific to the Asian markets,
 - strong growth in our Sheaffer® business across all markets, with excellent results in Malaysia and Japan.

- **Lighters:** we achieved strong sales growth thanks to:
 - improved quality of distribution in the Convenience and Proximity stores (Japan, South Korea, Malaysia, China and Hong Kong),
 - sleeve lighters specifically designed by and for the region,
 - on-going advertising and public relations campaigns on quality and safety positioning,
 - continued work with regulatory authorities in the region, focused on the quality and safety of lighters in the region, and further implementation of approved norms in key countries.

In October 2013, we have acquired land for the construction of a lighter facility in China to better supply the fast growing Asian lighter market and particularly China.

- **Shavers:** the competitive landscape remained challenging. We continued to focus on future product lines that will help us establish a foot-hold in the area.

Oceania

In 2013, we delivered solid year-on-year sales growth across all three categories, while continuing to expand our reach across the Pacific Islands. The Australian market remained challenging during the first half year reflecting the soft business confidence as a result of the slowdown in the resources and mining industry.

- **Stationery:** we delivered a solid performance on the back of a strong Back-to-School. 4 Colour and Atlantis families continued to deliver strong growth.
- **Lighters:** we held our market share position, and we saw strong consumer acceptance of our higher value sleeve & utility lighter ranges.
- **Shavers:** sales benefited from the strong success of the Hybrid platform in New Zealand with BIC positioned to take disposable market leadership in 2014. This platform has also been received well in Australia.

Advertising and Promotional Products

Developing markets registered a good performance driven by the growth in South America countries as we focused on the continued expansion of new categories.

4.2. Financial situation and cash

At the end of 2013, net cash position was 196.7 million euros. It would have been 278.7 million euros (compared to 334.5 million euros as of December 31, 2012) without Cello put options valuation and Cello net cash position at the end of December 2013.

2013 cash generation is impacted by the dividend payment for -120.8 million euros, -80.2 million euros of cash paid on share buy-back and -106.9 million euros CAPEX.

MAIN BALANCE SHEET ITEMS

(in million euros)	2011	2012	2013
Shareholders' equity	1,465.1	1,493.5	1,470.9
Current borrowings and bank overdraft	8.8	11.0	52.0
Non-current borrowings	1.6	1.5	62.2
Cash and cash equivalents – Assets	300.7	287.3	243.2
Other current financial assets and derivative instruments	40.2	66.5	79.0
Net Cash position	329.5	334.5	196.7
Goodwill	211.6	208.8	314.1
Intangible assets	51.0	57.6	56.5
TOTAL BALANCE SHEET	2,081.6	2,190.3	2,194.6

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.

CONDENSED CASH FLOW STATEMENT

(in million euros)	2011	2012	2013
Cash flow from operations	340.8	369.5	349.8
(Increase)/Decrease in net working capital	(114.8)	(37.9)	(19.0)
Other operating cash flows	(25.2)	(28.9)	(2.3)
Net cash from operating activities	200.8	302.7	328.5
Net cash from investing activities	(91.9)	(116.6)	(161.4)
Net cash from financing activities	(176.8)	(186.2)	(199.4)
Net increase/(decrease) in cash and cash equivalents	(68.0)	-	(32.3)
Closing cash and cash equivalents	299.4	283.0	240.5

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 centre and reports the status of its FOREX hedges to Senior Management 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 main currency exposure is the EUR-USD rate.

In 2013, the yearly exposure for commercial flows was hedged at the average rate of 1 euro = 1.2902 U.S. dollars. Regarding the 2014 exposure, as of December 31, 2013, 70% of the identified exposure has been hedged at an average rate of 1 euro = 1.3066 U.S. dollars.

The main other currencies exposures in order of volume are the Canadian dollar, the British pound and the Australian dollar. These exposures are hedged at least at 95% for the all year 2014.

As soon as a transaction is traded on the financial markets, Group Treasury categorises 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 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 survey by Group Treasury, which also provides a monthly market-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. Within a context of a worldwide financial crisis, the ratings of our counterparties may have been negatively impacted, nevertheless almost all our transactions are negotiated with the historical banks of BIC Group, which all have adopted a business model of "universal bank" with a good protective balance between their different activities that makes them less sensitive to market risks. To date, the minimum Long Term Standard & Poor's rating of our main banking counterparties is A, the scale of ratings goes from A+ to A-. Following the requirement of the norm IFRS13, the counterparty risk on our FX positions in portfolio as of December 31, 2013, has been calculated and the result is considered as non significant enough for a specific booking.

In countries where it is not possible to centralize the risk as described above, foreign exchange exposure is coordinated by Group Treasury and local management. Such exposure is mainly concentrated in Latin America and South Africa. These subsidiaries locally produce most of the products sold on their national market, 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 a too limited 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 distribution policy of dividends.

Considering the Group's strong full-year 2013 performance, and confident in BIC Group's prospects and sustainability of its strong financial situation, the Board of Directors will propose 2.60 euros as an ordinary dividend per share, at the Annual Shareholders' Meeting on May 14, 2014. The pay-out ratio (calculated with the ordinary dividend) would be 51% in 2013, compared to 46% in 2012.

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)
2012	2.56	46%
2011 ^(a)	2.20	44%
2010	1.90	44%

(a) For the fiscal year 2011, the company paid a special dividend of 1.80 euro.

4.5. Investments

→ PRINCIPAL INVESTMENT OVER THE PAST FEW YEARS

Regarding industrial investments, 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 2004, we acquired our distributor in Japan (today BIC Japan KK) and Stypen® in France.

In November 2005, BIC opened its own stationery production facility in China.

In 2006, we opened a distribution subsidiary in Turkey. Moreover, we acquired PIMACO Company, Brazil's leading manufacturer and distributor of adhesive labels for office, school and home use, in order to help BIC grow in the office segment.

In 2007, BIC acquired Atchison Products Inc., supplier of imprinted promotional bags in the USA.

In December 2008, 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, BIC Group announced in June 2009 the acquisition of Norwood Promotional Products. Norwood PP is a U.S. supplier of promotional product with leadership positions in calendars, bags, awards, drinkware and other 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 BIC Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC has 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 key 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 January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure the implementation. On August 4, 2010, BIC announced that it is initiating arbitration proceedings in order to enforce the full completion of these agreements, meaning the completion of the acquisition of 40% of one remaining entity.

On April 27, 2011, BIC Group acquired Sologear LLC, a Middleton, Wisconsin based company. Sologear is the maker of FlameDisk®, a portable charcoal-alternative heat source for grilling. On November 30, 2011, BIC Group acquired the assets of Angstrom Power Incorporated, Vancouver, a company specializing in the development of portable fuel cell technology.

In February 2012, BIC Group acquired land for the construction of a writing instrument facility in the fast growing African and Middle East region to enhance its manufacturing footprint and better meet consumer demand in this region. Located in Tunisia (region of Bizerte), the facility is operational since the end of 2013. The total investment is estimated to be around 12 million euros.

In October 2012, BIC, in collaboration with Intel, announced the launch of BIC® Education in France, a next generation digital educational solution for schools. BIC® Education is a simple and innovative educational solution for primary schools, combining handwriting and digital technology. Equipped with digital tablets, one for each student, and educational software designed for and with teachers, it is a comprehensive tool for today's teaching methods. Teachers can create adapted educational material and at the same time maintain control of their class, while each student enjoys interactivity and digital benefits.

→ PRINCIPAL INVESTMENT IN 2013

On September 17, BIC Group closed the acquisition of 40% of the last (7th) stationery entity of Cello Group for a total amount of 3.7 billion Indian rupees (43.3 million euros) ⁽¹⁾. On September 27, 2013, BIC Group announced that it had completed the purchase of shares pursuant to the call option, exercised in September 17, to increase its stake from 40% to 55% in Cello Pens 7 entities for 2.9 billion Indian rupees (35.2 million euros) ⁽²⁾. Cello Pens financial statements have been consolidated within the BIC Group since October 1st, 2013.

(1) 84.53 INR = 1 euro (Sep. 13, 2013; ECB Reference rate).

(2) 83.80 INR = 1 euro (Sep. 26, 2013; ECB Reference rate).

In October, BIC Group acquired land for the construction of a lighter facility in China. With this new facility, the Group will be better positioned to supply the fast growing Asian lighter market and particularly China. The factory will be located in Nantong (130 km North of Shanghai). The total investment is estimated to be around 14 million euros over the next two years. The factory will be operational by the end of 2015.

➔ **PRINCIPAL INVESTMENT IN PROGRESS:
GEOGRAPHIC DISTRIBUTION AND
FINANCING METHODS**

Not applicable.

➔ **PRINCIPAL FUTURE INVESTMENTS**

Not applicable.

4.6. Prospects for 2014 and strategy

→ 2014 OPERATIONAL OUTLOOK

Consumer business

Stationery

The market should evolve in line with 2013's trends with a low to mid-single digit growth in value.

- In developed countries, our objective is to continue gaining market share by continuing to create greater value for our consumers and our customer:
- continuously improving our existing products and focusing on superior quality for the consumers but still at an affordable BIC price,
- launching new products such as the innovative BIC® Kids ergonomic writing instrument range, designed for helping kids to better learn how to write or the BIC® Cristal Stylus and the BIC® Stylus 2 in 1 (launched in 2013) which combine both worlds: high quality writing on one side and a high quality and precision pad for use with tablets or smartphones on the other side.

We will also simplify and improve the shopping experience with the implementation of a more consumer benefit orientated strategy applied to iconic product ranges such as the BIC® Cristal, BIC® Matic and BIC® Atlantis.

- In developing markets, growth will continue to be driven by the increase of the literacy rate and average income. Our objective is to grow faster than the markets through implementation of our Proximity strategy. We will also benefit from the integration of Cello Pens in India.

Lighters

In 2014, we will continue to rely on our proven safety and best quality added-value lighters. In Europe, we will continue to improve distribution. In North America, we will leverage the added-value sleeve design, particularly for women. In developing markets, we will continue to strengthen our footprint and improve our brand awareness.

Shavers

In 2014, new products introduction and high promotional pressure from all competitors will certainly continue. With the strength of our "Great Value" positioning, we expect to maintain market share through the launch of new products that include:

- BIC® Soleil® Glow™ in North America, a new premium disposable shaver targeting women between the ages of 18 and 34 that offers an effortless glide for silky smooth skin.
- BIC® 3 in Latin America, an entry range 3-blade shaver that will complement our offer for the region.

Advertising and Promotional Products

Our service level has been restored and the strategy put in place for 2014 focuses on our brands, our Good Value® range, and our innovation in both new products and BritePix® technology. We have an aggressive plan to re-engage with our customers, through a comprehensive, multi-media communication plan. In Europe, Southern countries will remain challenging.

→ GROUP MID-TERM OUTLOOK (3 TO 5 YEARS)

Consumer business

For the consumer business, our objective is to grow faster than our markets thanks to our quality and price positioning and to continue to improve operational efficiency. As a result, we expect to increase net sales between +2% and +4% ⁽¹⁾ per year and to achieve 15% to 20% normalized IFO margin.

Advertising and Promotional Products

For BIC Graphic, we expect low to mid-single digit annual sales growth within the next three to five years and between 8% and 12% normalized IFO margin.

→ RISKS AND OPPORTUNITIES

In summary, we foresee the major challenges for 2014 to be:

- continued economic uncertainty in some European countries;
- continued foreign currency volatility;
- global geopolitical environment.

While many of these issues are outside of our control, we will make every effort to minimize these 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.

(1) Excluding currency impacts and bolt-on acquisitions.

→ **PERFORMANCE GOALS**

Sales growth, market share gains, margins, cash flow and a strong balance sheet are the principal indicators of the Group's performance.

In 2014, our objectives are to continue to rely on our solid and international organization, our strong management team and all BIC employees around the world, to effectively manage our business, achieve market share increases and protect cash generation.

→ **RECENT EVENTS**

Not applicable.

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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, 2011*	DEC. 31, 2012*	DEC. 31, 2013
Net sales	2-2	1,824,087	1,898,707	1,887,806
Cost of goods	4	(926,918)	(934,544)	(958,281)
Gross profit		897,169	964,163	929,525
Distribution costs	4	(291,862)	(309,906)	(304,004)
Administrative expenses	4	(179,241)	(188,420)	(187,917)
Other operating expenses	4	(88,602)	(121,402)	(110,811)
Other income	5	23,636	31,714	26,806
Other expenses	5	(25,348)	(11,173)	(14,387)
Income from operations		335,752	364,976	339,212
Income from cash and cash equivalents	6	10,602	12,490	7,572
Finance costs	6	(1,428)	(2,010)	(944)
Income before tax		344,926	375,456	345,840
Income tax expense	7	(113,678)	(119,570)	(105,919)
Net income from consolidated entities		231,248	255,886	239,921
Income from joint ventures	12	4,100	3,728	2,388
Net income from continued operations		235,348	259,614	242,309
Net income from discontinued operations		-	-	-
Income before non-controlling interest, out of which:		235,348	259,614	242,309
Non-controlling interest		-	-	820
NET INCOME GROUP SHARE	8	235,348	259,614	241,489
Earnings per share Group share <i>(in euros)</i>	8	4,95	5,48	5,13
Diluted earnings per share Group share <i>(in euros)</i> ^(a)	8	4,89	5,42	5,07
Weighted average number of shares outstanding net of treasury shares	8	47,565,299	47,339,322	47,047,710

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended (see Note 19).

(a) Dilutive elements considered are stock options.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand euros)		NOTES	DEC. 31, 2011*	DEC. 31, 2012*	DEC. 31, 2013
GROUP NET INCOME	A		235,348	259,614	242,309
OTHER COMPREHENSIVE INCOME					
Actuarial differences on post employment benefits not recyclable to income statement ^(b)		19-5	(52,807)	(72,935)	94,985
Deferred tax on actuarial differences on post employment benefits		7-2	19,652	24,791	(32,449)
Total actuarial differences not recyclable to income statement - Net of tax	B		(33,157)	(48,142)	62,536
Gain/(Loss) on cash flow hedge		24-4	(11,415)	13,460	4,293
Exchange differences arising on translation of overseas operations ^(a)			(4,070)	(32,337)	(78,531)
Available for sale investments			(2)	-	4
Other comprehensive income from joint ventures		12	(1,040)	593	(2,514)
Deferred tax and current tax recognized on other comprehensive income		7-2	2,973	(4,187)	9
Other comprehensive income - Net of tax	C		(13,555)	(22,470)	(76,740)
TOTAL COMPREHENSIVE INCOME	D = A+B+C		188.637	189.001	228.106
Attributable to:					
• BIC Group			188.637	189.001	228.252
• Non-controlling interest			-	-	(146)
TOTAL			188,637	189,001	228,106

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended (see Note 19).

(a) The main items impacting the translation reserve variance for the period are as follows: U.S. dollar -18.0 million euros, Brazilian real -37.5 million euros, Mexican peso -5.6 million euros, Argentinian peso -4.7 million euros.

(b) The impact of actuarial differences is mainly due to US plans.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2011*	DEC. 31, 2012*	DEC. 31, 2013
Property, plant and equipment	9-1, 9-2	360,242	398,040	438,297
Investment properties	9-3	2,304	2,176	2,013
Net goodwill	10	211,600	208,807	314,109
Intangible assets	11	51,020	57,569	56,465
Joint ventures	12	75,161	79,482	8
Other non-current assets	13	14,610	19,696	22,283
Deferred tax assets	14	159,228	176,235	139,950
Derivative financial instruments	24-4	223	625	343
Non-current assets		874,388	942,630	973,468
Inventories	15	411,281	404,880	414,195
Income tax advance payments		14,089	22,299	13,420
Trade and other receivables	15	416,928	446,140	453,835
Other current assets		17,984	15,309	16,409
Current derivative financial instruments	24	904	6,574	11,251
Other derivative instruments	24-4	33	336	-
Other current financial assets	22-6, CF(f)	39,223	59,587	67,722
Cash and cash equivalents	22-4, 22-6, 24-7	300,733	287,316	243,209
Assets held for sale	9-4	6,008	5,273	1,088
Current assets		1,207,184	1,247,714	1,221,129
TOTAL ASSETS		2,081,572	2,190,344	2,194,597

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended (see Note 19).

Equity and liabilities

(in thousand euros)

	NOTES	DEC. 31, 2011*	DEC. 31, 2012*	DEC. 31, 2013
Share capital	16-1	179,683	181,599	179,004
Accumulated profits		1,228,450	1,278,087	1,298,712
Translation reserve		56,647	24,903	(55,175)
Cash flow hedge derivatives		271	8,872	11,615
Group Shareholders' equity		1,465,052	1,493,461	1,434,156
Non-controlling interest		-	-	36,719
Shareholders' equity	SHEQ	1,465,052	1,493,461	1,470,875
Non-current borrowings	17	1,584	1,470	62,248
Other non-current liabilities		743	373	-
Employee benefits obligation	19-3,19-7	206,136	277,469	184,237
Provisions	18	56,822	57,654	57,633
Deferred tax liabilities	14	19,014	23,195	29,191
Non-current hedging contracts	24-4	82	41	173
Non-current liabilities		284,382	360,202	333,482
Trade and other payables	15	110,765	112,133	115,386
Current borrowings	17	8,761	10,954	51,950
Current tax due		20,013	18,886	20,789
Other current liabilities	20	185,486	193,197	200,912
Other derivative instruments	24	-	-	70
Current hedging contracts	24-4	7,114	1,511	1,133
Current liabilities		332,139	336,680	390,240
TOTAL EQUITY AND LIABILITIES		2,081,572	2,190,344	2,194,597

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended (see Note 19).

SHEQ: See consolidated statement of changes in equity.

4. CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)	NOTES	DEC. 31, 2011*	DEC. 31, 2012*	DEC. 31, 2013
Operating activities				
Net income Group share	IS	235,348	259,614	241,489
<i>Income and expense without cash impact:</i>				
Non-controlling interest	IS	-	-	820
Amortization of intangible, tangible assets and investment properties	4, 9, 11	70,477	71,628	74,926
Impairment loss	4, 5, 9-2, 11	114	333	4,450
Negative goodwill and goodwill impairment	10	8,678	-	1,258
Provision for employee benefits	19-2	13,525	23,317	21,717
Other provisions (excluding provisions on current assets)		7,821	8,417	2,711
Hedging and derivative instruments	23	(5,071)	1,468	(1,305)
Option premium expense		464	430	547
Recognition of share-based payments	23, SHEQ	7,632	8,643	10,388
Deferred tax variation		(3,076)	4,722	(2,979)
Income from joint ventures	12	(4,100)	(3,728)	(2,388)
(Gain)/Loss from disposal of fixed assets	5, 9, 11, (a)	8,985	(5,310)	(1,829)
Cash flow		340,801	369,534	349,805
(Increase)/Decrease in net working capital	15	(114,802)	(37,947)	(18,969)
Payments related to employee benefits	19-2	(30,469)	(19,499)	(15,420)
Financial expense/(income)	6	(7,209)	(9,441)	(5,707)
Interests (paid)/received		8,371	7,076	6,116
Income tax expense	7-1	108,057	104,288	107,643
Income tax paid		(103,928)	(111,308)	(94,948)
NET CASH FROM OPERATING ACTIVITIES	(h)	200,821	302,703	328,520
Investing activities				
Disposal of fixed assets	(b)	3,800	8,145	4,073
Purchases of property, plant and equipment	9-1	(76,214)	(109,471)	(90,973)
Suppliers fixed asset variation		-	-	66
Purchases of intangible assets	11	(12,753)	(15,970)	(15,943)
(Increase)/Decrease in other investments		46	(575)	(398)
Business (acquisitions) / divestitures	(c)	(6,823)	1,308	(58,252)
NET CASH FROM INVESTING ACTIVITIES		(91,944)	(116,563)	(161,426)

(in thousand euros)	NOTES	DEC. 31, 2011*	DEC. 31, 2012*	DEC. 31, 2013
Financing activities				
Dividends paid	SHEQ, 21, (d)	(90,567)	(189,507)	(120,804)
Borrowings/(Repayments)	17	(1,657)	(880)	(2,927)
Repayments of obligations under finance leases		(354)	(366)	(434)
Purchase of financial instruments	(e)	(405)	(458)	(600)
(Purchase)/Sale of other current financial assets	(f)	150	(18,823)	(7,441)
Increase in treasury shares and exercise of stock options	16-2, 23, (g)	(84,001)	23,864	(67,179)
NET CASH FROM FINANCING ACTIVITIES		(176,834)	(186,170)	(199,385)
Net increase/(decrease) in cash and cash equivalents		(67,957)	(30)	(32,292)
Opening cash and cash equivalents net of bank overdrafts	BS, 16	367,972	299,370	282,965
Exchange difference		(645)	(16,375)	(10,158)
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	BS, 16	299,370	282,965	240,515

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended (see Note 19).

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

Closing cash and cash equivalents include cash, cash equivalents of 243,209 thousand euros and bank overdrafts of 2,694 thousand euros.

(a) Main gains on disposal in 2013 are related to:

- a property located in Milford (US), for 0.5 million euros;
- a land and a building located in Lagarde (France), for 0.8 million euros.

Main gains on disposals on 2012 were related to:

- The French Phone Card refill business (0.8 million euros);
- Land and buildings located in Boulogne-sur-Mer in France (0.7 million euros);
- Land and buildings located in Australia (3.9 million euros).

(b) Main fixed assets sold during 2013 are related to:

- a property located in Milford (US), for 0.6 million euros;
- a land and a building located in Lagarde (France) for 1.4 million euros.

Main fixed assets sold during 2012 were:

- land and buildings located in Boulogne-sur-Mer (France), for 1.0 million euros;

- the Janesville site in the USA for 0.9 million euros;
- land and buildings located in Australia, for 4.1 million euros.

(c) During 2013, BIC Group took control of Cello Pens business for 79.6 million euros which included cash and cash equivalents of 21.3 million euros.

In February 2012, BIC Group disposed the DAPE 74 phone refills distribution business for 0.8 million euros and cashed in during second half 2012 the final payment related to the disposal of the PIMACO business to business divisions in Brazil for 0.5 million euros.

(d) The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 21).

(e) During 2013, SOCIÉTÉ BIC purchased option premiums for 0.6 million euros, compared to 0.5 million euros in 2012.

(f) The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification Cash & Cash Equivalent under IAS 7. As of December 31, 2013, these investments consist of mutual fund shares and money market securities, all of these assets are liquid within 5 days.

- (g) During first half 2013, 956,292 shares were repurchased by SOCIÉTÉ BIC for 80.2 million euros. Also 324,894 shares were bought according to the liquidity agreement for 28.3 million euros and 326,692 shares were sold for 28.4 million euros. In addition, 215,717 options were exercised in the period for 10.4 million euros, out of which 2.1 million euros have not been cashed in in 2013. Moreover, SOCIÉTÉ BIC received early 2013, 4.8 million euros related to stock options exercised at the end of 2012.

During 2012 20,878 shares were repurchased by SOCIÉTÉ BIC for 1.6 million euros. Also, 295,065 shares were bought according to

the liquidity agreement for 24.3 million euros and 292,798 shares were sold for 24.2 million euros. In addition 487,877 options were exercised in the period for 22.0 million euros, of which 4.8 million euros have not been cashed in in 2012. Moreover, SOCIÉTÉ BIC received early 2012, 8.4 million euros related to stock options exercised at the end of 2011.

- (h) 2013 net cash from operating activities include 5.5 million euros cashed out related to restructuring (9.2 million euros for full year 2012).

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	NOTES	SHARE CAPITAL	ACCUMULATED PROFITS	TRANSLATION RESERVE	CASH FLOW HEDGE DERIVATIVE	GROUP SHARE- HOLDERS' EQUITY	NON- CONTROLLING INTEREST	SHARE- HOLDERS' EQUITY
At January 1, 2011*		184,128	1,191,112	61,758	7,650	1,444,648	-	1,444,648
Cancellation of unrecognized past service costs*	19	-	(3,391)	-	-	(3,391)	-	(3,391)
Dividends paid	21, CF	-	(90,567)	-	-	(90,567)	-	(90,567)
Decrease in share capital		(4,636)	(71,116)	-	-	(75,752)	-	(75,752)
Increase in share capital		1,587	17,485	-	-	19,072	-	19,072
Treasury shares		(1,396)	(23,827)	-	-	(25,223)	-	(25,223)
Recognition of share-based payments	23, CF	-	7,632	-	-	7,632	-	7,632
Other		-	(5)	-	-	(5)	-	(5)
Total comprehensive income		-	201,127	(5,110)	(7,379)	188,637	-	188,637
At January 1, 2012*		179,683	1,228,450	56,647	271	1,465,051	-	1,465,051
Dividends paid	21, CF	-	(189,507)	-	-	(189,507)	-	(189,507)
Decrease in share capital		-	(76,568)	-	-	(76,568)	-	(76,568)
Increase in share capital		1,864	20,160	-	-	22,024	-	22,024
Treasury shares		53	(1,803)	-	-	(1,751)	-	(1,751)
Recognition of share-based payments	23, CF	-	8,643	-	-	8,643	-	8,643
Non-controlling interest buy-back		-	-	-	-	-	-	-
Other		-	76,569	-	-	76,569	-	76,569
Total comprehensive income		-	212,144	(31,744)	8,601	189,001	-	189,001
At January 1, 2013		181,599	1,278,087	24,903	8,872	1,493,461	-	1,493,461
Dividends paid	21, CF	-	(120,804)	-	-	(120,804)	-	(120,804)
Decrease in share capital ^(a)		(3,653)	(76,568)	-	-	(80,221)	-	(80,221)
Increase in share capital ^(b)		824	9,615	-	-	10,439	-	10,439
Treasury shares		234	(329)	-	-	(95)	-	(95)
Recognition of share-based payments	23, CF	-	10,388	-	-	10,388	-	10,388
Cello - Put on non controlling interests	22	-	(107,232)	-	-	(107,232)		(107,232)
Non-controlling interests		-	-	-	-	-	36,866	36,866
Other		-	(33)	-	-	(33)	-	(33)
Income before non-controlling interest, out of which:		-	241,489	-	-	241,489	820	242,309
Other comprehensive income		-	64,099	(80,078)	2,743	(13,237)	(967)	(14,204)
Total comprehensive income		-	305,587	(80,078)	2,743	228,252	(146)	228,106
At December 31, 2013		179,004	1,298,712	(55,175)	11,615	1,434,156	36,719	1,470,875

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended (see Note 19).

(a) 956,292 shares were cancelled during 2013.

(b) Following the exercise of stock options (subscription plan), the share capital was increased by 215,717 shares.

CF: Consolidated Cash Flow Statement.

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 2013 have been approved by the Board of Directors' Meeting of February 11, 2014 and are submitted for approval to the Annual Shareholders' Meeting held on May 14, 2014.

The consolidated financial statements were prepared in recognition of an economic environment still difficult, especially regarding financial assets valuation, assessment of inventory turnover and collection of trade receivables. Assets with values linked to long-term projections, especially intangible assets, were valued according to assumptions taking into account the economic and financial crisis. Particular attention was paid to the potential impact on the discounting of operating cash flows, as the financial parameters used are the market ones at the end of the year.

1-1 Accounting policies

1-1-1 General Policies

According to the European regulation CE N° 1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of 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. These are available on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their interpretations SIC (Standing Interpretation Committee) and IFRIC (International Financial Reporting Interpretations Committee).

At the end of the year, the differences between the reference used and the standards adopted by the IASB, whose application is mandatory for the exercise presented, relate only to IFRS 10, IFRS 11 and IFRS 12 whose application is mandatory in 2013 for the IASB, as the Group is not impacted by the exclusion of IAS 39 on accounting for financial instruments (carve-out of the European Union).

The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments. The principal accounting policies remain unchanged compared to last year except for the following policies, effective since January 1, 2013.

1-1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

Standards, interpretations and amendments effective in the current period

The following standards and amendments are effective since January 1, 2013 and have been applied to the consolidated financial statement as of December 31, 2013:

- Amendment IAS 1 – Presentation of Items of Other Comprehensive Income;

- Amendment IAS 12 – Deferred Taxes: Recovery of Underlying Assets;
- IAS 19 Revised – Employee Benefits;
- Amendment IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets;
- IFRS 13 – Fair Value Measurement;
- IFRS improvement, 2009-2011 cycle (Amendment IAS 16, IAS 32, IAS 34, IFRS 1, IFRIC 2).

The Group already applies the option offered by IAS 19 to recognize in other comprehensive income the actuarial gains or losses in the period in which they arise (non-recyclable to the income statement). As a result, these amendments have the following consequences:

- the possibility of amortizing past service costs resulting from changes in retirement plans over the remaining period of activity of the employees concerned is eliminated;
- past service costs for which no provision had been recognized at December 31, 2010, were recognized as an offset to consolidated reserves in their after-tax amount at January 1, 2011;
- the impacts of changes in retirement plan after January 1, 2011, are fully recognized through the profit and loss for the period in which they arise;
- the anticipated yield of assets allocated to retirement plans is valued using the same rate as the discount rate for retirement liabilities.

Due to the retroactive nature of revised IAS 19, the financial statements for the year ended December 31, 2011 and 2012 were restated in accordance with the new rules for purposes of comparison.

The detailed impacts of the first-time adoption of revised IAS 19 are presented in Note 19.

The impact of IFRS 13 application was computed by the Group and is not material.

Standards, interpretations and amendments issued with mandatory application after 2013 and adopted by the European Union

As of December 31, 2013, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, particularly regarding:

- Revised IAS 28 – Investments in Associates and Joint Ventures;
- IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- Amendments to IFRS 10, IFRS 11, IFRS 12 – Transition guidance;
- Amendments IFRS 10, 12 and IAS 27 – Investment Entities.

The Group is currently conducting analysis on the practical consequences of these new regulations and the effects of their implementation on the financial statements.

The Group does not expect any significant impact from the application of IFRS 10, 11 and 12 standards.

Standards, interpretations and amendments issued with mandatory application after 2013 and not yet adopted by the European Union that may have an impact on the Group's accounts

- IFRS 9 – Financial instruments and subsequent amendments – Classification and measurement financial assets and financial liabilities & Hedge accounting;
- IFRIC Interpretation 21 – Levies;
- Amendment IAS 19 – Employee Contributions;
- Amendment IAS 36 – Recoverable amount disclosures for Non-Financial Assets;
- Amendment IAS 39 – Financial instruments: Accounting and Measurement – Novation of Derivatives and Continuation of Hedge Accounting;
- Annual Improvements to IFRSs 2010-2012 cycle;
- Annual Improvements to IFRSs 2011-2013 cycle.

Analysis on the practical consequences of these new regulations is in progress.

1-1-3 Basis of consolidation

The consolidated financial statements include the financial statements of SOCIÉTÉ BIC and entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). Control is achieved where SOCIÉTÉ BIC has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1-1-4 Business combinations

In accordance with Revised IFRS 3 "Business Combinations", business combinations completed after January 1, 2010 are accounted following the purchase method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interest in the acquiree is measured at either fair value or at the proportionate part in the fair value of assets and liabilities of the acquired entity. This option is available on an individual basis for each operation of the business combination.

Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the profit or the corresponding loss recorded in income statement.

Badwill are recorded immediately in income statement.

When incurred, acquisition costs are recognized immediately as an expense, except those relating to equity instruments.

Any potential price adjustment is estimated at fair value as of the acquisition date and initial assessment can later be adjusted against goodwill only in case of new information related to facts and circumstances existing at the date of acquisition and in the case the evaluation was still described as provisional (trial period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or debt through the Group income statement.

Put options as a granted to non-controlling interests of subsidiaries are considered as a 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 period and the debt of the subsidiary at the closing date of the estimation.

The Group recorded the put options granted to non-controlling interests as a financial debt at present value of the put exercise price and as a reduction of group Shareholders equity; subsequent changes in debt are treated similarly.

1-1-5 Joint ventures

A joint venture is an entity over which the Group has a joint control and that is neither a subsidiary nor an interest in an associate. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in the financial statements using the equity method of accounting. Joint ventures are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the held entity, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture) are not recognized, unless there is an obligation to compensate losses.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a Group entity transacts with a joint venture of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

1-1-6 Goodwill

Goodwill arising from the acquisition of a subsidiary represents the excess of the cost acquisition 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 subsidiary. 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 finest level at which the goodwill is monitored at group level. Cash-generating units to which a 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, impairment loss is first allocated to the reduction of 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 a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss disposal.

The Group's policy for goodwill arising on the acquisition of a joint venture is described under "Joint ventures" above.

1-1-7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount is recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

1-1-8 Revenue recognition

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 discounts and sales related taxes. Revenue is recorded as follows:

- sales of goods are recognized when goods are delivered and title are transferred;

- interest income is accrued on time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount;
- dividend income from investments is recognized when the Shareholder's rights to receive payment has been established.

Considering the nature of BIC Group's activities, interest and dividends received are disclosed as financial income in the income statement.

1-1-9 Leasing

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 the 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 appointed between finance charges 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 income statement.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant 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.

1-1-10 Foreign currencies

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. Euro 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 rates of exchange prevailing on the dates of the transactions. 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 retranslation of monetary items, are included 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 1-21 for details of the Group's accounting policies regarding derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in euro using 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.

Exchange rates used to translate accounts for major foreign subsidiaries outside the euro zone are presented in Note 3.

1-1-11 Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

1-1-12 Government grants

Government grants are recognized in profit or loss over the periods necessary to match them with related costs and deducted in reporting the related expenses.

1-1-13 Research and development tax credit and tax credit for Competitiveness and Employment

The research and development tax credit is deducted from operating expenses and the tax credit for Competitiveness and Employment from labour costs (see Note 4).

1-1-14 Retirement benefit costs and other employee benefits

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 benefits plan.

For defined benefit retirement plans, the cost of providing is determined using the Projected Units Credit Method, with actuarial valuations being carried out for 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.

1-1-15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax included in the determination of the net income of the period.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method and tax rate enacted or nearly at the balance sheet date.

Deferred tax liabilities are generally 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 interest in joint ventures, 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 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, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also dealt with 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.

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 Développement, DAPE 74 Distribution, Stypen, Electro-Centre, BIC Education and BIC Clichy are part of the SOCIÉTÉ BIC tax Group.

1-1-16 *Property, plant and equipment*

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are in the balance sheet at their historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Certain property, plant and equipment have been revalued according to the first adoption of IFRS (IFRS 1).

Depreciation is booked to profit or loss. Properties 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 losses. Depreciation of these assets, on the same basis as other property assets, starts when the assets are ready for their intended use.

Fixture and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is booked so as to write off the cost or valuation 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, on 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

1-1-17 *Investment property*

Investment property (land or buildings), which is held to earn rentals for capital appreciation, is stated at its cost at the balance sheet date, less depreciation and impairment losses if any. Investment property is depreciated according to the same method as property, plant and equipment.

1-1-18 *Intangible assets*

a/ Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from Group development or development step is recognized only 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.

Where no internally generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

b/ Patents, trademarks, licenses and software

Patents, trademarks, licenses and software are measured initially at purchase cost less accumulated amortization and impairment loss, if any, and are amortized on a straight-line basis over their estimated useful lives.

1-1-19 *Impairment of tangible and intangible assets (excluding goodwill)*

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those 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. Where 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.

1-1-20 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct material and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1-1-21 Financial instruments

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

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is an objective evidence that the asset is impaired. The allowance is measured as 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.

b/ Investments

Investments are recognized and derecognized on a trade 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 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 profit or loss when there is objective evidence that the financial 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 previously recognized impairment loss is reversed in a subsequent period if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the recognition of the impairment. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been if the impairment had not been recognized at the date the impairment was reversed. The amount of the reversal is recognized in profit or loss.

Investments other than those held to maturity are classified as either investments held for trading (temporary cash investment) or as available-for-sale (equity investment), 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 investments, 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 (shares) is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments (bonds) classified as available-for-sale, are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

c/ Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid 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 monetary mutual funds with a historical volatility over the last twelve months of above 0.5% being considered non eligible as "cash equivalent". 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 of redemption of borrowing is recognized in profit or loss over the term of the borrowing in accordance with the Group's accounting policy for borrowing costs.

f/ Trade payables

Trade payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest rate method.

g/ Equity instruments

Equity instruments issued by the 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 of foreign currency.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles 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 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 measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in 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 recognized in equity is retained in equity until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, 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 characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains or losses reported in profit or loss. None were contracted within BIC Group 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 (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1-1-22 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' 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.

1-1-23 Share-based payments

The Group issues equity-settled share-based payment to certain employees. 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 is expensed on a straight-line basis 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 in Note 23. 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.

1-1-24 Estimates and judgments

In preparing the consolidated financial statements, BIC Group has to make estimates and assumptions that impact the consolidated financial statements and amounts reported in some financial notes. BIC Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment. The results of this review could lead to publishing in future consolidated financial statements different amounts than those previously disclosed.

The assumptions on which the main estimates are based and the judgment are explained in the following notes:

- Note 1-2: Change in Group structure;
- Note 1-1-6: Goodwill;

- Note 1-1-14: Retirement benefit costs and other employee benefits;
- Note 1-1-15: Income tax;
- Note 1-1-16: Property, plant and equipment;
- Notes 1-1-17/9-3: Investment property;
- Note 1-1-21 h: Derivative financial instruments and hedge accounting;
- Note 1-1-22: Provisions;
- Note 7-1: Income tax expense;
- Note 22-6: Fair value of financial assets and liabilities.

1-2 Change in Group structure

On January 21, 2009, BIC signed definitive agreements with the Indian Cello Group whereby BIC Group acquires 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees (124 million euros at the operation date). As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.

On March 5, 2009, BIC Group acquired 40% of first six entities for 3.8 billion Indian rupees (63.3 million euros at the operation date). Proportionate share of net income was accounted through the equity method in BIC accounts from April 1, 2009. The completion for the balance of the transaction (40% of a seventh entity) did not occur in 2009.

In May 2013, BIC Group and Cello jointly filed an agreement to allow BIC Group to acquire the remaining 40% of the last (7th) stationery entity of Cello Pens Group. In late September 2013, BIC has:

- completed the acquisition of 40% of the last (7th) stationery entity of Cello Pens Group for a total of 3.7 billion Indian rupees (43.3 million euros at the date of the transaction);
- increased its stake from 40% to 55% in Cello Pens 7 entities, after the exercise of its call option, for 2.9 billion Indian rupees (35.2 million euros at the operation date).

The BIC Group, which previously exercised joint control over its participation, has now exclusive control since those additional acquisitions.

The investment, initially recognized by the equity method since 2009, was fully consolidated into the financial statements as of October 1, 2013. This acquisition has been treated as a business combination achieved in stages. The disposal of the investment previously held in Cello has generated a gain of 4.2 million euros and changes in cumulative translation reserve from 2009 to the date of the acquisition were recycled in profit and loss for - 4.3 million euros.

A partial goodwill in this respect recognized for 9.7 billion Indian rupees (115 million euros at the date of the transaction) was determined and accounted as follows:

- (+) the fair value of consideration given for controlling interest (6.6 billion Indian rupees);

- (+) the fair value of previously held interest (40% of the 6 entities) immediately before the acquisition (7.0 billion Indian rupees);
- (+) the non-controlling interest at proportionate share basis (3.1 billion Indian rupees);
- (-) the fair value of net assets of Cello Pens at the acquisition date (7.0 billion Indian rupees).

This amount is provisional as of December 31, 2013, as the Group has a one-year period to finalize the fair value of acquired assets and liabilities, especially intangible assets.

Since October 1, 2013, Cello contributed 18.1 million euros in revenue and 1.8 million in net income of the Group. If the acquisition had occurred at the beginning of the year, contribution of 100% of Cello Pens would have been:

- turnover around 6.3 billion Indian rupees (around 81 million euros);
- net income around 935 million Indian rupees (around 12.6 million euros).

2009 Agreements allow BIC group to increase its stake to 90% in Cello through the exercise of call options to purchase shares held by minority Shareholders of Cello Pens Group. In the same context, the Shareholders of Cello Pens Group have put options whose first, increasing the participation of BIC from 55% to 75% is potentially exercisable in April 2014 and the second, increasing the participation of BIC up to 100% can be exercised potentially 2 years from completion of the first put. These put options were recorded at their fair values, in current financial liabilities for the first one and non-current borrowings for the second one, against a decrease in Group Shareholders' equity. These fair values amounted respectively 46 and 61 million euros as of December 31, 2013 have been determined on the basis of an estimate of Cello future results. Subsequent changes in fair value of put options will be recognized in retained earnings and will not impact the Group's results.

FAIR VALUE OF MAIN ASSETS AND LIABILITIES AS OF THE DATE CONTROL WAS OBTAINED

(in rupees)	NET BOOKED VALUE	IMPACT OF THE FAIR VALUE	FAIR VALUE
Cash	1,800,658,000	-	1,800,658,000
Receivables and other current assets	2,534,253,000	-	2,534,253,000
Inventory	1,488,467,000	102,151,889	1,590,618,889
Property, plant & equipment and intangible assets	866,136,000	1,520,109,241	2,386,245,241
Tax asset	55,971,000	-	55,971,000
TOTAL ASSETS	6,745,485,000	1,622,261,130	8,367,746,130

(in rupees)	NET BOOKED VALUE	IMPACT OF THE FAIR VALUE	FAIR VALUE
Current liabilities	790,932,000	-	790,932,000
Deferred Tax liability	-	551,406,558	551,406,558
Provision - Employee benefits	39,946,000	-	39,946,000
Shareholders' equity	5,914,607,000	1,070,854,572	6,985,461,572
TOTAL LIABILITIES	6,745,485,000	1,622,261,130	8,367,746,130

NOTE 2 OPERATING SEGMENTS

2-1 General information

BIC operating segments have been determined based on the reports regularly reviewed by 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 needed.

Starting 2010 and following 2009 significant acquisitions in Advertising and Promotional businesses, the categories are now the following:

Stationery consumer, Lighters, Shavers, Other consumer and BIC Graphic (Advertising and Promotional Products).

These operating segments get their revenues from the production and distribution of each product category.

Freight billed to customers, royalties income and financial interests are also included in these category revenues but are insignificant compared to the turnover. As they are not analyzed by category of products, by the Operational Directors, they are not detailed in the note below.

	DEC. 31, 2011					
(in million euros)	STATIONERY CONSUMER	LIGHTERS	SHIVERS	OTHER CONSUMER	BIC GRAPHIC	TOTAL
Income Statement						
• Net sales	588	511	328	95	302	1,824
• Amortization and depreciation	(19)	(12)	(15)	(17)	7	(70)
• Impairment loss	-	-	-	-	-	-
• Income from operations	82	199	59	(23)	19	336
Restatements made to obtain the normalized income from operations						
• Real estate gains ^(a)	-	-	-	-	-	-
• (Gain)/loss on business disposals ^(b)	-	-	-	-	-	9
• Retiree medical adjustment in United States	-	-	-	-	-	-
• Cello inventory fair value adjustment	-	-	-	-	-	-
• Goodwill impairment (see Note 10)	-	-	-	-	-	9
• Impairment loss	-	-	-	-	-	-
• Restructuring costs	-	-	-	-	-	5
• Normalized income from operations	82	199	59	(5)	24	359
• Income from joint ventures	4	-	-	-	-	4

(a) In 2012, the real estate gain corresponds to the sale of land and buildings in Boulogne-sur-Mer (France) for 0.7 million euros and in Keysborough (Australia) for 3.9 million euros.

In 2013, the real estate gain corresponds to the divestiture of land and buildings located in La Garde (Gateff site) for 0.8 million euros and the sale of building in Milford (USA) for 0.5 million euros.

(b) In 2012, the gain on the disposal of the phone refills distribution business amounts to 0.8 million euros.

As of December 31, 2013, the BIC Group hasn't identified any major customer with which it realized more than 10% of its net sales.

	DEC. 31, 2011					
(in million euros)	STATIONERY CONSUMER	LIGHTERS	SHIVERS	OTHER CONSUMER	BIC GRAPHIC	Total
Capital additions	20	22	19	14	13	89
Net Inventories	180	87	73	16	55	411

2-3 Information by geography

Since 2010, the geographies followed by the management are: France, Europe (without France), North America and Developing Markets.

	DEC. 31, 2011				
(in million euros)	FRANCE	EUROPE WITHOUT FRANCE	NORTH AMERICA	DEVELOPING MARKETS	Total
Net sales	194	323	728	578	1,824
Non-current assets^(a)	244	139	238	92	713

(a) Other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

2-2 Information on 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 from exceptional items (in particular the real estate gains, the gain or loss on sale of businesses and the restructuring costs);

- capital additions which are the purchases and internal generation of tangible and intangible fixed assets for the period.

DEC. 31, 2012						DEC. 31, 2013					
STATIONERY CONSUMER	LIGHTERS	SHAVERS	OTHER CONSUMER	BIC GRAPHIC	TOTAL	STATIONERY CONSUMER	LIGHTERS	SHAVERS	OTHER CONSUMER	BIC GRAPHIC	TOTAL
618	551	374	65	291	1,899	616	558	378	68	268	1,888
(15)	(12)	(16)	(22)	(6)	(71)	(20)	(13)	(19)	(14)	(9)	(75)
-	-	(1)	-	-	(1)	-	-	-	(2)	(3)	(5)
93	207	64	(15)	16	365	79	207	65	(18)	6	339
-	-	-	-	-	(5)	-	-	-	-	-	(1)
-	-	-	-	-	(1)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	(4)
-	-	-	-	-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	-	-	-	-	4
-	-	-	-	-	9	-	-	-	-	-	4
93	206	64	(15)	21	368	78	206	64	(16)	12	344
4	-	-	-	-	4	-	-	-	-	-	-

DEC. 31, 2012						DEC. 31, 2013					
STATIONERY CONSUMER	LIGHTERS	SHAVERS	OTHER CONSUMER	BIC GRAPHIC	TOTAL	STATIONERY CONSUMER	LIGHTERS	SHAVERS	OTHER CONSUMER	BIC GRAPHIC	TOTAL
26	29	40	21	10	125	25	30	25	20	8	107
166	98	75	15	50	405	184	87	75	18	51	414

DEC. 31, 2012					DEC. 31, 2013				
FRANCE	EUROPE WITHOUT FRANCE	NORTH AMERICA	DEVELOPING MARKETS	TOTAL	FRANCE	EUROPE WITHOUT FRANCE	NORTH AMERICA	DEVELOPING MARKETS	TOTAL
162	323	818	596	1,899	162	332	803	591	1,888
260	149	244	111	764	190	147	234	258	829

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

The following schedule shows foreign currency equivalents of one euro (for instance: average 2013 is 1 euro = 1.33 US dollar).

	2012 AVERAGE	2013 AVERAGE	DEC. 31, 2012	DEC. 31, 2013
<i>Foreign currencies</i>	EURO	EURO	EURO	EURO
U.S. dollar - USD	1.29	1.33	1.32	1.38
Australian dollar - AUD	1.24	1.38	1.27	1.54
Canadian dollar - CAD	1.28	1.37	1.31	1.47
Swiss franc - CHF	1.21	1.23	1.21	1.23
Chinese renminbi - CNY	8.11	8.16	8.22	8.35
British pound - GBP	0.81	0.86	0.82	0.83
Hong Kong dollar - HKD	9.97	10.30	10.23	10.69
Indian rupee - INR	68.66	77.90	72.56	85.37
Japanese yen - JPY	102.65	129.68	113.61	144.72
Korean won - KRW	1,448.16	1,453.61	1,406.23	1,450.93
Malaysian ringgit - MYR	3.97	4.19	4.03	4.52
New Zealand dollar - NZD	1.59	1.62	1.60	1.68
Philippine peso - PHP	54.27	56.41	54.11	61.29
Polish zloty - PLN	4.18	4.20	4.07	4.15
Swedish krona - SEK	8.71	8.65	8.58	8.86
Singapore dollar - SGD	1.61	1.66	1.61	1.74
South African rand - ZAR	10.55	12.84	11.17	14.57
Argentinian peso - ARS	5.85	7.29	6.49	8.99
Brazilian real - BRL	2.51	2.87	2.70	3.26
Mexican peso - MXN	16.91	16.96	17.18	18.07

NOTE 4 OPERATING EXPENSES

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Raw materials, consumables used and change in inventory	514,203	527,950	529,827
Staff costs	476,624	505,880	511,120
Amortization expenses	70,478	71,628	74,926
Impairment loss	71	640	263
Other operating expenses	430,922	447,754	439,180
(Gain)/Loss on operational foreign currency translation	(5,674)	420	5,697
TOTAL	1,486,624	1,554,272	1,561,013

Other operating income and expenses are not included in the total amount and are disclosed in Note 5.

Operating expenses include 11.8 million euros related to portable fuel cell technology, versus 12.5 million euros for 2012.

Research and development costs expensed for 2013 amount to 33.5 million euros as for 2012.

They include the French research and development tax credit for 2.6 million euros, versus 1.9 million euros for 2012.

The tax credit for Competitiveness and Employment (CICE) implemented with effect from 1 January 2013, booked as a reduction of Staff costs amounts to 1.3 million euros.

NOTE 5 OTHER INCOME AND EXPENSES

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Royalties income	42	6	15
Reversal impairment expenses	-	708	-
Freight recharged to customers	18,756	18,244	17,385
Gain on business divestitures and disposal of fixed assets	2,050	5,310	1,829
BIC Graphic retirement benefits harmonization	2,788	1,160	0
Other	-	6,286	7,577
Other income	23,636	31,714	26,806
Royalties expenses	-	-	-
Impairment expenses	(8,721)	(401)	(5,446)
BIC Graphic's integration plan and other cost reduction plans	(5,349)	(8,718)	(3,548)
Loss on business divestitures and disposal of fixed assets	(10,780)	-	-
Other	(498)	(2,054)	(5,393)
Other expenses	(25,348)	(11,173)	(14,387)
TOTAL	(1,712)	20,541	12,419

In addition to freight recharged to customers, other income and expenses related to 2013 mainly include:

- impairment expenses (United States):
 - 3.4 million euros on San Antonio manufacturing site (BIC Graphic facility based in Texas),
 - 1.9 million euros due to discontinuation of Sologear, maker of Flamedisk®;
- gains on business divestitures and disposal of fixed assets:
 - 0.8 million euros of gain on the divestiture, of land & buildings located in La Garde (Gateff site),
 - 0.5 million euros of gain on the sale of building in Milford (United States),
 - 0.5 million euros of gain on various assets disposal;
- BIC Graphic integration plan and other costs reduction plans mainly:
 - 2.8 million euros relating to the Norwood Promotional Products' integration plan still in progress,
 - restructuring costs related to United States for 0.8 million euros;
- other: favorable adjustment related to the change in the US retiree medical plan which reduced the liability for 4.3 million euros, partly

offset by the reversal of Cello inventory fair value adjustment for 1.2 million euros.

In addition to freight recharged to customers, other income and expenses related to 2012 mainly included:

- gains on business divestitures and disposal of fixed assets:
 - 0.8 million euros of gain on the divestiture, in February, of DAPE 74 phone refills distribution business (French subsidiary),
 - 0.7 million euros of gain on the divestiture, in March, of land and buildings located in Boulogne-sur-Mer (France),
 - 3.9 million euros of gain on the divestiture, in July, of the Keysborough site located in Australia;
- other: favorable outcome regarding tax contingencies for 2.9 million euros in Brazil;
- BIC Graphic integration plan and other costs reduction plans:
 - 5.1 million euros relating to the Norwood Promotional Products' integration plan still in progress,
 - restructuring costs related to Australia for 0.7 million euros and Europe for 2.9 million euros.

NOTE 6 FINANCE INCOME

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Interest income from cash and cash equivalents	4,315	7,129	2,293
Interest on bank deposits	6,287	5,361	5,279
Income from cash and cash equivalents	10,602	12,490	7,572
Interest expense	(3,393)	(3,049)	(1,864)
Hedging instruments revaluation	2,693	(1,771)	296
Net financial foreign exchange difference	(728)	2,811	624
Finance costs	(1,428)	(2,010)	(944)
FINANCE (COSTS)/REVENUE	9,175	10,480	6,628

During 2013, despite slightly higher volume of cash invested in the Group, income from cash and cash equivalents benefits from less favorable interest yields compared to 2012.

However, this negative effect is partially offset by lower interest expense than in 2012.

NOTE 7 INCOME TAX

7-1 Income tax expense

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Current tax:	108,057	104,288	107,643
• Domestic	42,908	31,627	33,706
• Foreign	65,150	72,661	73,937
Deferred tax	5,621	15,281	(1,724)
INCOME TAX EXPENSE	113,678	119,570	105,919

The normal domestic income tax rate is 38.00% (including social and exceptional contributions) for the fiscal year 2013. It was 36.10% in 2012.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group uses the French tax rate as the theoretical one. Thus the main element of reconciliation is the effect of differences of tax rates.

As of December 31, 2013, the main contributors are United States, Greece, Brazil and Mexico. (As of December 31, 2012, the main contributors were the same).

Reconciliation between theoretical tax charge and effective income tax expense:

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Income before tax	344,926	375,456	345,724
Tax rate	36.10%	36.10%	38.00%
Theoretical tax charge	124,518	135,540	131,375
Effects of:			
• differences of tax rates	(10,187)	(12,755)	(16,571)
• income taxed at reduced rate	(1,747)	(1,791)	(4,023)
• permanent differences	14,404	16,526	9,658
• intercompany accruals eliminations	(957)	(639)	(1,357)
• tax assets not activated on tax losses	2,947	2,151	1,653
• tax assets activated on prior year losses	(1,525)	(1,047)	(857)
• tax credits	(14,461)	(16,881)	(12,691)
• foreign exchange differences	686	(1,534)	(1,268)
Income tax expense	113,678	119,570	105,919
EFFECTIVE TAX RATE	32.96%	31.85%	30.64%

In addition, BIC Group has, as of December 31, 2013, 21.6 million euros of deferred tax assets not booked related to unused tax losses, as for 2012.

7-2 Deferred and current tax recognized on other comprehensive income

Deferred and current taxes recognized on other comprehensive income result from the following items:

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Actuarial differences on post-employment benefits (1)	19,652	24,797	(32,449)
Cash flow hedge	4,036	(4,859)	(1,550)
Foreign exchange impact	(2,990)	(39)	1,561
Other	1,927	704	(2)
Total other comprehensive income (2)	2,973	(4,194)	9
TOTAL (1)+(2)	23,378	20,603	(32,440)

NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share Group share and the 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 shares outstanding during the year less the number of shares held in treasury stock by SOCIÉTÉ BIC and BIC CORPORATION.

The number of shares used to calculate the diluted earnings per share Group share is the weighted average number of ordinary shares potentially in circulation during the period which corresponds to the number of shares used for the basic earnings per share Group share, adjusted with the dilutive effect of stock options.

As of December 31, 2013, as in December 31, 2012, no share has a relative impact and the maximum dilutive effect from stock options not exercised is around 2% of the share capital.

	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Numerator (in thousand euros)			
Net income Group share	235,348	259,614	241,489
Denominator (in number of shares)			
Weighted average number of ordinary shares in circulation	47,565,299	47,339,322	47,047,710
Dilutive effect of stock options	459,659	555,912	549,585
Diluted weighted average number of ordinary shares in circulation	48,024,958	47,895,234	47,597,295
Earnings per share Group share (in euros)			
Earnings per share Group share	4.95	5.48	5.13
Diluted earnings per share Group share	4.89	5.42	5.07

NOTE 9 TANGIBLE ASSETS

9-1 Property, plant and equipment - Gross value

(in thousand euros)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
At January 1, 2012	331,922	968,072	46,631	29,778	1,376,403
Additions	11,788	28,320	67,085	2,278	109,471
Disposals/Write-offs	(536)	(25,744)	(196)	(2,530)	(29,005)
Transfers to non-current assets held for sale (see Note 9-4)	(3,022)	(31)	-	-	(3,053)
Other transfers	6,210	30,317	(40,786)	406	(3,853)
Exchange differences	(4,109)	(11,571)	(119)	138	(15,661)
At January 1, 2013	342,253	989,363	72,615	30,070	1,434,301
Additions	5,727	37,297	44,367	3,582	90,973
Acquisition of subsidiaries	10,662	16,085	221	1,286	28,254
Disposals/Write-offs	(228)	(11,086)	(1,807)	(3,436)	(16,557)
Other transfers	6,177	26,033	(30,171)	(2,046)	(7)
Exchange differences	(9,631)	(29,822)	(4,115)	(460)	(44,028)
At December 31, 2013	354,960	1,027,870	81,110	28,996	1,492,936

The gross value of property, plant and equipment includes 5.1 million euros of finance lease assets as of December 31, 2013 (4.1 million euros as of December 31, 2012).

Cello amounts are reported in the line "Acquisition of subsidiaries".

9-2 Property, plant and equipment - Depreciation and impairment loss

<i>(in thousand euros)</i>	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
At January 1, 2012	188,817	801,514	4,042	21,788	1,016,161
Amortization for the period	10,975	49,684	(4)	3,012	63,667
Impairment loss	-	(295)	246	-	(49)
Disposals/Write-offs	(500)	(24,107)	(52)	(2,088)	(26,748)
Transfers to non-current assets held for sale (see Note 9-4)	(2,273)	(8)	-	-	(2,281)
Other transfers	-	(2,345)	-	(18)	(2,364)
Exchange differences	(2,206)	(10,045)	2	123	(12,126)
At January 1, 2013	194,813	814,397	4,234	22,817	1,036,261
Amortization for the period	11,298	51,474	-	2,982	65,754
Impairment loss	-	1,061	133	-	1,194
Disposals/Write-offs	(63)	(12,469)	(469)	(3,391)	(16,392)
Other transfers	-	1,773	(76)	(1,717)	(20)
Exchange differences	(4,861)	(27,017)	47	(327)	(32,158)
At December 31, 2013	201,187	829,219	3,869	20,364	1,054,639
NET VALUE					
At December 31, 2013	153,773	198,651	77,241	8,632	438,297
At December 31, 2012	147,440	174,966	68,381	7,253	398,040

The net value of the property, plant and equipment includes 2.7 million euros of finance lease assets as of December 31, 2013 (1.9 million euros as of December 31, 2012).

9-3 Investment property

<i>(in thousand euros)</i>	GROSS VALUE	DEPRECIATION AND IMPAIRMENT LOSS	NET VALUE
At January 1, 2012	2,904	(600)	2,304
Amortization for the period	-	(97)	(97)
Exchange differences	(45)	14	(31)
At January 1, 2013	2,859	(683)	2,176
Amortization for the period	-	(94)	(94)
Exchange differences	(102)	33	(69)
At December 31, 2013	2,757	(744)	2,013

Main investment properties as of December 31, 2013 are located in the USA for 1.5 million euros.

The fair value of the Group's investment property is based on an internal valuation of land and buildings based on transaction price for similar properties or on the market price. For each investment property, fair value exceeds or is equal to net booked value. Global fair value amounts to 2.8 million euros.

None of the Group investment property has been pledged.

The property rental income earned by the Group from its investment properties for 2013 amounts to 0.6 million euros (0.7 million euros for 2012).

Rental payments to be received for the coming years are as follows:

- 0.6 million euros within 1 year;
- 0.9 million euros between 2 and 5 years;
- no rent is expected beyond 5 years.

Main direct operating expenses arising on the investment properties in the period, except depreciation, correspond to insurance, maintenance and security costs and amount to 0.4 million euros (as for 2012).

9-4 Assets held for sale and discontinued activities

<i>(in thousand euros)</i>	GROSS VALUE	DEPRECIATION AND IMPAIRMENT LOSS	NET VALUE
At January 1, 2012	11,808	(5,800)	6,008
Transfers from property, plant and equipment (see Notes 9-1 and 9-2)	3,053	(2,281)	772
Disposals	(7,021)	5,617	(1,404)
Exchange differences	(65)	(38)	(103)
At January 1, 2013	7,775	(2,502)	5,273
Transfers from property, plant and equipment (see Notes 9-1 and 9-2)	-	-	-
Disposals	(1,110)	548	(562)
Impairment loss	-	(3,441)	(3,441)
Exchange differences	(289)	107	(182)
At December 31, 2013	6,376	(5,288)	1,088

As of December 31, 2013, the assets held for sale correspond to San Antonio manufacturing site based in Texas (due to the BIC Graphic integration plan in the USA), for which an impairment of 3.4 million euros was booked during the year.

The Group is actively marketing the site via realtors.

The land and the building in La Garde (Gateff site) were sold during the year.

NOTE 10 GOODWILL

(in thousand euros)

	NOTES	GROSS VALUE	IMPAIRMENT LOSS	NET VALUE
At January 1, 2012		227,998	(16,398)	211,600
Angstrom acquisition		1,132	-	1,132
Liquidation of Indonesian subsidiary		(1,271)	1,271	-
Exchange differences		(3,707)	(218)	(3,925)
At January 1, 2013		224,152	(15,345)	208,807
Cello	1	115,921	-	115,921
Impairment loss		-	(1,258)	(1,258)
Exchange differences		(9,140)	(221)	(9,361)
At December 31, 2013		330,933	(16,824)	314,109

The goodwill SOLOGEAR (maker of Flamedisk®) was fully depreciated due to discontinuation of the activity for an amount of 1.3 million euros. The balance, as of December 31, 2013, includes the main following net goodwill:

(in thousand euros)	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
BIC CORPORATION*	103,549	101,927	98,365
BIC Violex	49,174	49,174	49,174
Norwood North America ^{(a)*}	27,649	27,115	25,941
PIMACO*	10,005	8,940	7,420
Cello*	-	-	115,921
Others*	21,223	21,651	17,288
TOTAL	211,600	208,807	314,109

(a) Following the reorganization of the BIC Graphic activity, the goodwill of Norwood North America includes the goodwill of Norwood Promotional Products and Atchison.

* These goodwill are linked to cash generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discounted and infinite growth rates:

	WEIGHTED AVERAGE COST OF CAPITAL (WACC) BEFORE TAX		INFINITE GROWTH RATE	
	2012	2013	2012	2013
BIC CORPORATION	11.6%	11.6%	1.5%	1.5%
BIC Violex	11.9%	11.4%	3%	3%
Norwood North America	10.8%	11.3%	1.5%	1.5%
PIMACO	11.0%	11.0%	2.4%	2.4%

Each goodwill has been applied to cash generating units ("CGU") representing the finest level at which those goodwill are monitored by the Group.

The goodwill on BIC CORPORATION is then mainly allocated to cash generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The remaining goodwill on BIC Violex is limited to the cash generating unit linked to shavers developed and/or produced by BIC Violex 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, 2013, the Group has performed impairment tests on these goodwill.

The impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash generating units with the cash generating units' net assets carrying value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted cash flows over three years with an infinite rate and a discounted residual value using the constantly growing perpetuity method, including the following:

- the discount rate before taxes used is the Group weighted average cost of capital. A particular attention has been paid to the analysis

of main market items used for the calculation of the discount rate. A country risk has then been added for the countries most sensitive to the economic crisis;

- the infinite growth rates were determined based on external (inflation rate) and internal (business growth) sources.

For each CGU having significant goodwill, key assumptions used in terms of sales growth and margin on the future period of 3 years and in the terminal value are consistent with past performance.

Regarding the most sensitive CGU (Norwood), changes in assumptions calculations show that to cover the assets, and for each single factor:

- the discount rate does not exceed 13.5%;
- infinity growth rate cannot be below 0%;
- sales at constant margin on the future period of 3 years may not be less than 13% to what was retained;
- margin on the future period of 3 years may not be less than 12% to what was retained.

For other impairment tests no reasonably possible change in the key assumptions may lead to an impairment taking into account the observed margin on realized tests.

NOTE 11 INTANGIBLE ASSETS

(in thousand euros)	SOFTWARE	TRADEMARKS & PATENTS	RESEARCH & DEVELOPMENT	INTANGIBLE IN PROGRESS	OTHER	TOTAL
GROSS VALUE						
At January 1, 2012	70,195	55,167	3,786	15,739	4,687	149,574
Additions	2,311	640	-	11,366	375	14,692
Acquisition of subsidiaries	-	-	-	(566)	(566)	(1,132)
Internally generated	-	-	-	1,278	-	1,278
Disposals/Write-offs	(2,400)	-	-	5	(129)	(2,524)
Transfers	26,824	-	-	(22,904)	(66)	3,854
Exchange differences	(540)	(1,476)	(42)	(85)	(441)	(2,584)
At December 31, 2012	96,390	54,331	3,744	4,833	3,860	163,158

<i>(in thousand euros)</i>	SOFTWARE	TRADEMARKS & PATENTS	RESEARCH & DEVELOPMENT	INTANGIBLE IN PROGRESS	OTHER	TOTAL
At January 1, 2013	96,390	54,331	3,744	4,833	3,860	163,158
Additions	6,560	742	-	5,879	207	13,388
Acquisition of subsidiaries	-	4	-	-	-	4
Internally generated	-	-	-	2,551	-	2,551
Disposals/Write-offs	(21,078)	(16)	-	(278)	-	(21,372)
Transfers	7,297	869	2,251	(7,465)	468	3,420
Exchange differences	(6,035)	(2,733)	(92)	(1,002)	(358)	(10,220)
At December 31, 2013	83,134	53,197	5,903	4,518	4,177	150,929
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2012	59,052	34,738	3,746	-	1,018	98,554
Amortization for the period	6,041	1,744	10	-	69	7,864
Impairment loss	382	-	-	-	-	382
Disposals/Write-offs	(2,400)	-	-	-	(129)	(2,529)
Transfers	2,420	-	-	-	(56)	2,364
Exchange differences	(306)	(684)	(42)	-	(14)	(1,046)
At January 1, 2013	65,189	35,798	3,714	-	888	105,589
Amortization for the period	7,313	1,623	10	18	113	9,077
Impairment loss	(185)	-	-	-	-	(185)
Disposals/Write-offs	(20,439)	(16)	-	-	-	(20,455)
Transfers	99	1,474	2,251	-	(411)	3,413
Exchange differences	(1,257)	(1,556)	(92)	-	(70)	(2,975)
At December 31, 2013	50,720	37,323	5,883	18	520	94,464
NET VALUE						
At December 31, 2013	32,414	15,874	20	4,500	3,657	56,465
At December 31, 2012	31,201	18,533	30	4,833	2,972	57,569

Software

Internally generated software is principally related to investments linked to the upgrade of information systems.

In 2012, the internally generated software for the BIC Graphic business has been put in use for 18.9 million euros and some improvements have been implemented in 2013 for 3.5 million euros.

Trademarks and patents

In 2012, the Angstrom purchase price had been finalised and a reclassification had been made from intangible assets to goodwill.

The main trademark booked in the balance sheet as of December 31, 2013 is the Pimaco® trademark for 5.3 million euros acquired in 2006. This trademark has an infinite lifetime. For impairment test purposes, it is linked to the PIMACO subsidiary cash generating unit.

NOTE 12 JOINT VENTURES

<i>(in thousand euros)</i>	VALUE OF EQUITY AFFILIATES AS OF DEC. 31, 2012	INCOME FROM EQUITY AFFILIATES	DIVIDENDS RECEIVED	CHANGES IN SCOPE OF CONSOLIDATION	IMPAIRMENT LOSS	OTHER	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	VALUE OF EQUITY AFFILIATES AS OF DEC. 31, 2013
Cello Pens	79,473	2,504	-	(79,463)	-	-	(2,514)	-
Other	9				-	1	(2)	8
TOTAL	79,482	2,504	-	(79,463)	-	1	(2,516)	8

Cf. Note 1.2 Change in Group structure.

The 2,504 thousand euros of income from equity affiliates relate to the Cello Pens results until September 30, 2013.

NOTE 13 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Other investments		39	47	50
Guarantee deposits		3,843	4,250	4,147
Deferred pensions	19-3,19-7	1,587	329	3,737
Other non-current assets		9,141	15,070	14,349
TOTAL		14,610	19,696	22,283

NOTE 14 DEFERRED TAX

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Deferred tax assets	159,228	176,235	139,950
Deferred tax liabilities	(19,014)	(23,195)	(29,191)
NET POSITION	140,214	153,040	110,759

The movement for the year in the Group's deferred tax position was as follows:

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2013
At January 1, 2013		153,040
Deferred tax income/(expense) for the period ^(a)	CF	2,979
Booked in Shareholders' equity		(32,414)
Acquisition of subsidiaries		(5,867)
Exchange differences		(6,979)
At December 31, 2013		110,759

(a) Excluding amounts booked to provision for risks and charges.

Origin of deferred tax:

<i>(in thousand euros)</i>	DEC. 31, 2013
Pension and other employee benefits	56,033
Intercompany profit elimination	19,478
Tax losses carried forward	921
Other temporary differences	34,327
NET DEFERRED TAX	110,759

NOTE 15 CHANGE IN NET WORKING CAPITAL

<i>(in thousand euros)</i>	NOTE	DEC. 31, 2012	CASH FLOWS IMPACT	CHANGE IN PERIMETER	FOREIGN EXCHANGE AND OTHERS	DEC. 31, 2013
Net inventory		404,880	14,478	18,836	(23,999)	414,195
• Inventory - Gross value		425,271	12,511	18,836	(24,705)	431,913
• Inventory - Depreciation		(20,391)	1,967		706	(17,718)
Trade and other receivables		446,140	16,305	24,883	(33,493)	453,835
Trade and other payables		(112,133)	(536)	(5,844)	3,127	(115,386)
Other assets and liabilities		(163,203)	(11,278)	(573)	4,882	(170,172)
NET WORKING CAPITAL	CF	575,684	18,969	37,302	(49,483)	582,472

CF: See consolidated cash flow statement.

NOTE 16 SHARE CAPITAL

16-1 Share capital

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Authorized, issued and fully paid	182,941	184,806	181,976
Repurchase of shares of the Company	(3,258)	(3,207)	(2,972)
SHARE CAPITAL	179,683	181,599	179,004

As of December 2013, 31, the registered share capital of SOCIÉTÉ BIC is 181,976,098 euros divided into 47,637,722 shares of 3.82 euros each, the par value. The registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC held 778,355 of these shares, acquired at the average price of 63.26 euros in accordance with the Article L. 225-209 of the French Commercial Code, which represent 1.63% of the share capital.

16-2 SOCIÉTÉ BIC owned shares and repurchase of shares of the Company as of December 31, 2013

PURPOSE OF THE REPURCHASE	NUMBER OF SHARES	AVERAGE ACQUISITION PRICE <i>(in euros)</i>	% CAPITAL
Liquidity agreement ^(a)	1,046	87,72	0,00%
Free share grants ^(a)	777,309	63,23	1,63%
TOTAL	778,355	63,26	1,63%

(a) Article L. 225-209 of the French Commercial Code.

Further to the liquidity agreement with NATIXIS on BIC shares, as of December 31, 2013 the liquidity account contained the following:

- 1,046 BIC shares;
- 900,962.37 euros.

As a reminder, when it was implemented, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization at the Annual Shareholders' Meeting on May 15, 2013 to renew its share repurchase program.

NUMBER OF SHARES PURCHASED IN 2013 ^(a)	
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 10, 2012	512,935
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 15, 2013	443,357
Average share repurchase price for the purchases during 2013 <i>(in euros)</i>	83.89

(a) Excluding the liquidity contract.

During the year 2013, SOCIÉTÉ BIC cancelled 956,292 shares.

Since January 1, 2011, SOCIÉTÉ BIC cancelled 2,169,851 shares, 4.55% of the share capital as of December 31, 2013.

To the best of the Company's knowledge as of December 31, 2013, the Shareholders who 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:

	AT DECEMBER 31, 2013	
	% OF SHARES (APPROX.)	% OF VOTING RIGHTS (APPROX.)
M.B.D.	26.54%	36.60%
Bich family	17.33%	22.99%

NOTE 17 BORROWINGS AND FINANCIAL LIABILITIES

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Bank overdrafts	1,363	4,351	2,694
Bank loans and non current financial liabilities (see detail below)	6,611	6,050	110,036
Obligations under financial leases	2,371	2,023	1,468
BANK BORROWINGS AND OVERDRAFTS	10,345	12,424	114,198

Bank overdrafts are due within one year.

Long-term part of obligations under financial leases is not significant.

The put options held by the Shareholders of Cello Pens were recorded at their fair values, in current financial liabilities for the first one and non-current borrowings for the second one amounted respectively 46 and 61 million euros as of December 31, 2013.

Bank loans and financial liabilities have the following maturities:

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
On demand or within one year	6,611	5,767	48,567
In the second year	-	139	144
In the 3rd year	-	144	61,325
In the 4th year	-	-	-
In the 5th year	-	-	-
After five years	-	-	-
TOTAL	6,611	6,050	110,036

Main bank loans/credit lines and financial liabilities are the following:

BORROWING COUNTRY	CURRENCY	EURO EQUIVALENTS		
(in thousand euros)		DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
• France	EUR	-	421	283
• Brazil	BRL	623	-	-
• Malaysia	MYR	853	818	703
• Russia	USD/RUB	2,541	2,575	662
• Colombia	COP	1,379	950	-
• South Korea	KRW		1,067	1,034
• Others	Misc.	1,215	219	107,354
TOTAL		6,611	6,050	110,036

The line "others" includes the value of the put options held by the Shareholders of Cello Pens for 107,232 thousand euros.

Information on interest rates

As of December 31, 2013, remaining loans and short term credit lines were contracted with a floating rate ranging between 4.30 and 9.54%.

Relative exposure, estimated not to be significant, has not been hedged.

Information on covenants

None of the loans contain any covenant that could advance the exigibility date of the debt.

NOTE 18 PROVISIONS

	TAX AND SOCIAL RISKS AND LITIGATION	LITIGATION	PRODUCT LIABILITY	OTHER RISKS AND CHARGES	TOTAL
<i>(in thousand euros)</i>					
At January 1, 2012	44,625	5,889	2,111	4,197	56,822
Additional provisions	19,797	986	532	179	21,494
Utilized during the period	(3,172)	(718)	(517)	(526)	(4,934)
Unused amounts reversed	(11,467)	(446)	(1,036)	(293)	(13,242)
Exchange differences	(2,158)	(345)	(36)	53	(2,486)
Transfers and reclassification from current liabilities	-	(661)	-	661	-
At January 1, 2013	47,625	4,705	1,054	4,271	57,655
Additional provisions	11,578	1,884	1,563	832	15,857
Utilized during the period	(975)	(604)	(212)	(2,076)	(3,867)
Unused amounts reversed	(8,012)	(760)	(319)	(187)	(9,278)
Exchange differences	(2,187)	(308)	(122)	(117)	(2,734)
At December 31, 2013	48,029	4,917	1,964	2,723	57,633

As of December 31, 2013, it was not considered necessary to book provisions for the risks described in the Part 1 "Group Presentation", including those related to manufacturing plants.

The litigation provision mainly represents distributor and commercial agent risks for 2.4 million euros (2.9 million euros as of December 31, 2012).

Tax and social risks and litigation are mainly tax risks and U.S. workers' compensation.

Product liabilities are mainly related to the United States.

NOTE 19 PENSION AND OTHER EMPLOYEE BENEFITS

19-1 Plan characteristics and impacts of the adoption of Amended IAS 19

19-1-1 Types of post-employment benefits and other long-term benefits

Types of post-employment benefits and other long-term benefits

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, among others:

• **In the United States:**

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, a medical plan exists ("Salaried Retiree Medical Plan"):

a) *Salaried Pension Plan:*

Participants hired prior to 2007 accrue retirement benefits under a final average pay formula which reflects year of service and is integrated with Social Security. The formula provides a life

annuity payable at Normal Retirement (age 65) equal to 1.1% of average pay up to Social Security Covered Compensation plus 1.5% of average pay in excess of the Social Security Covered Compensation multiplied by years of service, not greater than 35 years, plus 1.4% of average pay times years of service in excess of 35 years. In addition, the Plan provides subsidized early retirement benefits for participants who attain age 55 and 10 years of service.

Participants hired after 2006 accrue benefits under a Cash Balance arrangement. These participants receive annual pay credits of 5% which are accumulated with interest, based on 30-Yr Treasury rates, to retirement. Participation into this plan is closed for BIC Graphic hired after January 1, 2010. The Plan is subject to minimum funding requirements under US 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. The Plan's assets are invested in the BIC CORPORATION Master Trust with a target asset allocation of 35% US equity, 5% global low volatility equity, 10% non-U.S. equity, and 50% bonds.

b) Local 134L Pension Plan:

For union participants hired before December 4, 2007, benefits under the Plan are based on a participant's years of service at termination multiplied by the Applicable Dollar Amount (\$40.75 for 2013 increasing \$1 each year until 2016).

Participants hired after December 4, 2007 accrue benefits under a Cash Balance arrangement. These participants receive annual pay credits of 3.75% which are accumulated with interest, based on 30-Yr Treasury rates, to retirement.

The Plan is subject to minimum funding requirements under US 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. The Plan's assets are invested in the BIC CORPORATION Master Trust with a target asset allocation of 21% US equity, 3% global low volatility equity, 6% non-US equity, and 70% bonds.

c) Salaried Retiree Medical Plan:

This plan exists for employees hired prior to January 1, 2007 and who are eligible to receive retiree medical and prescription drug coverage upon attainment of age 55 and 20 years of service. The Plan is closed to new employees. Effective October 1, 2013 certain covered retirees and future retirees will receive a fixed subsidy of \$3,500 annually to purchase their own retiree medical coverage through a medical exchange. This subsidy is expected to increase in the future to reflect healthcare trend rates.

The Plan does not have any assets.

• In the United Kingdom:

a) Sheaffer:

It is a defined benefit plan closed for a specified list of beneficiaries (closed to new entrants) and closed to the acquisition of further rights. An independent professional "Trustee" oversees 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.

b) BIC UK:

It is a defined benefit plan closed for a specified list of beneficiaries (closed to new entrants) and closed to the acquisition of further rights. An independent professional "Trustee", an employer – nominated Trustee and one member-nominated 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, ie inflation

risks, investment risks, longevity risks, etc. The strategic asset allocation must comply with the directive investment "Statement of Investment Principles" set up by the "Trustee" to limit the risks.

• In France:

The retirement indemnities are legally compulsory in France. The rights granted (expressed in months of salary) depend on the national collective agreement connecting companies and on the employee's seniority at retirement date. The benefit payment is due only if the employee is working for the company when he retires.

The defined benefit supplemental pension plan provides a percentage of the final salary for each year of service to the top managers working for the BIC 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 retires.

• In Canada:

The Plan is funded chiefly through employer contributions and investment earnings on the Plan fund. Prior to 1992, members were required to contribute the Plan but since January 1, 1992, members are no longer required or permitted to make contributions to the Plan. BIC Inc. contributions to the Plan are conform to the minimum funding requirements of the "Pensions Benefits Act of Ontario".

The Fund for the Pension Plan for Employees of BIC Inc ("the Plan") is held by an Independent Trustee for 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 employees hourly paid, the retirement benefit is defined as a fixed amount per year of service whose value varies according to the departure date of retirement beneficiary (\$ 400 per year for retirement after 1 January 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 may be about 10 years before 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, but beneficiaries can retire from age 55, with a discount for early retirement.

To monitor and control the performance of the Fund, BIC Inc. and the Investment Manager must comply with the objectives set by the Regulation on the policies and investment "Statement of Investment Policy and Objectives". The basic goal underlying the establishment of the Investment Policy and Objectives is to ensure that the assets of the fund, together with the expected contributions and investment income to be earned by the fund, shall be invested in a prudent manner so that the Fund shall be sufficient to meet the obligations of the Plan as they come due. The investment seeks long-term strategy to place about 36% bonds, 35% in Canadian equities, 27% in foreign equities and 2% in cash and equivalents.

• For other countries, the plans depend on the local legislation, activity and other historical practices of the subsidiary.

19-1-2 Impacts of the adoption of Amended IAS 19

This note reviews the main impacts of the first-time adoption of Amended IAS 19 on the consolidated financial statements for years 2011 and 2012:

Consolidated income statement

Only the lines of the income statement that are impacted by the application of IAS19 revised are presented below :

<i>(in thousand euros)</i>	DEC. 31, 2011 REPORTED	IAS 19 R ADJUSTMENTS	DEC. 31, 2011 RESTATE	DEC. 31, 2012 REPORTED	IAS 19R ADJUSTMENTS	DEC. 31, 2012 RESTATE
Cost of goods	(925,606)	(1,312)	(926,918)	(933,344)	(1,200)	(934,544)
Gross profit	898,481	(1,312)	897,169	965,363	(1,200)	964,163
Distribution costs	(291,439)	(423)	(291,862)	(309,349)	(557)	(309,906)
Administrative expenses	(177,126)	(2,114)	(179,241)	(184,748)	(3,672)	(188,420)
Other operating expenses	(88,537)	(65)	(88,602)	(121,329)	(73)	(121,402)
Income from operations	339,667	(3,914)	335,752	370,478	(5,502)	364,976
Income before tax	348,841	(3,914)	344,926	380,958	(5,502)	375,456
Income tax expense	(115,060)	1,382	(113,678)	(121,553)	1,983	(119,570)
Net income from consolidated entities	233,781	(2,532)	231,248	259,405	(3,519)	255,886
Net income from continued operations	237,881	(2,532)	235,348	263,133	(3,519)	259,614
Net income from discontinued operations	-	-	-	-	-	-
Income before non-controlling interest	237,881	(2,532)	235,348	263,133	(3,519)	259,614
GROUP NET INCOME	237,881	(2,532)	235,348	263,133	(3,519)	259,614
Earnings per share <i>(in euros)</i>	5.00	(0.05)	4.95	5.56	(0.08)	5.48
Diluted earnings per share <i>(in euros)</i>	4.95	(0.06)	4.89	5.49	(0.07)	5.42
Weighted average number of shares outstanding net of treasury shares	47,565,299	-	47,565,299	47,339,322	-	47,339,322

Consolidated statement of comprehensive income

Only the lines of the statement of comprehensive income that are impacted by the application of IAS19 revised are presented below :

<i>(in thousand euros)</i>	DEC. 31, 2011 REPORTED	IAS 19 R ADJUSTMENTS	DEC. 31, 2011 RESTATE	DEC. 31, 2012 REPORTED	IAS 19R ADJUSTMENTS	DEC. 31, 2012 RESTATE
Group net income	237,881	(2,533)	235,348	263,133	(3,519)	259,614
Other comprehensive income						
Exchange differences arising on translation of overseas operations	(4,077)	7	(4,070)	(32,333)	(4)	(32,337)
Actuarial differences on post-employment benefits	(56,982)	4,175	(52,807)	(78,701)	5,766	(72,935)
Deferred tax and current tax recognized on other comprehensive income	22,933	(308)	22,625	22,683	(2,079)	20,604
Other comprehensive income - Net of tax	(50,583)	3,873	(46,710)	(74,298)	3,685	(70,613)
TOTAL COMPREHENSIVE INCOME	187,298	1,340	188,637	188,835	166	189,001
Attributable to:						
• BIC Group	187,298	1,339	188,637	188,835	166	189,001
TOTAL	187,298	1,339	188,637	188,835	166	189,001

Consolidated statement of changes in equity

(in thousand euros)	SHARE CAPITAL	ACCUMULATED PROFITS	TRANSLATION RESERVE	CASH FLOW HEDGE DERIVATIVE	GROUP SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY
December 31, 2011 reported	179,683	1,230,507	56,641	271	1,467,102	1,467,102
Adjustment of the defined benefit obligation	-	(3,128)	8	-	(3,120)	(3,120)
Related deferred taxes	-	1,071	(2)	-	1,069	1,069
December 31, 2011 restated	179,683	1,228,450	56,647	271	1,465,052	1,465,052
December 31, 2012 reported	181,599	1,279,977	24,901	8,872	1,495,349	1,495,349
Adjustment of the defined benefit obligation	-	(2,865)	2	-	(2,863)	(2,863)
Related deferred taxes	-	975	-	-	975	975
December 31, 2012 restated	181,599	1,278,087	24,903	8,872	1,493,461	1,493,461

Consolidated balance sheet

Only the lines of the balance sheet that are impacted by the application of IAS19 revised are presented below :

ASSETS

(in thousand euros)	DEC. 31, 2011 REPORTED	IAS 19 R ADJUSTMENTS	DEC. 31, 2011 RESTATEd	DEC. 31, 2012 REPORTED	IAS 19R ADJUSTMENTS	DEC. 31, 2012 RESTATEd
Deferred tax assets	158,159	1,069	159,228	175,260	975	176,235
Non-current assets	873,319	1,069	874,388	941,655	975	942,630
TOTAL ASSETS	2,080,502	1,070	2,081,572	2,189,369	975	2,190,344

EQUITY AND LIABILITIES

(in thousand euros)	DEC. 31, 2011 REPORTED	IAS 19 R ADJUSTMENTS	DEC. 31, 2011 RESTATEd	DEC. 31, 2012 REPORTED	IAS 19R ADJUSTMENTS	DEC. 31, 2012 RESTATEd
Accumulated profits	1,230,507	(2,057)	1,228,450	1,279,977	(1,890)	1,278,087
Translation reserve	56,641	6	56,647	24,901	2	24,903
Group Shareholders' equity	1,467,102	(2,050)	1,465,052	1,495,349	(1,888)	1,493,461
Shareholders' equity	1,467,102	(2,050)	1,465,052	1,495,349	(1,888)	1,493,461
Employee benefits obligation	203,016	3,120	206,136	274,606	2,863	277,469
Non-current liabilities	281,261	3,121	284,382	357,339	2,863	360,202
TOTAL EQUITY AND LIABILITIES	2,080,502	1,070	2,081,572	2,189,369	975	2,190,344

Consolidated cash flow statement

Only the lines of the cash flow statement that are impacted by the application of IAS19 revised are presented below :

(in thousand euros)	DEC. 31, 2011 REPORTED	IAS 19 R ADJUSTMENTS	DEC. 31, 2011 RESTATEd	DEC. 31, 2012 REPORTED	IAS 19R ADJUSTMENTS	DEC. 31, 2012 RESTATEd
OPERATING ACTIVITIES						
Net income	237,881	(2,533)	235,348	263,133	(3,519)	259,614
<i>Income and expense without cash impact:</i>	-	-	-	-	-	-
Provision for employee benefits	9,616	3,909	13,525	17,813	5,504	23,317
Deferred tax variation	(1,696)	(1,380)	(3,076)	6,707	(1,985)	4,722
Cash flow	340,801	-	340,801	369,534	-	369,534
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS						
	299,370	-	299,370	282,965	-	282,965

19-2 Change in the net obligation of defined benefits plan

19-2-1 Change in the net obligation of defined benefits plan 2011

(in thousand euros)	PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
PRESENT VALUE OF OBLIGATION			
At January 1, 2011	371,560	76,235	447,795
Reclassification	(238)	238	-
Acquisition of subsidiaries	-	-	-
Period costs:	25,700	(114)	25,585
• Current service costs	9,565	1,865	11,430
• Past service costs (including curtailment (gain) / loss)	(2,969)	(5,666)	(8,635)
• Settlement	-	-	-
• Interest costs	19,104	3,687	22,791
Benefits paid	(19,050)	(2,602)	(21,652)
Actuarial difference on obligation	47,400	11,729	59,129
Exchange differences	10,324	2,114	12,438
Change in scope	-	-	-
At December 31, 2011	A 435,696	87,599	523,295

(in thousand euros)

	PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
FAIR VALUE OF PLAN ASSETS			
At January 1, 2011	281,651	-	281,651
Total period costs:	10,875	-	10,875
• Interest income	13,964	-	13,964
• Curtailment and settlement	(3,089)	-	(3,089)
Benefits paid	(14,194)	-	(14,194)
Contributions paid by participants	-	-	-
Contributions paid by employer	24,196	-	24,196
Return on assets (excluding interest income)	6,322	-	6,322
Exchange differences	9,896	-	9,896
Change in scope	(1)	-	(1)
At December 31, 2011	B 318,746	-	318,746
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2011	C = A - B 116,950	87,599	204,550
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2010	89,909	76,235	166,144

19-2-2 Change in the net obligation of defined benefits plan 2012

(in thousand euros)

	PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
PRESENT VALUE OF OBLIGATION			
At January 1, 2012	435,696	87,599	523,295
Period costs:	31,701	5,749	37,450
• Current service costs	10,390	2,401	12,791
• Past service costs (including curtailment (gain) / loss)	1,367	(616)	752
• Settlement	-	-	-
• Interest costs	19,944	3,964	23,908
Benefits paid	(20,331)	(3,405)	(23,736)
Actuarial difference on obligation	77,369	20,018	97,387
Exchange differences	(6,906)	(2,178)	(9,084)
Change in scope	-	-	-
At December 31, 2012	A 517,530	107,784	625,312

(in thousand euros)		PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
FAIR VALUE OF PLAN ASSETS				
At January 1, 2012		318,746	-	318,746
Total period costs:		13,926	-	13,926
• Interest income		13,926	-	13,926
• Curtailment and settlement		-	-	-
Benefits paid		(17,215)	-	(17,215)
Contributions paid by participants		-	-	-
Contributions paid by employer		12,978	-	12,978
Return on assets (excluding interest income)		24,452	-	24,452
Exchange differences		(4,713)	-	(4,713)
Change in scope		-	-	-
At December 31, 2012	B	348,173	-	348,173
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2012	C = A – B	169,355	107,784	277,139
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2011		116,950	87,599	204,550

19-2-3 Change in the net obligation of defined benefits plan 2013

(in thousand euros)		PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
PRESENT VALUE OF OBLIGATION				
At January 1, 2013		517,530	107,784	625,314
Acquisition of subsidiaries		371	-	371
Period costs:		31,765	2,715	34,480
• Current service costs		11,701	2,723	14,424
• Past service costs (including curtailment (gain) / loss)		683	(4,070)	(3,387)
• Settlement		-	-	-
• Interest costs		19,381	4,062	23,443
Benefits paid		(18,102)	(2,916)	(21,019)
Actuarial difference on obligation		(60,269)	(13,572)	(73,841)
Taxes paid included in DBO		(127)	-	(127)
Participant contributions		70	-	70
Administrative expenses		(6)	-	(6)
Exchange differences		(18,440)	(4,618)	(23,058)
At December 31, 2013	A	452,792	89,393	542,184

(in thousand euros)

	PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
FAIR VALUE OF PLAN ASSETS			
At January 1, 2013	348,175	-	348,175
Acquisition of subsidiaries	50	-	50
Total period costs:	13,084	-	13,084
• Interest income	13,084	-	13,084
• Curtailment and settlement	-	-	-
Benefits paid	(15,590)	(2,787)	(18,377)
Contributions paid by participants	70	-	70
Contributions paid by employer	11,363	2,787	14,150
Taxes paid from plan assets	(127)	-	(127)
Administratives expense	(1,377)	-	(1,377)
Return on assets (excluding interest income)	21,143	-	21,143
Exchange differences	(15,105)	-	(15,105)
At December 31, 2013	B 361,685	-	361,684
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2013	C = A - B 91,107	89,393	180,500
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2012	169,355	107,784	277,139

19-3 Funded / unfunded obligations

(in thousand euros)

	NOTES	PENSION	OTHER BENEFITS	TOTAL
At December 31, 2013				
Fair value of funded obligations		407,745	-	407,745
Fair value of plan assets		(361,685)	-	(361,685)
Excedent of obligation over assets		46,061	-	46,061
Fair value of unfunded obligations		45,046	89,393	134,438
Net value in the balance sheet		91,106	89,393	180,500
• Asset	13,19-7	-	-	3,737
• Liability		-	-	184,237

<i>(in thousand euros)</i>	PENSION	OTHER BENEFITS	TOTAL
At December 31, 2012			
Fair value of funded obligations	468,102	-	468,102
Fair value of plan assets	(348,175)	-	(348,175)
Excedent of obligation over assets	119,927	-	119,927
Fair value of unfunded obligations	49,428	107,784	157,212
Net Value in the balance sheet	169,355	107,784	277,139
• Asset	-	-	329
• Liability	-	-	277,469

19-4 Period costs

(in thousand euros)

	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Current Service costs	11,470	12,803	14,424
Past service costs (including curtailment (gain) / loss)	(5,417)	752	(3,387)
Settlement	(130)	-	-
Net interest costs	8,827	9,982	10,359
TOTAL PERIOD COSTS	14,750	23,536	21,396

19-5 Additional information

19-5-1 Additional information 2011

Follow up by nature of actuarial gain and loss recognized to equity:

(In thousand euros)	ACTUARIAL DIFFERENCE RESULTING FROM DBO - PENSION	ACTUARIAL DIFFERENCE RESULTING FROM DBO - OTHER BENEFITS	ACTUARIAL DIFFERENCE RESULTING FROM ASSET - PENSION	TOTAL
At January 1, 2011*				
Financial assumptions	(19,510)	(6,421)	23	(25,907)
Demographic assumptions	(10,591)	3,871	(14,553)	(21,273)
Other assumptions	(25,918)	(5,259)	713	(30,464)
TOTAL	(56,019)	(7,808)	(13,817)	(77,645)
Change during the period (excluding foreign exchange impact)				
Financial assumptions	(42,705)	(9,626)	(82)	(52,414)
Demographic assumptions	(7,722)	(2,095)	6,364	(3,452)
Other assumptions	3,067	(8)	-	3,059
TOTAL	(47,360)	(11,729)	6,282	(52,807)
Foreign exchange impact				
Financial assumptions	(1,200)	(354)	(2)	(1,555)
Demographic assumptions	(280)	126	175	21
Other assumptions	(625)	(173)	5	(792)
TOTAL	(2,105)	(400)	179	(2,326)
At December 31, 2011*				
Financial assumptions	(63,415)	(16,400)	(61)	(79,876)
Demographic assumptions	(18,593)	1,903	(8,014)	(24,704)
Other assumptions	(23,477)	(5,440)	718	(28,198)
TOTAL	(105,485)	(19,937)	(7,356)	(132,778)

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended.

Nature of plan assets:

<i>(in thousand euros)</i>	AT DECEMBER 31, 2011	
Equity	139,452	43.8%
Bond and other fixed income	174,666	54.8%
Monetary	1,944	0.6%
Other	2,684	0.8%
TOTAL	318,746	100.0%

19-5-2 Additional information 2012

Follow up by nature of actuarial gain and loss recognized to equity:

<i>(in thousand euros)</i>	ACTUARIAL DIFFERENCE RESULTING FROM DBO - PENSION	ACTUARIAL DIFFERENCE RESULTING FROM DBO - OTHER BENEFITS	ACTUARIAL DIFFERENCE RESULTING FROM ASSET - PENSION	TOTAL
At January 1, 2012*				
Financial assumptions	(63,415)	(16,400)	(61)	(79,876)
Demographic assumptions	(18,593)	1,903	(8,014)	(24,704)
Other assumptions	(23,477)	(5,440)	718	(28,198)
TOTAL	(105,485)	(19,937)	(7,356)	(132,778)
Change during the period (excluding foreign exchange impact)				
Financial assumptions	(56,804)	(10,732)	222	(67,314)
Demographic assumptions	3,103	(1,170)	24,243	26,175
Other assumptions	(23,656)	(8,116)	(24)	(31,796)
TOTAL	(77,357)	(20,018)	24,441	(72,935)
Foreign exchange impact				
Financial assumptions	2,517	697	(5)	3,209
Demographic assumptions	348	(35)	(599)	(286)
Other assumptions	258	151	4	413
TOTAL	3,123	812	(600)	3,336
At December 31, 2012*				
Financial assumptions	(117,702)	(26,435)	156	(143,981)
Demographic assumptions	(15,142)	698	15,630	1,186
Other assumptions	(46,874)	(13,405)	698	(59,581)
TOTAL	(179,719)	(39,143)	16,485	(202,377)

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" following the application of IAS 19 Amended.

The actuarial loss of the period shown on the line "Other assumptions" mainly relates to a change in the mortality table in the United States.

Nature of plan assets:

<i>(in thousand euros)</i>		AT DECEMBER 31, 2012	
Equity		154,095	44.3%
Bond and other fixed income		188,495	54.1%
Monetary		2,587	0.7%
Other		2,997	0.9%
TOTAL		348,172	100.0%

19-5-3 Additional information 2013

Follow up by nature of actuarial gain and loss recognized to equity:

<i>(in thousand euros)</i>	ACTUARIAL DIFFERENCE RESULTING FROM DBO - PENSION	ACTUARIAL DIFFERENCE RESULTING FROM DBO - OTHER BENEFITS	ACTUARIAL DIFFERENCE RESULTING FROM ASSET - PENSION	TOTAL
At January 1, 2013				
Financial assumptions	(117,702)	(26,435)	156	(143,981)
Demographic assumptions	(15,142)	698	15,630	1,186
Other assumptions	(46,874)	(13,405)	698	(59,581)
TOTAL	(179,719)	(39,143)	16,485	(202,377)
Change during the period (excluding foreign exchange impact)				
Financial assumptions	57,157	12,131	21,227	90,515
Demographic assumptions	3,046	1,445	(83)	4,408
Other assumptions	66	(4)	-	62
TOTAL	60,269	13,572	21,144	94,985
Foreign exchange impact				
Financial assumptions	4,671	1,068	(99)	5,640
Demographic assumptions	(1,009)	(447)	(639)	(2,095)
Other assumptions	1,618	582	(108)	2,093
TOTAL	5,280	1,203	(846)	5,637
At December 31, 2013				
Financial assumptions	(55,875)	(13,236)	21,284	(47,827)
Demographic assumptions	(13,105)	1,696	14,908	3,499
Other assumptions	(45,190)	(12,827)	591	(57,426)
TOTAL	(114,170)	(24,367)	36,783	(101,755)

Nature of plan assets:

AT DECEMBER 31, 2013 (in thousand euros)	FAIR VALUE OF PLAN ASSETS		INCLUDING FAIR VALUE OF PLAN ASSETS WITH A QUOTED MARKET PRICE	
Equity	55,645	15.4%	55,645	15.4%
Bond and other fixed income	34,787	9.6%	34,787	9.7%
Cash and cash equivalent	3,549	1.0%	3,549	1.0%
Real Estate	2,403	0.7%	2,402	0.7%
Investment Funds	263,093	72.7%	263,093	73.0%
Assets held by insurance company	1,562	0.4%	344	0.1%
Other	692	0.2%	478	0.1%
TOTAL	361,731	100%	360,298	100.0%

19-6 Actuarial hypothesis 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 were adjusted according to the actual interest rate and the mortality table. Below are assumptions for plans representing our main obligations.

AT DECEMBER 31, 2013	UNITED STATES	UNITED KINGDOM	FRANCE
Discount rate	4.87%	4.60%	3.00%
Inflation rate	2.75%	3.05%	2.00%
Expected rate of salary increases	4.00%	N/A	2.50%
Average plan duration (years)	15.96	17.00	15.00

AT DECEMBER 31, 2012	UNITED STATES	UNITED KINGDOM	FRANCE
Discount rate	4.01%	4.30%	3.00%
Expected rate of salary increases	4.00%	N/A	3.00%

The discount rates for our U.S. and UK retirement programs 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 are set by benchmarking against investment grade corporate bonds rated AA or better.

Discount rate for French obligation is based on IBOXX AA 10+ index. The rate shown for France is the one for 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 2.75% to 4.96%).

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 -13.8% and +16.1% in the obligations. This change would not fully impact the Group net liability on employee benefits as a change in plan assets fair value 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:

- +0.2% and -0.2% for the United-States;
- +6.0% and -6.0% for United-Kingdom;
- +6.6% and -6.1% for the France.

This change would not 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 following years

The Group is expected to pay 10.0 million euros in employer contributions for 2014.

The expected total benefit payments in million euros is:

2014	25
2015	27
2016	22
2017	23
2018	24
After 2018	148

19-7 Information by geography

AT DECEMBER 31, 2013 (in thousand euros)	OBLIGATION		PLAN ASSET		NET LIABILITY	
Europe	44,038	8.1%	15,814	4.4%	28,224	15.6%
United Kingdom	52,052	9.6%	39,587	10.9%	12,465	6.9%
North America	436,710	80.5%	304,208	84.1%	132,501	73.4%
Other countries	9,369	1.7%	2,074	0.6%	7,295	4.0%
TOTAL	542,184	100%	361,684	100%	180,500	100%

AT DECEMBER 31, 2012 (in thousand euros)	OBLIGATION		PLAN ASSET		NET LIABILITY	
Europe	45,660	7.3%	13,665	3.9%	32,134	11.6%
United Kingdom	59,594	9.5%	36,583	10.5%	23,012	8.3%
North America	510,217	81.6%	295,897	85.0%	214,321	77.3%
Other countries	9,873	1.6%	2,030	0.6%	7,843	2.8%
TOTAL	625,314	100%	348,175	100%	277,139	100%

For plans located in North America and Europe (mainly United Kingdom), plan assets levels as of December 31, 2013 are in agreement with minimum funding obligations, legally or contractually defined.

NOTE 20 OTHER CURRENT LIABILITIES

(in thousand euros)	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Social liabilities	83,717	85,455	87,357
Other tax liabilities	13,522	13,357	10,834
Other current liabilities	88,247	94,385	102,721
OTHER CURRENT LIABILITIES	185,486	193,197	200,912

NOTE 21 DIVIDENDS

For the year 2012, an ordinary dividend of 2.56 euros per share has been distributed to the Shareholders on May 29, 2013.

For the year 2011, an ordinary dividend of 2.20 euros per share and a special dividend of 1.80 euro per share have been distributed to the Shareholders on May 24, 2012.

NOTE 22 EXPOSURE TO MARKET RISKS

22-1 Counterpart risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low.

The minimum Long Term Standard & Poor's rating of main banking counterparties is A-, the rating range being from AA- to A-.

Counterparty risk (both depositary and conservators) of cash investment decisions is strictly studied. The main part of the portfolio as of December 31, 2013 is on investment grade rated supports.

Counterparty risk is estimated not significant as of December 31, 2013.

22-2 Foreign exchange risk

See Note 24.

22-3 Interest rates risk

See Note 24.

22-4 Liquidity risk

BIC Group manages its equity in order to keep a cash position positive and available, in order to be able 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, following a secure policy guideline, that aims for capital security and liquidity.

The excess cash is mainly invested in monetary mutual funds, deposit 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 monetary funds qualified as "dynamics", with a recommended holding period that can be above six months.

All the investments are valued mark-to-market twice a month by the Group Treasury and the target is to reach an average yearly performance above the Eonia capitalized rate.

The most important mutual fund line in the portfolio at year end on the part cash and cash equivalents represents 39.2% of the total assets under management.

As of December 31, 2013, the portfolio structure is made of an asset made up of 80.5% of "monetary mutual funds with daily liquidity" and 19.5% of products such as short term deposits (less than 3 months) and of bonds.

(in thousand euros)

	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Cash equivalents: mutual funds	128,195	128,048	87,519
Cash	172,538	159,267	155,690
CASH AND CASH EQUIVALENTS, BANK OVERDRAFTS EXCLUDED	300,733	287,316	243,209

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 counterparties and customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credit. 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 approximates to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2013.

Maximum exposure to credit risk corresponds to the net booked value of financial assets in the balance sheet, including derivatives with positive market value (see table below):

<i>(in thousand euros)</i>	NOTE	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Gross receivables				
• Not yet due or past due for less than 60 days		384,707	400,755	398,666
• Past due for 60 to 90 days		5,529	7,630	8,438
• Past due for 90 to 120 days		3,826	5,700	5,648
• Past due for more than 120 days		6,317	6,079	5,383
Total gross receivables		400,379	420,164	418,136
Doubtful receivables		16,322	14,782	15,147
TOTAL BEFORE ALLOWANCE		416,701	434,945	433,283
Allowances on specific trade receivables		(17,900)	(18,650)	(18,939)
Allowances on statistically calculated trade receivables		(4,908)	(4,839)	(3,697)
Other receivables		23,035	34,683	43,188
TRADE AND OTHER RECEIVABLES - NET	15	416,928	446,140	453,835

22-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

AT DECEMBER 31, 2013

(in thousand euros)

BREAKDOWN BY CATEGORY OF INSTRUMENTS

BALANCE SHEET ITEMS	NOTE	BALANCE SHEET VALUE	FAIR VALUE	AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES - HEDGING ACCOUNTING	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST	AT FAIR VALUE THROUGH EQUITY
Financial assets		776,410	768,270	144,161	11,594	2,941	609,525	50	-	-
Non current										
• Derivatives financial instruments	24	343	343	-	343	-	-	-	-	-
• Other investments		50	50	-	-	-	-	50	-	-
Current										
• Trade and other receivables	15	453,835	453,835	-	-	-	453,835	-	-	-
• Derivative financial instruments	24	11,251	11,251	-	11,251	-	-	-	-	-
• Other current financial assets		67,722	67,716	64,781	-	2,941	-	-	-	-
• Cash and cash equivalent		243,209	243,209	87,519	-	-	155,690	-	-	-
Financial liabilities		230,959	230,959	-	1,375	-	-	-	122,441	107,232
Non current										
• Non current borrowings	17	62,248	62,248	-	-	-	-	-	1,013	61,325
• Derivatives -Hedging contracts	24	173	173	-	173	-	-	-	-	-
Current										
• Current borrowings	17	51,950	51,950	-	-	-	-	-	6,043	45,907
• Other derivative instruments	24	1,202	1,202	-	1,202	-	-	-	-	-
• Trade and other payables	15	115,386	115,386	-	-	-	-	-	115,386	-

AT DECEMBER 31, 2012

(in thousand euros)

BREAKDOWN BY CATEGORY OF INSTRUMENTS

BALANCE SHEET ITEMS	NOTE	BALANCE SHEET VALUE	FAIR VALUE	AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES - HEDGING ACCOUNTING	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Financial assets		800,624	800,620	177,625	7,535	10,010	605,407	47	-
Non current									
• Derivatives financial instruments	24	625	625	-	625	-	-	-	-
• Other investments		47	47	-	-	-	-	47	-
Current									
• Trade and other receivables	15	446,140	446,140	-	-	-	446,140	-	-
• Derivative financial instruments	24	6,910	6,910	-	6,910	-	-	-	-
• Other current financial assets		59,587	59,583	49,577	-	10,010	-	-	-
• Cash and cash equivalent		287,316	287,316	128,048	-	-	159,267	-	-
Financial liabilities		126,110	126,110	-	1,552	-	-	-	124,558
Non current									
• Non current borrowings	17	1,470	1,470	-	-	-	-	-	1,470
• Derivatives -Hedging contracts	24	41	41	-	41	-	-	-	-
Current									
• Current borrowings	17	10,955	10,955	-	-	-	-	-	10,955
• Other derivative instruments	24	1,511	1,511	-	1,511	-	-	-	-
• Trade and other payables	15	112,133	112,133	-	-	-	-	-	112,133

The valuation methods adopted for financial instruments are as follows:

- financial instruments other than derivatives recorded in the balance sheet:

The book values used are reasonable estimates of their fair value except for marketable securities whose carrying values used are determined based on the last known net asset values as of December 31, 2013;

These put options were recorded at their fair values, in current financial liabilities and in non-current liabilities and have been determined on the basis of an estimate of Cello future results;

- derivative financial instruments:

market values have been calculated on the basis of internal last known closing prices as of December 31, 2013. They are consistent with valuation reports provided by financial institutions.

Valuation method at fair value

Above financial instruments valued at fair value are classified into levels as follows:

- level 1 (quoted prices (unadjusted) in active markets): monetary mutual funds and other financial current assets;
- level 2 (inputs observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices)): derivatives - hedging accounting;
- level 3 (inputs for the asset or liability that are not based on observable market data): no such instrument hold as of December 31, 2013.

FINANCIAL ASSETS AND LIABILITIES <i>(in thousand euros)</i>	AT DECEMBER 31, 2012				AT DECEMBER 31, 2013			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
At fair value through the income statement	177,625	177,625	-	-	144,161	144,161	-	-
Derivative financial instruments - Assets	7,535	-	7,535	-	11,594	-	11,594	-
Derivative financial instruments - Liabilities	1,552	-	1,552	-	1,375	-	1,375	-

22-7 Net income impact by category of instruments

Following net income related to financial assets and liabilities have been booked in the income statement:

AT DECEMBER 31, 2013 <i>(in thousand euros)</i>		BREAKDOWN BY CATEGORY OF INSTRUMENTS					
TYPE OF IMPACT	TOTAL	AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES - HEDGING ACCOUNTING ^(a)	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Income / (expense) interests	5,707	2,292	-	-	5,279	-	(1,864)
Revaluation at fair value	(5,558)	-	(5,558)	-	-	-	-
Translation	(2,675)	-	-	-	5,824	-	(8,499)
Net depreciation	853	-	-	-	853	-	-
TOTAL	(1,673)	2,292	(5,558)	-	11,956	-	(10,364)

(a) Including 3,225 thousand euros transferred from equity to operating income.

AT DECEMBER 31, 2012 <i>(in thousand euros)</i>		BREAKDOWN BY CATEGORY OF INSTRUMENTS					
TYPE OF IMPACT	TOTAL	AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES - HEDGING ACCOUNTING ^(a)	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Income / (expense) interests	9,440	7,128	-	-	5,361	-	(3,049)
Revaluation at fair value	(8,975)	-	(8,975)	-	-	-	-
Translation	(9,239)	-	-	-	(9,748)	-	510
Net depreciation	(680)	-	-	-	(680)	-	-
TOTAL	(9,455)	7,128	(8,975)	-	(5,068)	-	(2,539)

(a) Including 1,904 thousand euros transferred from equity to operating income.

NOTE 23 SHARE-BASED PAYMENTS

23-1 Grant of share 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 has decided in 2011 not to award stock options

anymore and set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible) received three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors of the year, free share grants without performance condition will be awarded.

	PLAN N° 6	PLAN N° 7	PLAN N° 8	PLAN N° 9	PLAN N° 10	PLAN N° 11	PLAN N° 12	PLAN N° 13
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 28, 2003	May 24, 2006	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 17, 2003	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	555	563	575	567	633	613	602	643
Number of shares available for subscription	377,550	370,450	427,850	398,500	440,500	371,400	360,000	382,950
Date from which options may be exercised	Dec. 18, 2006	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiration date	Dec. 16, 2013	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	36.96	36.76	50.01	52.35	49.62	40.18	47.99	63.71
Number of options exercised as of December 31, 2013	308,840	278,302	300,834	302,000	320,599	266,500	156,171	24,525
Number of void options as of December 31, 2013	68,710	73,900	84,300	57,100	40,800	30,300	31,600	34,750
Number of remaining options as of December 31, 2013	-	18,248	42,716	39,400	79,101	74,600	172,229	323,675

(a) No discount on the exercise price.

The plans N° 3, N° 4 et N° 5 (subscription plans) respectively expired on December 17, 2010, December 12, 2011 and December 9, 2012.

Estimated fair value of options granted and impact on the income statement as of December 31, 2013

PLAN - AWARD DATE	PLANS' UNIT FAIR VALUE - BINOMIAL MODEL (in euros)		EXPENSE BOOKED IN INCOME STATEMENT (in thousand euros)		
	FRENCH BENEFICIARIES	OTHER BENEFICIARIES	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Plan N° 10 - 2007	11,67	11,27	-	-	-
Plan N° 11 - 2008	11,76	11,38	1,149	173	-
Plan N° 12 - 2009	11,32	11,07	1,210	1,215	-
Plan N° 13 - 2010	15,71	15,36	1,775	1,786	1,772
TOTAL			4,134	3,174	1,772

Assumptions for fair value calculation of share options plans according to binomial model

	PLAN N° 10	PLAN N° 11	PLAN N° 12	PLAN N° 13
Expected volatility	25,00%	29,00%	26,00%	26,00%
Free risk rate	4,16%	3,56%	2,95%	3,31%
Expected dividend yield	2,50%	2,50%	2,75%	2,9%
Expected life in years ^(a)	6.29 & 5,89	6.18 & 5,70	6.36 & 5,94	6.32 & 5,87

(a) First figure is for French tax residents, second figure for foreign tax resident.

23-2 Free, performance-based share allocations

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 three-year performance-based free shared grants.

Current plans provide for the allocation of existing shares.

For plans number 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.

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 acquisition period and the real date of delivery, additional shares will be delivered at that time.

For plans number 6, 7, 8 and 9, shares are only granted by SOCIÉTÉ BIC. For French beneficiaries, shares are delivered at the definitive grant date.

For foreign beneficiaries, shares are 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 acquisition period and the real date of delivery, additional shares are delivered at that time.

5 - Financial statements

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	PLAN N° 1		PLAN N° 2		PLAN N° 3		PLAN N° 4		PLAN N° 5		PLAN N° 6	PLAN N° 7	PLAN N° 8	PLAN N° 9
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007	May 12, 2010	May 12, 2010	May 12, 2010
Board of Directors' Meeting date	May 19, 2005		Dec. 14, 2005		Dec. 13, 2006		Dec. 11, 2007		Feb. 10, 2009		Feb. 16, 2010	Feb. 15, 2011	Feb. 14, 2012	Feb. 12, 2013
Grant	M	S	M	S	M	S	M	S	M	S	M	M	M	M
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27	28	535	569
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	87,650	159,940	161,010
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	Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016
Number of free share grants definitively acquired at December 31, 2013	20,405	1,162	15,741	640	31,443	-	37,550	-	57,500	-	76,797	-	-	-
Which number of shares transferred or to be transferred to beneficiaries by:														
• SOCIÉTÉ BIC	7,420	498	5,724	128	7,473	-	9,950	-	25,250	-	76,797	-	-	-
• BIC CORPORATION	12,985	664	10,017	512	23,970	-	27,600	-	32,250	-	N/A	N/A	N/A	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	Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016
• Foreign beneficiaries											Mar. 16, 2016	Mar. 15, 2017	Mar. 14, 2018	Mar. 12, 2019
• 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	N/A	N/A	N/A
Shares delivered by BIC CORPORATION as a compensation for dividends not received	1,665	-	1,139	-	-	-	-	-	-	-	-	-	-	-
Shares to be delivered by BIC CORPORATION as a compensation for dividends not received	-	-	-	-	3,148	-	3,231	-	2,730	-	1,285	-	-	-
Total number of void free share grants as of December 31, 2013 ^(a)	11,395	1,456	16,059	1,978	2,007	1,248	-	1,208	-	389	6,678	10,625	7,340	1,820
Total number of free share grants still under acquisition period as of December 31, 2013	-	-	-	-	-	1,104	-	1,436	-	2,254	-	77,025	152,600	159,190

(a) Those free share grants are void due to beneficiaries leaving the Company or to all performance conditions not achieved.

M = Main.

S = Secondary.

Estimated fair value of shares granted and impact on the income statement:

GRANT DATE	PLANS' UNIT FAIR VALUE - BINOMIAL MODEL (in euros)		EXPENSE/(INCOME) BOOKED IN INCOME STATEMENT (in thousand euros)		
	MAIN GRANT	SECONDARY GRANT	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
May. 19, 2005	40,51	38,00	1	2	-
Dec. 14, 2005	48,09	45,10	2	(6)	-
Dec. 13, 2006	50,67	46,77	11	(11)	7
Dec. 11, 2007	44,99	40,71	12	(6)	8
Feb. 10, 2009	36,10	32,34	704	88	10
Feb. 16, 2010	47,17	N/A	1,313	1,312	(140)
Feb. 15, 2011	58,83	N/A	1,443	1,308	1,474
Feb. 14, 2012	64,81	N/A	-	2,552	3,113
Feb. 12, 2013	87,99	N/A	-	-	3,548
Dividend equivalents			12	4	-
TOTAL			3,498	5,243	8,020

23-3 Free, without performance-based share grants allocations

From 2012, as recommended by the Compensation and Nomination Committee, the Board has decided to set up a policy of free share grants without performance condition to replace the stock option programs rewarding staff selected by Management and key contributors of the year.

For the plans N° F1 & F2, the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or Foreigners.

These plans provide for the allocation of existing shares.

	PLAN N° F1	PLAN N° F1
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010
Board of Directors' Meeting date	Feb.14, 2012	Feb.12, 2013
Number of beneficiaries	222	222
Number of free shares granted	20,050	19,950
Definitive grant date	Mar. 14, 2016	Mar. 12, 2017
Number of free share grants definitively acquired at	-	-
Total number of void free share grants as of December 31, 2013 ^(a)	900	450
Total number of free share grants still under acquisition period as of December 31, 2013	19,150	19,500

(a) Those free share grants are void due to beneficiaries leaving the Company.

Estimated fair value of shares granted and impact on the income statement

GRANT DATE	PLANS' UNIT FAIR VALUE - BINOMIAL MODEL (in euros)	EXPENSE/(INCOME) BOOKED IN INCOME STATEMENT (in thousand euros)		
		DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Feb. 14, 2012	62,90	-	226	284
Feb. 12, 2013	85,39	-	-	312
TOTAL		-	226	596

NOTE 24 FINANCIAL INSTRUMENTS

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.

According to the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favorable trends or slow 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 monetary mutual funds 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 relates to optimization of funding by SOCIÉTÉ BIC through foreign liquidity management.

24-3 Interest rate risk

As of December 31, 2013 BIC Group has no significant debt neither related hedging instrument.

The exposure to interest rate fluctuations on borrowings is very limited. All the 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 time scale to require any relevant hedging.

24-4 Impact of interest rate and foreign exchange risks' hedging on consolidated financial statements as of December 31, 2013

The following amounts have been booked as the fair value of derivatives at the end of December 2013 (in thousand euros):

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX ^(a) - NOTE 6	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	296	4,315	11,160	343	(1,133)	(173)
Dividends	Net investment/Foreign exchange risk	-	(22)		-	-	-
Subtotal (1)		296	4,293	11,160	343	(1,133)	(173)
Revaluation of cross- currency swaps related to cash positions in foreign currencies	At fair value through P&L/ Foreign exchange risk						
Subtotal (2)		(266)	-		-	(70)	-
TOTAL (1) + (2)		30	4,293	11,160	343	(1,203)	(173)

(a) It corresponds to mark-to-market of hedging instruments in the portfolio end of December 2013, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2013. In addition, BIC subsidiaries with hedge rates have revaluated their account receivables and payables at those rates end of December 2013, impacting the income from operations for -3.1 million euros.

(b) In addition, SOCIÉTÉ BIC has options not yet exercised representing a current asset of 90 thousand euros.

24-5 Impact of interest rate and foreign exchange risks' hedging on consolidated financial statements as of December 31, 2012

The following amounts have been booked as the fair value of derivatives at the end of December 2012 (in thousand euros):

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX ^(a) - NOTE 6	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	(1,771)	13,460	6,535	625	(1,511)	(41)
Dividends	Net investment/Foreign exchange risk	-	-	-	-	-	-
Subtotal (1)		(1,771)	13,460	6,535	625	(1,511)	(41)
Revaluation of cross- currency swaps related to cash positions in foreign currencies	At fair value through P&L/ Foreign exchange risk	303	-	336	-	-	-
Subtotal (2)		303	-	336	-	-	-
TOTAL (1) + (2)		(1,468)	13,460	6,871	625	(1,511)	(41)

(a) It corresponds to mark-to-market of hedging instruments in the portfolio end of December 2012, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2011. In addition, BIC subsidiaries with hedge rates have revaluated their account receivables and payables at those rates end of December 2012, impacting the income from operations for -1.8 million euros.

(b) In addition, SOCIÉTÉ BIC has options not yet exercised representing a current asset of 39 thousand euros.

24-6 Portfolio of foreign exchange risks hedge as of December 31, 2013

In addition, in relation to its annual exposure, BIC had the following hedges as of December 31, 2013.

MATURITY	HEDGE	FORWARD	CURRENCY	OPTIONS	CURRENCY
2014	USD/EUR	214,500,000	USD		
	USD/CAD	37,000,000	USD	12,000,000	
	USD/AUD	7,000,000	USD		
	GBP/EUR	18,000,000	GBP		
	AUD/EUR	26,000,000	AUD	16,000,000	
	AUD/NZD	500,000	AUD		
	CHF/EUR	5,513,000	CHF		
	EUR/MXN	6,000,000	EUR		
	JPY/EUR	1,300,000,000	JPY		
	JPY/NZD	12,500,000	JPY		
	CAD/EUR	8,240,000	CAD		
	NZD/EUR	7,500,000	NZD		
	PLN/EUR	34,000,000	PLN		
	RON/EUR	16,200,000	RON		
	SEK/EUR	24,600,000	SEK		
	USD/JPY	7,000,000	USD	4,500,000	USD
	USD/NZD	200,000	USD		
2015	AUD/EUR	1,000,000	AUD		
	CHF/EUR	3,000,000	CHF	3,000,000	CHF
	GBP/EUR	3,000,000	GBP		
	JPY/EUR	300,000,000	JPY	750,000,000	JPY
	USD/CAD	5,000,000	USD	15,500,000	USD
2016	CHF/EUR	1,000,000	CHF		
	JPY/EUR	100,000,000	JPY		
	USD/CAD	1,000,000	USD		

As of December 31, 2013, the main significant exchange exposure relates to EUR/USD for 310 million U.S. dollars. This exposure is 70% hedged as of December 31, 2013 and related cash flows will occur in 2014.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2013, as defined in IFRS 7, is not considered as significant for the Group.

As of December 31, 2012, the main significant exchange exposure related to EUR/USD for 312 million U.S. dollars. This exposure was 100% hedged as of December 31, 2012 and related cash flows occurred in 2013.

24-7 Main balance sheet items deriving from foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2013 for the main non-current items:

(in thousand euros)	TOTAL	EUR	TRANSLATED FROM USD	TRANSLATED FROM BRL	TRANSLATED FROM MXN	TRANSLATED FROM INR	OTHERS
Property, plant and equipment	438,297	253,424	43,221	31,749	33,554	27,729	48,620
Net goodwill	314,109	77,541	104,724	8,852	-	114,068	8,924
Cash and cash equivalent (excluding bank overdrafts)	243,209	79,950	36,647	55,217	15,227	25,167	31,001
Employee benefits obligation	-184,237	(25,985)	(136,173)	-	(3,799)	(384)	(17,896)

NOTE 25 RELATED PARTIES

According to IAS 24 requirements, BIC Group has considered the following related parties:

- all consolidated subsidiaries and entities integrated through equity method (see Note 30);

- all members of the Board of Directors (see *Corporate Governance – §3.4. Mandates of the Directors and the Corporate officers as of December 31, 2013*) 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 and entities integrated through equity method

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

Transactions between the parent company and equity investments were not significant in 2013.

25-2 Members of the Board of Directors and of the Leadership Team

All transactions concluded in 2013 with members of the Board of Directors and members of the Leadership Team are as follows:

(in thousand euros)	EXPENSES	NET AMOUNT IN BALANCE SHEET
Short-term employee benefits	7,270	114
Post-employment benefits	2,064	32,911
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2,521	-
TOTAL OF TRANSACTIONS	11,855	33,025

Directors' fees are not included in the table above and are disclosed in *Corporate Governance – §3.3.1.3. 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, 2013, we did not identify such related parties.

NOTE 26 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the off-balance sheet assets and guarantees for the Group. All significant items are disclosed in this schedule. No other security for assets or registered shares is to be reported.

26-1 Guarantee issued

Nothing to report.

26-2 Guarantee received

	FALL DUE			DEC. 31, 2013	DEC. 31, 2012	DEC. 31, 2011
	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS			
Securities for credit lines	1,353	1,953	-	3,305	3,119	1,956
Trade guarantees	-	539	-	539	410	308
Lease guarantees	-	783	212	995	994	994
Endorsements and guarantees	211	-	136	347	347	1,847
Other guarantees	-	600	313	913	315	614
TOTAL	1,564	3,875	661	6,100	5,184	5,718

As of December 31, 2013, the securities for credit line mainly relate to the Group's subsidiaries in South Korea, Turkey and Singapore for 2.7 million euros.

As of December 31, 2012, the securities for credit line mainly related to the Group's subsidiaries in South Korea, Turkey and Singapore for 2.5 million euros.

NOTE 27 OBLIGATIONS UNDER FINANCIAL LEASES

Finance leases represent a non significant portion of the Group's property, plant and equipment (less than 1%).

The fair value of the Group's lease obligations approximates to their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

NOTE 28 CONTINGENT LIABILITIES

As of December 31, 2013, neither SOCIÉTÉ BIC nor its other subsidiaries have any significant 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

29-1 The BIC Group as lessee

(in thousand euros)

	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Rentals under operating leases recognized as an expense in the year	8,201	7,370	7,929

At the balance sheet date, the BIC Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

(in thousand euros)

	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Within one year	7,139	7,457	7,349
In the second to fifth year inclusive	12,168	13,901	16,037
After five years	5,862	534	1,309
TOTAL	25,169	21,892	24,695

Operating lease rentals are primarily linked to office properties.

29-2 The BIC Group as lessor

See Note 9-3 on investment property.

NOTE 30 CONSOLIDATED SUBSIDIARIES

The main operating companies at December 31, 2013, 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 Clichy SAS	Clichy	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Services SASU	Clichy	BIC Clichy SAS	100.0%	Delivery of Services
BIMA 83 SASU	Clichy/Cernay	BIC Clichy SAS	100.0%	Manufacturing of consumer products
Société du Briquet Jetable 75 SASU	Clichy/Redon	BIC Clichy SAS	100.0%	Manufacturing of consumer products
DAPE 74 Distribution SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Électro-Centre SASU	Velars-sur-Ouche	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Technologies SA (EX SO.BI.TU)	Clichy	BIC Clichy SAS	99.9%	Industrial equipments production
BIC Rasoirs SASU	Verberie	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Sport SASU	Vannes	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
Conté SASU	Boulogne-sur-Mer	BIC Clichy SAS	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
BIC Graphic France SASU	Clichy	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy/Montévrain	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Éducation SASU	Clichy	BIC Clichy SAS	100.0%	Manufacturing and distribution of IT solutions
Voiles Gateff SAS - liquidation in progress	La Garde	BIC Clichy SAS	90.0%	Manufacturing and distribution of consumer products
SI Valiton Gesnoux SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
SI BIC Clichy SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
Stypen SASU	Clichy/Montévrain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
BIC International Development SASU	Clichy	BIC Clichy SAS	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
BIC (Austria) Vertriebsgesellschaft mbH	Austria	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Iberia SA	Spain	BIC Clichy SAS	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 Violex SA	Greece	BIC Clichy SAS BIC CORPORATION Furtuna Holding Co. Ltd.	100.0%	Manufacturing and distribution of consumer products
BIC Hungaria Kft.	Hungary	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC (Ireland) Ltd.	Ireland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Italia Spa	Italy	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands BV	Netherlands	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Nederland BV, liquidated in 2013	Netherlands	BIC Graphic Europe SA	100.0%	Distribution of consumer products
JOMO Holding B.V	Netherlands	BIC UK Ltd.	98,0%	Holding company
BIC Polska SP ZOO	Poland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
BIC (Romania) Marketing & Distribution SRL	Romania	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC UK Ltd.	United Kingdom	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Slovakia SRO	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Sheaffer Slovakia SRO	Slovakia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC CIS ZAO	Russia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	BIC Clichy SAS	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Pazarlama Ltd. Sti.	Turkey	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Ukraine	Ukraine	BIC Clichy SAS	100.0%	Distribution of consumer products
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
BIC CORPORATION	United States	BIC Clichy SAS	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.	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
Sheaffer Manufacturing LLC	United States	BIC USA Inc.	100.0%	Manufacturing and distribution 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	BIC CORPORATION	100.0%	Manufacturing and distribution of consumer products
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
Xenia Insurance Co. Ltd.	Bermuda	BIC CORPORATION	100.0%	Insurance coverage company
OCEANIA				
BIC Australia Pty. Ltd.	Australia	BIC Clichy SAS	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	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
LATIN AMERICA				
BIC Argentina SA	Argentina	BIC Clichy SAS SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Brazil SA - absorbed by BIC Amazonia on January 1st, 2013	Brazil	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
BIC Graphic Brasil Ltda.	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	Nelgor SA BIC Amazonia 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 Industrial de Cuautitlan SA de CV	100.0%	Manufacturing and distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	BIC CORPORATION No Sabe Fallar SA de CV	100.0%	Manufacturing and distribution of consumer products
Servicios Administrativos Industrial de Cuautitlan SA de CV	Mexico	Industrial de Cuautitlan SA de CV No Sabe Fallar SA de CV	100.0%	Services
BIC Andina Peru SA	Peru	BIC Clichy SAS 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
BIC de Venezuela CA	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.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC (Nantong) Plastic Products Co., Ltd.	China	BIC Clichy SAS	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.	Hong Kong	BIC Graphic France SASU	100.0%	Distribution of consumer products
BIC India Pvt. Ltd.	India	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Cello Writing Instruments and Containers private Ltd.	India	BIC Clichy SAS	55.0%	Manufacturing of consumer products
Cello Stationery Products private Ltd.	India	BIC Clichy SAS	55.0%	Manufacturing of consumer products
Pentek Pen and Stationery private Ltd.	India	BIC Clichy SAS	55.0%	Manufacturing and distribution 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 Plastic Products private Ltd.	India	BIC Clichy SAS	55.0%	Manufacturing and distribution of consumer products
Cello Tips and Pens private Ltd.	India	BIC Clichy SAS	55.0%	Manufacturing of consumer products
Cello Pens private Ltd.	India	BIC Clichy SAS	55.0%	Distribution of consumer products
Cello Writing Aids Private Ltd.	India	BIC Clichy SAS	55.0%	Manufacturing and distribution of consumer products
BIC Japan CO, Ltd	Japan	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Product (Malaysia) Sdn. Bhd.	Malaysia	SOCIÉTÉ BIC SA	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	100.0%	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	SOCIÉTÉ BIC SA BIC UK Ltd. JOMO Holding B.V	100.0%	Holding company
BIC Middle East FZ-LLC	Dubai	BIC Clichy SAS	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.	100.0%	Distribution of consumer products
BMT11 SARL	Tunisia	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	99.0%	Distribution of consumer products

NOTE 31 AUDITOR'S FEES

Joint audit firms' yearly audit fees included in the Group income statement:

	DELOITTE & ASSOCIÉS				GRANT THORNTON			
	AMOUNT (EXCLUDING VAT)		%		AMOUNT (EXCLUDING VAT)		%	
	2012	2013	2012	2013	2012	2013	2012	2013
<i>(in thousand euros)</i>								
Audit								
Statutory audit, certification, review of statutory and consolidated accounts								
• Issuer	274	274	17%	14%	107	118	16%	18%
• Fully consolidated subsidiaries	962	1,106	60%	56%	568	544	84%	82%
Other inspections and services directly linked to the Statutory Auditor's mission								
• Issuer	16	18	1%	1%	-	-	0%	0%
• Fully consolidated subsidiaries ^(a)	142	325	9%	17%	-	-	0%	0%
Subtotal	1,394	1,723	88%	88%	675	662	100%	100%
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	199	241	12%	12%	-	-	0%	0%
Subtotal	199	241	12%	12%	-	-	0%	0%
TOTAL	1,593	1,964	100%	100%	675	662	100%	100%

(a) Includes in 2013 additional non-recurring procedures performed in the United States as part of restructuration and acquisitions.

5.2. Statutory Auditors' report on the consolidated financial statements

→ FOR THE YEAR ENDED DECEMBER 31, 2013

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. 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 accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying consolidated financial statements of SOCIÉTÉ BIC;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 2013 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Notes 1-1-2 and 19-1-2 to the consolidated financial statements, detailing the impacts of the implementation, as of January 1, 2013, of amendments to IAS 19 - Employee benefits.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de Commerce*) governing the justification of our assessments, we bring to your attention the following matters:

- Note 1-2 "Changes in Group structure" presents the business combination achieved in stages of the stationery activity of the Indian group Cello ("Cello Pens"), which exclusive control was taken over during the period.

Our procedures consisted in examining the accounting of this combination in accordance with IFRS and assessing the appropriateness of the methodologies applied and the assumptions and forecast data used to measure the corresponding assets and liabilities. They also consisted in reviewing the calculations performed by the company, as well as the temporary allocation of the purchase price and the fair value determination of the call options held by the Cello group. We also satisfied ourselves that Note 1-2 to the consolidated financial statements provides an appropriate disclosure.

- Goodwill was tested for impairment as described in Notes 1.1.6 and 10 to the consolidated financial statements. We examined how these tests were implemented as well as the data and assumptions used. We assessed the reasonableness of these estimates, we reviewed the calculations made by your company and we satisfied ourselves that Note 10 to the consolidated financial statements provides appropriate disclosure.
- Procedures for assessing pension and other employee benefits are set out in Note 1-1-14 to the consolidated financial statements. These commitments have been evaluated by independent actuaries. Our work consisted in examining the data used and assessing the assumptions used. We have reviewed the calculations performed and we satisfied ourselves that Note 19 to the consolidated financial statements provides appropriate disclosure.

5 - Financial statements

Statutory Auditors' report on the consolidated financial statements

FOR THE YEAR ENDED DECEMBER 31, 2013

Furthermore, as mentioned in the first part of this report, Notes 1-1-2 and 19-1-2 to the consolidated financial statements outline the impacts of the adoption of IAS 19 amendments as of January 1, 2013. In accordance with IAS 8, the comparative information presented in the consolidated financial statements was restated to take into account this change in method retrospectively. As part of our assessment of the accounting policies adopted by your company, we examined the correct restatement of comparative data and the relevant disclosure in the notes to the consolidated financial statements.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France and as required by law, we also verified the Group information presented in the management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris et Neuilly-sur-Seine, February 26, 2014

The Statutory Auditors

Grant Thornton

French Member of Grant Thornton International

Vincent PAPAŽIAN

Deloitte & Associés

Jean-François VIAT

5.3. Statutory financial statements of SOCIÉTÉ BIC (French GAAP)

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1. INCOME STATEMENT

<i>(In thousand euros)</i>	NOTES	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Net sales	11	592,597	557,479	591,748
Reversal of depreciation and provision, transfer of charges		5,097	6,448	12,561
Other revenues	12	60,065	60,768	59,475
Operating revenues		657,759	624,695	663,784
Purchases of goods and changes in inventories		(353,446)	(353,825)	(374,197)
Purchases of raw materials, other consumables and changes in inventories		(17,372)	(18,418)	(19,952)
Other purchases and external charges		(157,006)	(162,192)	(157,457)
Taxes and similar payments		(3,800)	(3,383)	(3,236)
Payroll costs	13	(1,917)	(4,249)	(2,516)
Depreciation and provision		(12,294)	(17,455)	(21,890)
Other expenses		(25)	(133)	(168)
Operating expenses		(545,860)	(559,655)	(579,416)
NET OPERATING INCOME		111,899	65,040	84,368
NET FINANCIAL INCOME	14	145,132	150,389	131,952
NON RECURRING INCOME AND EXPENSES	15	(2,187)	(15,944)	(1,770)
Income tax	16 to 18	(38,603)	(25,838)	(29,267)
NET INCOME		216,241	173,647	185,283

2. BALANCE SHEET

Assets

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2011 NET	DEC. 31, 2012 NET	GROSS	DEPREC., AMORT. AND PROVISIONS	DEC. 31, 2013 NET
Research and development expenses		-	-	3,823	(3,823)	-
Patents and similar rights		26,837	24,942	61,045	(35,425)	25,620
Intangible assets under construction		2,070	1,315	596	(2)	594
Intangible assets	3-4	28,907	26,257	65,464	(39,250)	26,214
Land		1,490	1,550	1,260	-	1,260
Buildings		1,337	2,275	14,632	(13,242)	1,390
Industrial and technical plants		1,827	1,868	12,983	(11,391)	1,592
Other tangible assets		2,995	2,942	8,646	(5,679)	2,967
Fixed assets under construction		1,553	1,013	4,126	(2,788)	1,338
Tangible assets	3-4	9,202	9,648	41,647	(33,100)	8,547
Equity Investments	23	838,343	841,368	878,560	(37,123)	841,437
Loans to equity investments	5-6	981	996	-	-	-
Other long-term investments	3	50,877	51,497	49,749	-	49,749
Long-term investments		890,201	893,861	928,309	(37,123)	891,186
Non-current assets		928,310	929,766	1,035,420	(109,473)	925,947
Raw materials and supplies		826	901	1,041	-	1,041
Work-in-process goods		-	-	646	(646)	-
Consumables		25,750	25,145	26,212	(1,554)	24,658
Inventories		26,576	26,046	27,899	(2,200)	25,699
Advances and prepayments paid		1,466	2,187	1,341	-	1,341
Trade receivables and related accounts	5-6	110,292	107,629	120,929	(3,450)	117,479
Other receivables	5-6	116,360	162,263	251,494	(18,467)	233,027
Short-term Financial investments	7	165,505	184,737	110,344	-	110,344
Cash and cash equivalents		4,085	3,579	5,822	-	5,822
Prepaid expenses	5	791	1,196	1,039	-	1,039
Unrealized losses from foreign exchange	8	1,180	1,273	1,044	-	1,044
Current assets		426,255	488,910	519,912	(24,117)	495,795
TOTAL ASSETS		1,354,565	1,418,676	1,555,332	(133,590)	1,421,742

Liabilities & Shareholders' equity

(in thousand euros)	NOTES	BEFORE APPROPRIATION OF EARNINGS		
		DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Share capital		182,941	184,805	181,976
Share premium, merger contribution		79,618	99,778	109,393
Legal reserve		22,410	22,410	22,410
General reserve		180,379	180,379	180,379
Retained earnings		270,350	296,986	273,262
Net income for the year		216,241	173,647	185,283
Shareholders' equity	9	951,939	958,005	952,703
Provisions for contingencies and losses	10	16,502	31,990	37,203
Provisions for contingencies and losses		16,502	31,990	37,203
Bank borrowings (Bank overdraft)	5	840	2,216	1,007
Other borrowings	5	279,356	316,037	312,783
Financial liabilities		280,196	318,253	313,790
Trade payables and related accounts	5-6	77,243	94,807	99,373
Tax and employee-related liabilities	5	17,390	10,502	11,600
Other liabilities	5	8,529	4,804	6,964
Deferred income	5	2,658	26	5
Operating liabilities		105,820	110,139	117,942
Unrealized gains from foreign exchange		108	289	104
Liabilities		386,124	428,681	431,836
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,354,565	1,418,676	1,421,742

3. CASH FLOW STATEMENT

(in thousand euros)

	NOTES	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Operating activities				
Net income		216,241	173,647	185,283
Dividends received		(140,558)	(144,727)	(137,212)
Depreciation and provisions on non-current assets		19,529	16,206	12,637
(Gain)/Loss on the disposal of fixed assets		(4,103)	1	201
Gross cash flow from operating activities		91,109	45,127	60,909
(Increase)/Decrease in net current working capital		(9,027)	(10,320)	11,308
NET CASH FLOW FROM OPERATING ACTIVITIES		82,082	34,807	72,217
Investing activities				
Dividends received from subsidiaries	14	140,558	144,727	137,212
Proceeds from disposals of intangible and tangible assets		4,916	5	1,351
Purchases of tangible assets		(2,030)	(2,343)	(1,466)
Acquisition of intangible assets		(14,427)	(1,289)	(3,016)
(Increase)/Decrease in treasury shares		(81,953)	20,212	(69,614)
Other investing expenses		80	373	(106)
Acquisitions of subsidiaries	23-2	(2,244)	(10)	(1)
NET CASH FLOW FROM INVESTING ACTIVITIES		44,900	161,675	64,360
Financing activities				
Dividends paid		(90,634)	(189,605)	(120,804)
Loans		(16)	422	(138)
New intercompany loans		93,488	(14)	996
Movement in current accounts		(196,409)	10,061	(87,572)
NET CASH FLOW FROM FINANCING ACTIVITIES		(193,571)	(179,136)	(207,518)
Net increase/(decrease) in cash		(66,589)	17,346	(70,941)
Opening cash and cash equivalents		235,343	168,754	186,100
CLOSING CASH AND CASH EQUIVALENTS		168,754	186,100	115,159

4. NOTES TO THE COMPANY FINANCIAL STATEMENTS

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NOTE 1 MAIN EVENTS

None.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared according to French accounting regulations applicable for the year ended December 31, 2013.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- appropriate cut-off.

The items presented in the accounts 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 500,000 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 depreciated 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 carrying amount of fixed assets exceeds the net realizable value of the asset, 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 current value of an investment is less than its purchase cost. The current 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 following the 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 an impairment is booked at year-end when the probable trading value (based on the average shares market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Consumables 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 losses on foreign exchange are booked as assets with a related provision for foreign exchange risk. Unrealized profits on foreign exchange are booked as liabilities.

Profit and loss on foreign exchange for current account are directly impacting the profit and loss account without any effects on assets and liabilities.

g) Financial investments

Financial investments are composed of investments in transferable securities, and BIC shares bought back according 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 at year-end 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) is less than purchase cost.

h) Provisions for contingencies and losses

Provisions for contingencies and losses are liabilities for which maturity or amounts are not valued precisely. Provisions for contingencies and losses are calculated with the best estimation of needed funds to close the liability.

i) Borrowings

Borrowings in foreign currency are translated at the official closing exchange rate.

NOTE 3 NON-CURRENT ASSETS

<i>(in thousand euros)</i>	GROSS VALUE AS OF DEC. 31, 2012	ADDITIONS	DISPOSALS	GROSS VALUE AS OF DEC. 31, 2013
Research and development expenses	3,823	-	-	3,823
Other intangible assets	78,332	4,504	(21,195)	61,641
INTANGIBLE ASSETS	82,155	4,504	(21,195)	65,464
Land	1,550	-	(290)	1,260
Buildings	15,236	256	(860)	14,632
Industrial and technical plants	12,168	815	-	12,983
Other tangible assets	10,089	223	(1,666)	8,646
Fixed assets under construction	3,954	1,621	(1,449)	4,126
TANGIBLE ASSETS	42,997	2,915	(4,265)	41,647
Equity Investments ^(a)	878,559	1	-	878,560
Loans to equity investments	996	-	(996)	-
BIC Shares ^(b)	51,094	108,802	(110,656)	49,240
Loans and other long-term investments	403	122	(16)	509
TOTAL LONG-TERM INVESTMENTS	931,052	108,925	(111,668)	928,309

(a) Equity Investments are detailed in Note 23.

(b) These refer to 777,309 shares for the free share plans and 1,046 shares related to the liquidity's contract.

NOTE 4 DEPRECIATION AND AMORTIZATION

<i>(in thousand euros)</i>	DEPREC. AND AMORT. AS OF DEC. 31, 2012	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR	DEPREC. AND AMORT. AS OF DEC. 31, 2013
Research and development expenses	3,823	-	-	3,823
Other intangible assets	49,529	3,047	(19,694)	32,882
TOTAL INTANGIBLE ASSETS	53,352	3,047	(19,694)	36,705
Buildings	12,961	281	-	13,242
Industrial and technical plants	10,300	1,091	-	11,391
Other tangible assets	7,147	211	(1,679)	5,679
TOTAL TANGIBLE ASSETS	30,408	1,583	(1,679)	30,312

NOTE 5 **MATURED ASSETS AND LIABILITIES ANALYSIS**

ASSETS <i>(in thousand euros)</i>	GROSS	WITHIN ONE YEAR	MORE THAN ONE YEAR	NOTES RECEIVABLES	INCL. ASSOC. UNDERTAKINGS
Loans to equity investments	-	-	-	-	-
Other long-term investments	49,749	49,749	-	-	-
Trade receivables and related accounts	120,929	120,929	-	3,006	84,905
Other receivables	251,494	251,494	-	-	223,855
Prepayments	1,039	1,039	-	-	-
TOTAL	423,211	423,211	-	3,006	308,760

LIABILITIES <i>(in thousand euros)</i>	GROSS	WITHIN ONE YEAR	MORE THAN ONE YEAR	NOTES PAYABLES	INCL. ASSOC. UNDERTAKINGS
Bank borrowings	1,007	1,007	-	-	-
Other borrowings	312,783	312,639	144	-	312,500
Trade payables and related accounts	99,373	99,373	-	-	55,388
Tax and employee-related liabilities	11,600	11,600	-	-	-
Other liabilities	6,964	6,964	-	-	-
Deferred Income	5	5	-	-	-
TOTAL	431,732	431,588	144	-	367,888

NOTE 6 **AFFILIATES' INFORMATION**

GROSS VALUE <i>(in thousand euros)</i>	DEC. 31, 2013
Assets	
Equity investments	878,560
Other long-term investments	-
Trade receivables and related accounts	84,905
Other receivables	223,855
Liabilities	
Other long-term loan and investments	312,500
Trade payables and related accounts	55,388
Other debts	-
Deferred income	-

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

GROSS VALUE (in thousand euros)	DEC.31, 2013
Short-term investment securities ^(a)	110,344
TOTAL	110,344

(a) These are low-risk short term securities.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses on foreign exchange are recorded as a provision for contingencies and losses (1,044 thousand euros).

NOTE 9 SHAREHOLDERS' EQUITY

9.1 Share capital

The share capital is 181,976,098.04 euros divided into 47,637,722 shares of 3.82 euros each. The registered shares held for more than two years carry double voting rights.

To the knowledge of the Company, as of December 31, 2013, 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.	26,54%	36,60%
Bich family	17,33%	22,99%

As of December 31, 2013, SOCIÉTÉ BIC held 778,355 BIC shares classified as long-term investments (777,309 shares for the free share plans and 1,046 shares related to the liquidity contract).

9.2 Movements in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2012 (before appropriation)	958,005
Dividend distribution with respect to fiscal year 2012	120,804
Shareholders' equity as of December 31, 2012 (after appropriation)	837,201
Increase in share capital ^(a)	824
Decrease in share capital ^(b)	(3,653)
Share premium ^(a)	9,615
Retained earnings ^(b)	(76,567)
Net income for the year	185,283
Shareholders' equity as of December 31, 2013 (before appropriation)	952,703

(a) The increase in share capital relates to 215,717 subscription options exercised during 2013.

(b) During the year 2013, SOCIÉTÉ BIC cancelled 956,292 shares.

Following this operation, the issued capital is 47,637,722 shares with a nominal value of 3.82 euros.

NOTE 10 PROVISIONS

<i>(in thousand euros)</i>	DEC. 31, 2012	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR (USED)	RELEASE DURING THE YEAR (NOT USED)	DEC. 31, 2013
Risk Iran	603	-	-	-	603
Risk affiliates	1,253	920	-	-	2,173
Risk integrated affiliates	16,197	-	-	(2,396)	13,801
Tax Audit	3,224	3,836	-	-	7,060
Foreign exchange losses	1,273	1,113	(1,273)	-	1,113
Sheaffer (Hong Kong) Co. Ltd.	995	-	(995)	-	-
Hedging of shares grants	7,507	11,815	(1,687)	(5,820)	11,815
Other provisions for contingencies	938	440	(740)	-	638
PROVISIONS FOR CONTINGENCIES AND LOSSES	31,990	18,124	(4,695)	(8,216)	37,203

<i>(in thousand euros)</i>	DEC. 31, 2012	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR	DEC. 31, 2013
Tangible assets	5,486	-	(153)	5,333
Investments	37,191	1,268	(1,336)	37,123
Work-in-process goods	646	-	-	646
Consumables	1,254	1,554	(1,254)	1,554
Trade receivables	3,121	3,450	(3,121)	3,450
Other trade receivables	15,763	2,981	(277)	18,467
PROVISIONS FOR DEPRECIATION	63,461	9,253	(6,141)	66,573

NOTE 11 NET SALES BREAKDOWN

The net sales can be analyzed as follows:

	DEC. 31, 2011			DEC. 31, 2012			DEC. 31, 2013		
<i>(in thousand euros)</i>	FRANCE	EXPORT	TOTAL	FRANCE	EXPORT	TOTAL	FRANCE	EXPORT	TOTAL
Stationery consumer	99,575	208,925	308,500	98,602	188,448	287,050	103,279	196,799	300,078
Lighters	19,014	163,022	182,036	17,173	160,891	178,064	17,037	176,480	193,517
Shavers	23,262	64,075	87,337	21,969	55,826	77,795	24,187	54,327	78,514
Other consumer	996	13,728	14,724	3,408	11,162	14,570	5,371	14,268	19,639
TOTAL	142,847	449,750	592,597	141,152	416,327	557,479	149,874	441,874	591,748

NOTE 12 OTHER REVENUES

Other revenues are mainly composed of royalties (32,784 thousand euros) and management fees (26,356 thousand euros) invoiced to affiliates.

NOTE 13 MANAGEMENT COMPENSATION

<i>(in thousand euros)</i>	DEC. 31, 2012	DEC. 31, 2013
Administrative bodies	297	303
Management bodies	1,371	1,362

SOCIÉTÉ BIC has no salaried employees as of December 31, 2013.

Two members of the Management bodies have the same additional retirement plan (defined benefits plan) as the BIC Group subsidiaries' managers in France.

NOTE 14 FINANCIAL INCOME

Net financial income amounts to 131,952 thousand euros and is detailed as follows:

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Dividends received	140,558	144,727	137,212
Interest income	2,617	709	732
Net reversal of provisions	(3,396)	5,507	(2,261)
Foreign exchange gain and loss	4,720	(524)	(2,989)
Other	633	(30)	(742)
FINANCIAL INCOME	145,132	150,389	131,952

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses breakdown as follows:

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
Capital gains/(losses) on asset disposals	-	-	201
Capital gains/(losses) on investment disposals	4,103	(1)	-
Provision for contingencies (net of reversal)	(6,861)	(12,743)	(1,439)
Indonesia	-	(3,115)	-
Other tax impact	217	(25)	(8)
Compensation for contract breaking	(350)	(40)	(464)
Other	704	(20)	(60)
NON RECURRING INCOME AND EXPENSES	(2,187)	(15,944)	(1,770)

NOTE 16 INCOME TAX BREAKDOWN

<i>(in thousand euros)</i>	NET INCOME BEFORE TAX	TAX CHARGES	NET INCOME AFTER TAX
Income before tax and non recurring operations	216,320	(28,899)	187,421
Non-recurring income and expenses	(1,770)	(368)	(2,138)
TOTAL	214,550	(29,267)	185,283

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group composed of the following companies as of December 31, 2013: 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 books in its accounts the gain or loss related to the effects of the tax consolidation. For this purpose, the gain recorded by SOCIÉTÉ BIC in 2013 amounts to 2,360,103 euros.

NOTE 18 MAIN INCREASES / DECREASES IN THE DEFERRED TAX BASIS

<i>(in thousand euros)</i>	DEC. 31, 2013
Organic	1,100
Provision on current accounts	2,095
Provision for contingencies	833
Provision on trade receivables	2,187
Provision on inventories	1,554
Foreign exchange losses	175
Financial investments	4,312
Provision on free shares	8,365
Other	931
TOTAL	21,552
Decrease in deferred tax liabilities	(8,190)

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 different from euro are converted to euro as of December 31, 2013 closing rates.

The mark-to-market of the hedges is computed according to international banking standards in terms of inputs (yield curve, spot, volatility curve) and pricing models.

Forward portfolio detail

HEDGING SUPPORT	NOMINAL (euros)	MARK TO MARKET (euros)	INSTRUMENT
Commercial Flows 2014	275,670,001	13,230,985	Forward
Commercial Flows 2015	12,389,113	179,964	Forward
Commercial Flows 2016	2,230,698	2,632	Forward
Loans / Borrowings	112,662,470	(91,487)	Forward, Swap
TOTAL	402,952,282	13,322,094	

Options portfolio detail

HEDGING SUPPORT	NOMINAL (euros)	MARK TO MARKET (euros)	INSTRUMENT
Commercial Flows 2014	4,483,034	73,736	Option
Commercial Flows 2015	6,530,180	(11,998)	Option
TOTAL	11,013,214	61,738	

As of December 31, 2013, SOCIÉTÉ BIC contracted:

- derivatives contracts (forward and options) maturing in 2014, 2015 and 2016 for an equivalent of 301.3 million euros. These contracts hedge, on a basis of forecasted cash flow, the Group foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollar, British pound, Canadian dollar, Australian dollar, New Zealand dollar, Japanese yen, Swiss franc, Polish zloty, Romania Leu and mexican Peso. The fair market value of these contracts is 13.47 million euros positive;
- foreign currency swaps for an equivalent of 112.6 million euros, in connection with management of the inter-company liquidity in foreign currencies. The fair market value of these contracts is negative for 91,487 euros.

For the year 2014, the foreign currency exposure transaction is hedged with a ratio around 80%.

19.2 Interest rate derivatives

As of December 31, 2013, SOCIÉTÉ BIC no longer has Interest Rate Derivatives in Portfolio.

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.

NOTE 20 COMMITMENTS

20.1 Guarantees

The following schedule summarizes the off-balance sheet endorsements, sureties and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this schedule.

No other security for assets or registered shares is to be reported.

Guarantee issued

	DEC. 31, 2011	DEC. 31, 2012	FALL DUE			DEC. 31, 2013
(in thousand euros)			< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	
Securities for credit lines	-	-	-	-	-	-
Trade guarantees	-	-	-	-	-	-
Lease guarantees	-	-	-	-	-	-
Endorsements and guarantees	-	-	-	-	-	-
Other guarantees	15,558	25,828	-	5,400	11,377	16,777
TOTAL	15,558	25,828	-	5,400	11,377	16,777

Guarantee received

	DEC. 31, 2011	DEC. 31, 2012	FALL DUE			DEC. 31, 2013
(in thousand euros)			< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	
Securities for credit lines	2,316	2,569	1,339	-	-	1,339
Trade guarantees	-	-	-	-	-	-
Lease guarantees	-	-	-	-	-	-
Endorsements and guarantees	75	75	75	-	-	75
Other guarantees	-	-	-	-	-	-
TOTAL	2,391	2,644	1,414	-	-	1,414

20.2 Pensions obligations

(in thousand euros)	DEC. 31, 2013
Present value of pension obligation	12,611
Fair value of plan assets	(7,946)
Unrecognized past services cost	-
NET PENSION LIABILITY	4,665

NOTE 21 SHARE MARKET PRICE

(in euros)	DEC. 31, 2012	DEC. 31, 2013
BIC shares	90,32	89,06

NOTE 22 STOCK OPTION PLANS

As part of a policy recommended and approved by the Compensation and Nomination Committee, the Board has decided not to award stock options starting from 2011 and set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their

position in the Company (eligible) will receive three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors of the year, free share grants without performance condition will be awarded.

	PLAN 7	PLAN 8	PLAN 9
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 24, 2006
Board of Directors' Meeting date	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006
Number of beneficiaries	563	575	567
Number of options available for subscription	370,450	427,850	398,500
<ul style="list-style-type: none"> Among which, options granted to the current members of the leadership Management team as of December 31, 2013 	38,650	40,650	31,650
Date from which options may be exercised	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009
Option expiration date	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014
Exercise price (euros) ^(a)	36,76	50,01	52,35
Number of options exercised as of Dec. 31, 2013	278,302	300,834	302,000
Number of void options as of Dec. 31, 2013	73,900	84,300	57,100
Number of remaining options as of Dec. 31, 2013	18,248	42,716	39,400

	PLAN 10	PLAN 11	PLAN 12	PLAN 13
Annual Shareholders' Meeting date	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	633	613	602	643
Number of options available for subscription	440,500	371,400	360,000	382,950
<ul style="list-style-type: none"> Among which, options granted to the current members of the leadership Management team as of December 31, 2013 	35,500	2,000	-	-
Date from which options may be exercised	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiration date	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (euros) ^(a)	49.62	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2013	320,599	266,500	156,171	24,525
Number of void options as of Dec. 31, 2013	40,800	30,300	31,600	34,750
Number of remaining options as of Dec. 31, 2013	79,101	74,600	172,229	323,675

(a) No discount on the exercise price.

Mr Bruno and François Bich were not issued any options under the above stock option plans.

NOTE 23 EQUITY INVESTMENTS

23.1. Subsidiaries and equity interests

	NUMBER OF SHARES S: SHARES P: PARTS		% OF 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 Clichy SAS	52,059,469	S	99%	795,468,690	-	795,469,068	EUR
DAPE 74 Distribution SASU	70,000	S	100%	910,000	-	1,070,000	EUR
Subtotal I				796,393,935	-		
II - Foreign subsidiaries							
BIC Erzeugnisse GmbH - Germany	2	P	100%	1,158,226	-	664,700	EUR
BIC Verwaltungs GmbH - Germany	2	P	100%	4	-	50,000	EUR
BIC GmbH - Germany	1	P	100%	35	-	25,600	EUR
BIC Portugal SA - Portugal	464,675	S	100%	3,693,619	-	2,323,575	EUR
BIC Slovakia SRO - Slovakia	1	P	100%	15,444,502	-	15,574,255	EUR
BIC INTERNATIONAL Co. - USA	100	S	100%	1	-	1	USD
BIC Amazonia SA - Brazil	274,485,732	S	100%	18,565,900	-	441,922,032	BRL
Brand Expo Asia Ltd. - China	7,800,000	P	100%	-	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. - China	-	S	100%	418,972	-	5,408,000	USD
BIC Stationery (Shanghai) Manufacturing Co. Ltd. - China	-	S	100%	2,984,898	-	3,300,000	USD
BIC Product (Singapore) Pte. Ltd. - Singapore	297,000	S	99%	-	-	300,000	SGD
BIC Product (Asia) Pte. Ltd. - Singapore	5,627,602	S	100%	-	-	5,627,602	SGD
BIC India Pvt. Ltd. - India	8,087,395	S	100%	-	-	80,873,960	RPS
Ball Point Manufacturing Co. - Iran	90	S	45%	-	-	16,000,000	IRR
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	BHT
Mondial Sdn. Bhd. - Malaysia	1,140,000	S	30%	801,656	-	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. - Malaysia	1,257,400	S	100%	-	-	1,260,000	MYR
Subtotal II				43,067,813	-		
III- Participating interests							
BIC Technologies SA - France	1	S	0%	-	-	7,440,988	EUR
BIC Holdings South Africa Pty. Ltd. - South Africa	41,860	S	5%	1,522,934	-	8,372	RAN
BIC Argentina - Argentina	750	P	5%	450,500	-	15,000	ARS
BMT 11 - Tunisia	1	S	0%	100	-	10,700,000	EUR
BIC Andina Perú SA - Peru	-	P	1%	1,145	-	5,000,000	PEN
BIC Pazarlama Ltd, Sti - Turkey	5	P	0%	345	-	8,785,500	TRY
BIC Iberia SA - Spain	2	P	0%	-	-	12,333,391	EUR
Subtotal III				1,975,024	-		
TOTAL				841,436,772	-		

Net sales, net income and Shareholder's equity other than common share of subsidiaries are not provided for commercial and industrial strategic reasons.

23.2. Analysis of movements in equity investments

(in thousand euros)

Equity investments (net) as of December 31, 2012	841,368
Bic Andina Perú SA - Peru	1
(Charges to)/Releases of provisions in 2013	
BIC Erzeugnisse GmbH - Allemagne	875
Mondial Sdn. Bhd. - Malaisie	462
BIC Stationery (Shanghai) Co. Ltd. - Chine	(1,269)
Equity investments (net) as of December 31, 2013	841,437

5. ADDITIONAL INFORMATION ON THE COMPANY FINANCIAL STATEMENTS

1) Five-year financial summary

(in euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012	DEC. 31, 2013
1 - Shareholders' equity at year end					
Share capital	185,559,277	185,990,536	182,941,404	184,805,095	181,976,098
Number of shares outstanding	48,575,727	48,688,622	47,890,420	48,378,297	47,637,722
Number of bonds convertible into shares	-	-	-	-	-
2 - Net results					
Net sales	485,077,986	531,469,006	592,596,618	557,479,419	591,748,483
Net income before tax, deprec., amort. and provisions	94,686,829	195,173,286	272,420,210	217,727,923	227,503,156
Income tax	24,378,992	21,716,406	38,603,086	25,838,033	29,267,191
Net income after tax, deprec., amort. and provisions	66,328,834	168,009,124	216,240,834	173,647,194	185,282,676
Dividend distribution ^(a)	115,866,845	91,676,617	188,290,448	121,761,516	119,959,980
3 - Per share data					
Net income after tax, but before deprec., amort. and provisions	1,45	3,56	4,88	3,97	4,16
Net income after tax, deprec., amort. and provisions	1,37	3,45	4,52	3,59	3,89
Dividend per share	2,40	1,90	4,00	2,56	2,60
4 - Payroll					
Non-salaried staff	3	3	3	3	3
Total payroll	1,148,533	1,454,544	1,355,399	1,381,777	1,325,148
Social welfare benefits (social security, social works)	458,407	634,945	562,015	2,867,265	1,190,885

(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 dividend the day of payment.

2) Law on the Modernization of the Economy (LME)

SOCIÉTÉ BIC applies the new law related to the suppliers' payment terms.

The Company opted for the payment of invoices with a due date of 60 days.

(in thousand euros)	OVER DUE				
	TOTAL	CURRENT	30 DAYS	60 DAYS	+60 DAYS
Dec. 31, 2013	54,986	52,758	1,462	195	571
Dec. 31, 2012	49,059	45,453	2,148	877	581

5.4. Statutory Auditors' report on the financial statements

→ FOR THE YEAR ENDED DECEMBER 31, 2013

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying financial statements of SOCIÉTÉ BIC;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2013 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de Commerce*) governing the justification of our assessments, we bring to your attention the following matters:

Long-term investments are valued and, when necessary, impaired as described in Note 2 d) to the financial statements. Our work consisted in assessing the appropriateness of the methodology applied and examining the underlying data and assumptions. On this basis, we assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific procedures and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' report and in the documents addressed to Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the corporate officers and any other commitments made in their favor, 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 companies controlling your Company or controlled by it. Based on this work, we attest that this information is accurate and fair.

Pursuant to the law, we have verified that the Board of Directors' report contains the appropriate disclosures as to the identity of the Shareholders and holders of the voting rights.

Paris and Neuilly-sur-Seine, February 26, 2014

The Statutory Auditors

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
Jean-François VIAT

5.5 Statutory Auditors' special report on regulated agreements and commitments

→ FOR THE YEAR ENDED DECEMBER 31, 2013

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 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 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, 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 (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Annual General Meeting of Shareholders.

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 Shareholders' Meeting

Agreements and commitments authorized during the year

We hereby inform you that no agreement or commitment entered into during the year to which Article L. 225-38 of the French Commercial Code would be applicable has been brought to our attention.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments authorized during previous years that were continued but not performed during the year

In addition, pursuant to the French Commercial Code, we have been advised of the continuation of the following agreement authorized in previous years that were not performed during the year.

“Top-up” retirement 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 “Top-up” retirement will be equal to 1.25% of the average 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.

People involved: François Bich, Executive Vice-President and Director and Marie-Aimée Bich-Dufour, Executive Vice-President.

Paris and Neuilly-sur-Seine, February 26, 2014
 The Statutory Auditors

Grant Thornton
French Member of Grant Thornton International
 Vincent PAPAZIAN

Deloitte & Associés
 Jean-François VIAT

5 - Financial statements

Statutory Auditors' special report on regulated agreements and commitments



6

INFORMATION ABOUT THE ISSUER

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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 or to extend it.

Domicile and legal form of the issuer

Domicile: 14, rue Jeanne d'Asnières – 92110 Clichy – France

Phone number: 33 (0)1 45 19 52 00

Legal form and legislation governing the issuer: Limited Company (*société anonyme*) governed by French law and in particular by 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 financial period.

Important events in the development of the issuer business

No event to report apart from those mentioned in the Group Presentation – § 1.3. History.

→ MEMORANDUM AND ARTICLES OF INCORPORATION

The Memorandum and articles of incorporation can be consulted at the headquarters of the Company as well as on its internet website www.bicworld.com (see *Regulated information*).

Issuer's object and purpose

Extract from the articles of incorporation (Article 3) – "Object"

The Company's corporate purpose is, in all countries, the purchase, the sale, the commissioning, the brokerage, the representation, the manufacturing, the import and export of all tangible and intangible properties, and in particular of all which is used for writing.

And generally speaking all personal, real, financial, industrial or commercial operations pertaining directly or indirectly to the foregoing purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the foregoing 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 – § 3.4. Mandates of the Directors and the Corporate Officers as of December 31, 2013.

Rights, preferences and restrictions attached to each class of the existing shares

Double voting rights

Extract from the articles of incorporation (Article 15) – "Shareholders' Meeting".

(This article was introduced in the articles of incorporation at the Extraordinary Shareholders' Meeting of June 26, 1972).

"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 to a shareholder at no charge due to former shares for which he enjoys this right.”

Indivisibility of the shares

Extract from the articles of incorporation (Article 8 ter) – “Indivisibility of the shares”.

(This article was introduced into the articles of incorporation at the Extraordinary Shareholders’ Meeting of September 6, 2006).

1. *“The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Annual 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 co-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 Annual Shareholders’ Meetings and to the bare owner at Extraordinary Annual 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 Annual 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 provide any special condition to change the Shareholders’ rights.

Condition governing the manner in which Extraordinary and Annual Shareholders’ Meetings are called and conditions of admission

Extract from the articles of incorporation (Article 15) – “Shareholders’ Meetings”.

“Shareholders’ Meetings are convened, and deliberate on the conditions stipulated by law and the enactments in force”.

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See § 6.3 Shareholding.

Indication governing the ownership threshold above which shareholder ownership must be disclosed

Extract from the articles of incorporation (Article 8 bis) – “Ownership Threshold”.

(Article introduced into the articles of incorporation at the Ordinary and Extraordinary General Shareholders’ Meeting on May 12, 1998).

“Any individual or company holding either a share of the capital or of the voting rights equal or superior to 2% and, from this threshold, any additional holding which is a multiple of 1%, shall notify to the Company the number of shares said individual or company has, by registered mail with return receipt requested. This notification shall be made within the two weeks a threshold is met. This requirement applies as well, in the same conditions and timing, when the holding in the share capital decreases and becomes inferior to a threshold percentage indicated above. Declaration upon attaining ownership threshold must take into consideration the sum total of shares owned by companies holding more than 50% directly or indirectly, of the declaring company. In case of non-compliance with this provision, and upon a request, duly registered in the minutes of the Shareholders’ Meeting, from one or more Shareholders holding at least 2% of the share capital of the Company and/or of its voting rights, all the shares exceeding the threshold which should have been declared will be deprived of their voting rights at any Shareholders’ Meeting until notification of compliance.”

The Board of Directors will propose the modification of this article during the Shareholders’ Meeting to be held on May 14, 2014 (see § 7.2. Extraordinary Shareholders’ Meeting).

Conditions 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, 2013, the registered share capital amounts to 181,833,103.98 euros divided into 47,600,289 shares of 3.82 euros each, the par value. Issued shares are fully paid-up. Taking into account the share subscription options exercised in 2013 (and pending Board

of Directors notification of the share capital increase), the share capital amounts to 181,976,098.04 euros divided into 47,637,722 shares (compared with 48,378,297 shares as of January 1, 2013).

→ AUTHORIZATIONS OF CAPITAL INCREASE AT THE CLOSING OF 2013 FINANCIAL YEAR

SOCIÉTÉ BIC has, at December 31, 2013, the following authorizations which were granted by the Annual Shareholders' Meeting:

I. AUTHORIZATION OF CAPITAL INCREASE WITH THE SHAREHOLDERS' PRE-EMPTIVE RIGHT OF SUBSCRIPTION ^{(a) (b)}

Maximum amount (in million euros)	Ordinary shares: 50 Complex investment securities: 650
Date	May 10, 2012 (resolutions 11 and 12)
Term	26 months
Limit date of validity	July 9, 2014
Use	No
Issuance price	The issuance price of ordinary shares and/or of complex investment 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 rules and regulations in force.

(a) Since the Annual Shareholders' Meeting held in 2010, the Board of Directors decided not to propose Shareholders any resolution authorizing the Board to increase the share capital without the pre-emptive right of subscription (except in particular cases specified in point III below).

(b) Articles L. 225-129, L. 228-91 and L. 228-92 of the French Commercial Code.

II. AUTHORIZATION OF CAPITAL INCREASE BY CAPITALIZATION OF RESERVES, INCOME, PREMIUMS OR OTHER ^(c)

Maximum amount	Total amount of reserves, profits and/or premium or other sums that may likely be capitalized into the share capital and which will exist at the moment of the decision to increase the share capital, not taking into account the amount that may eventually 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 10, 2012 (resolution 13)
Term	26 months
Limit date of validity	July 9, 2014
Use	No

(c) Articles L. 225-129 and L. 225-130 of the French Commercial Code.

III. AUTHORIZATIONS OF CAPITAL INCREASE IN FAVOR OF EMPLOYEES AND CORPORATE OFFICERS

	ISSUE OF SHARES AS PART OF AN EMPLOYEE SAVINGS PLAN ^(d)	GRANTING OF PERFORMANCE SHARES TO BE ISSUED ^(e)	OPTIONS OF SUBSCRIPTION OF SHARES ^(f)
Maximum amount	3% of the share capital	4% of the share capital on 38 months (with a maximum of 0.4% for the Corporate Officers) and 8% of the share capital (taking into account the stock options)	4% of the share capital on 38 months (with a maximum of 0.8% for the Corporate Officers) and 8% of the share capital (taking into account the free grant of shares)
Date	May 10, 2012 (resolution 14)	May 15, 2013 (resolution 11)	May 15, 2013 (resolution 12)
Term	26 months	38 months	38 months
Validity end date	July 9, 2014	July 14, 2016	July 14, 2016
Use in 2013	No	No	No
Subscription price	Determined by the Board of Directors according to Article L. 3332-19 of the Labor Code	-	Cannot be lower than the Paris Stock Exchange average share price, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange before the day the options of subscription are granted

(d) Articles L. 225-138 and L. 225-138-1 of the French Commercial Code and L. 3332-1 and following of the Labor Code.

(e) Articles L. 225-197-1 and following of the French Commercial Code.

(f) Articles L. 225-177 and following of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/finance/meetings/

The renewal of the authorizations expiring in 2014 will be submitted to the Shareholders during the Shareholders' Meeting to be held on May 14, 2014 (see Chapter 7. Board of Directors' report and proposed resolutions of the Shareholders' Meeting of May 14, 2014).

SHARE CAPITAL EVOLUTION OVER THE THREE PAST YEARS

DATE	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
2011 (Feb. 15 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	2,687,927.72	29,576,463.78	186,249,975.16	48,756,538
2011 (Feb. 15 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(755,118.50)	(11,312,940.25)	185,494,856.66	48,558,863
2011 (May 11 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(2,327,579.48)	(35,873,361.75)	183,167,277.18	47,949,549
2011 (Dec. 14 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	592,096.18	6,786,090.55	183,759,373.36	48,104,548
2011 (Dec. 14 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(1,553,097.40)	(23,930,186.63)	182,206,275.96	47,697,978
2012 (Dec. 19 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	2,469,439	26,451,003.02	184,675,714.96	48,344,428
2013 (Dec. 18 BM)	Cancellation of shares as authorized by SM of May 15, 2013	(3,653,035.44)	(76,568,028.87)	181,022,679.52	47,388,136
2013 (Dec. 18 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	810,424.46	9,040,684.28	181,833,103.98	47,600,289

BM: Board Meeting.

SM: Shareholders' Meeting.

6.3. Shareholding

→ SHARE CAPITAL BREAKDOWN

To the Company's knowledge, as of December 31, 2013, the Shareholders holding more than 5% of the share capital and/or of the voting rights of the Company were as indicated in the table below. 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 BIC shares owned by the Company (treasury shares).

DEC. 31, 2011						
NAME	NUMBER OF SHARES	% OF SHARES (APPROX.)	NUMBER OF THEORETICAL VOTING RIGHTS ^(c) ^(d)	% OF THEORETICAL VOTING RIGHTS	NUMBER OF EXERCISABLE VOTING RIGHTS ^(c) ^(d)	% OF EXERCISABLE VOTING RIGHTS
Bich family's concert, including ^(a) :	20,757,233	43.34	39,893,893	57.46	39,893,893	58.17
• SOCIÉTÉ M.B.D.	12,568,084	26.24	24,984,084	35.99	24,984,084	36.43
• Bich family (excluding M.B.D.)	8,189,149	17.10	14,909,809	21.48	14,909,809	21.74
Other Shareholders	26,315,379	54.95	28,714,386	41.36	28,678,956	41.83
Treasury shares ^(b)	817,808	1.71	817,808	1.18	0	0
TOTAL	47,890,420	100	69,426,087	100	68,572,849	100

DEC. 31, 2012						
NAME	NUMBER OF SHARES	% OF SHARES (APPROX.)	NUMBER OF THEORETICAL VOTING RIGHTS ^(c) ^(d)	% OF THEORETICAL VOTING RIGHTS	NUMBER OF EXERCISABLE VOTING RIGHTS ^(c) ^(d)	% OF EXERCISABLE VOTING RIGHTS
Bich family's concert, including ^(a) :	20,855,369	43.11	39,890,637	58.28	39,890,637	59.00
• SOCIÉTÉ M.B.D.	12,642,000	26.13	25,084,000	36.65	25,084,000	37.10
• Bich family (excluding M.B.D.)	8,213,369	16.98	14,806,637	21.63	14,806,637	21.90
Other Shareholders	26,707,723	55.20	27,744,815	40.53	27,720,529	41
Treasury shares ^(b)	815,205	1.69	815,205	1.19	0	0
TOTAL	48,378,297	100	68,450,657	100	67,611,166	100

DEC. 31, 2013						
NAME	NUMBER OF SHARES	% OF SHARES (APPROX.)	NUMBER OF THEORETICAL VOTING RIGHTS ^(c) ^(d)	% OF THEORETICAL VOTING RIGHTS	NUMBER OF EXERCISABLE VOTING RIGHTS ^(c) ^(d)	% OF EXERCISABLE VOTING RIGHTS
Bich family's concert, including ^(a) :	20,898,591	43.87	41,027,409	59.59	41,027,409	60.27
• SOCIÉTÉ M.B.D.	12,642,000	26.54	25,202,084	36.60	25,202,084	37.02
• Bich family (excluding M.B.D.)	8,256,591	17.33	15,825,325	22.99	15,825,325	23.25
Other Shareholders	25,960,776	54.50	27,043,908	39.28	27,043,908	39.73
Treasury shares ^(b)	778,355	1.63	778,355	1.13	0	0
TOTAL	47,637,722	100	68,849,672	100	68,071,317	100

(a) Bich family's concert is composed of SOCIÉTÉ M.B.D. (a company – société en commandite par actions) and of Bich family members holding direct participations in SOCIÉTÉ BIC. Most of Bich family members hold direct participations in SOCIÉTÉ BIC as well as indirect participations through SOCIÉTÉ M.B.D.

(b) Treasury shares temporarily without voting right.

(c) The difference between the number of shares and the number of voting rights is linked to double voting rights (cf. § 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 knowledge of the Company, there are no agreements between the Shareholders providing preferential transfer or purchase conditions of BIC shares or agreements whose implementation could result in a change of control.

Moreover, it is specified that the Bich family's holding, SOCIÉTÉ M.B.D., holds more than 20% of the share capital and of the voting rights and concluded various collective agreements of conservation concerning at least 12,000,000 BIC shares. These agreements were, for the oldest ones, concluded since December 15, 2003 and are, for most of them, 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 articles 885 I bis and 787 B of the French General Tax Code. The following officers are part of these agreements: Bruno Bich, Mario Guevara, François 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 risk of a potential abusive exercise of its power by a shareholder is covered 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 and Compensation and Nomination Committee).

→ CROSSING OF LEGAL THRESHOLDS

No crossing of legal threshold has been declared during fiscal year 2013 and up to March 25, 2014.

→ ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR HAVE AN EFFECT OF DELAYING OR PREVENTING A CHANGE OF CONTROL (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

To the knowledge of the Company, no element other than those mentioned below may have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., the Bich family's 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 § 6.1. Information on the Company),
 - the obligation to inform the Company when the detention of share capital or of voting rights becomes equal or higher than 2% and, beyond this threshold of 2%, higher than a multiple of 1% (see § 6.1. Information on the Company). The Board of Directors will propose the modification of this obligation during the Shareholders' Meeting to be held on May 14, 2014 (see § 7.2. Extraordinary Shareholders' Meeting).
- Shareholders' Meeting authorizations to increase the share capital (see § 6.2. Share Capital – Table relating to these authorizations).

6.4. Owned shares and share buy-back

→ SOCIÉTÉ BIC OWNED SHARES

As of December 31, 2013:

PURPOSE OF THE BUY-BACK	NUMBER OF SHARES	AVERAGE PURCHASE PRICE (in euros)	% CAPITAL	NOMINAL VALUE (in euros)
Liquidity agreement ^(a)	1,046	86.85	0.01	3,995.72
Free share grants ^(a)	777,309	57.72	1.63	2,969,320.38
TOTAL ^(b)	778,355	58.89	1.64	2,973,316.10

(a) Article L. 225-209 of the French Commercial Code (Code de commerce).

(b) As of December 31, 2013, the booked value of BIC shares held by SOCIÉTÉ BIC in accordance with Articles L. 225-209 and following C. com amounts to 49,239,596.87 euros. As of the same date, the market value of these shares is 69,320,296.30 euros (on the basis of the closing price at this date, that is to say 89.06 euros).

→ SHARE BUY-BACK PROGRAM – CANCELLED SHARE

During the fiscal year 2013, SOCIÉTÉ BIC:

- bought back 956,292 shares at an average price of 83.89 euros, according to the share buy-back program authorized by the Annual Shareholders' Meetings on May 10, 2012 and May 15, 2013;
- within the scope of the liquidity agreement with Natixis, bought back 324,894 shares at an average price of 87.09 euros and sold 326,692 shares at an average price of 87.08 euros.

Brokerage fees related to all sale and buy-back transactions disclosed above amounted to 287,761.25 euros.

During the last 24 months, the Board of Directors cancelled 956,292 shares, representing 0.02% of the share capital as of December 31, 2013. All this cancellation took place in 2013.

Moreover, in 2013, under the free shares plans:

- 161,010 performance shares were granted;
- 19,950 shares were granted without performance conditions to employees of the Group who are neither Corporate Officers nor members of the Leadership Team;
- 59,022 performance shares were transferred to beneficiaries following the achievement of performance conditions.

In 2014, the Board of Directors also granted :

- 159,660 performance shares;
- 19,700 shares without performance conditions to employees of the Group who are neither corporate officers nor members of the Leadership Team.

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 Internet 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 through roadshows and brokers conferences in the major financial marketplaces. In 2013, meetings have been organized in Paris, Lyon, London, New York, Boston, Baltimore, Philadelphia, Frankfurt, Munich, Edinburgh, Geneva, Helsinki, Stockholm and Copenhagen. We also have organized various meetings with dedicated SRI investors (Sustainable Responsible Investment).

At the individual investor level, BIC continued its proactive communication, issuing its Shareholders' newsletters 4 times a year. BIC organizes regular meetings in different French cities. In 2013, the Investor Relations Department met individual Shareholders in Lille and Strasbourg. Three meetings are already scheduled in 2014.

A toll-free number is also available for individual investors: 0 800 10 12 14.

6.6. Share information

SOCIÉTÉ BIC is listed on Euronext Paris (continuous quotation) and is part of the SBF 120 and CAC Mid 60 indexes.

BIC is also part of the following SRI indexes: CDP Climate Performance Leadership Index (CPLI), Carbon Disclosure Leadership Index (CDLI), CDP Supplier Climate Performance Leadership Index (SCPLI), FTSE4Good Europe, Euronext Vigeo Europe 120, Ethibel Excellence, STOXX Global ESG Leaders and Gaia Index. Its ISIN Code is FR0000120966.

BIC SHARE PRICE IN 2013

	CLOSING PRICE	AVERAGE PRICE (CLOSING)	HIGHEST	LOWEST	NUMBER OF SHARES TRADED	TRADING VOLUMES <i>(in thousand euros)</i>
December 2012	90.32	92.89	96.09	90.04	1,148,678	106,970
January 2013	99.16	94.32	99.87	90.51	1,461,056	138,070
February 2013	89.41	92.26	101.50	85.09	2,641,424	239,693
March 2013	90.59	89.02	92.01	85.55	1,767,780	157,780
April 2013	81.02	86.80	93.76	79.01	2,128,553	183,230
May 2013	82.02	83.66	86.92	80.15	1,727,767	144,140
June 2013	77.00	79.17	82.92	75.20	1,896,594	149,720
July 2013	83.40	80.68	85.99	75.01	1,769,373	142,790
August 2013	86.98	89.37	92.50	83.70	1,847,397	165,690
September 2013	85.95	87.51	90.00	85.19	1,136,806	99,370
October 2013	92.05	86.47	93.60	81.70	1,294,864	113,180
November 2013	90.22	91.79	93.18	89.54	1,002,849	91,860
December 2013	89.06	86.58	90.24	83.05	1,159,737	99,910
January 2014	85.39	87.32	90.00	84.01	1,022,007	89,212
February 2014	92.88	89.67	93.24	84.01	1,229,265	110,534

→ SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE
Département des Titres
32, rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3 (France)

BOARD OF DIRECTORS' REPORT AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 14, 2014

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7.1. Ordinary Shareholders' Meeting

→ PROPOSED RESOLUTIONS 1 TO 3 – APPROVAL OF THE FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – DIVIDENDS

Board of Directors' Report:

By voting on the first and second resolutions, we ask you to approve the annual and consolidated financial statements of the fiscal year ending December 31, 2013.

The purpose of the third resolution is to allocate the net income of the fiscal year 2013 and to set the dividend.

We propose you the distribution of a total dividend of 121,834,354.20 euros corresponding to a dividend per share of 2.60 euros. This is a gross amount excluding social charges (currently 21%). The dividend will be paid as from May 28, 2014. If the number of shares carrying rights to the dividend is not 46,859,367, 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.

In accordance with Article 243 bis of the French Tax Code (CGI), it is hereby specified that the total dividend will be eligible for the 40% tax allowance granted, according to Article 158-3 of this Code, to the French tax resident individuals. Dividends paid from January 2013 are subject to the compulsory withholding tax provided by Article 117 quarter CGI as amended (currently 21%). A withholding-exemption can be claimed under certain conditions by the beneficiary until the end of November of the previous year. The compulsory withholding tax is held by the Bank.

We remind you that the dividends paid during the last three years (income eligible for the tax allowance granted according to Article 158-3 of French Tax Code) amount to:

- 1.90 euro for fiscal year 2010;
- 4 euros (including an exceptional dividend of 1.80 euro) for fiscal year 2011;
- 2.56 euros for fiscal year 2012.

Proposed resolution 1 – Approval of the Statutory Accounts of the Fiscal Year 2013

The Shareholders, after having considered the reports of the Board of Directors, of the Chairman of the Board of Directors and of the Statutory Auditors and having heard the additional explanations given during the meeting, approve the annual financial statements of the fiscal year ending December 31, 2013. They also approve all the transactions presented in these accounts or summarized in these reports.

Proposed resolution 2 – Approval of the Consolidated Financial Statements of the Fiscal Year 2013

The Shareholders, after having considered the reports of the Board of Directors, of the Chairman of the Board of Directors and of 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, 2013. They also approve all the transactions presented in these accounts or summarized in these reports.

Proposed resolution 3 – Appropriation of Earnings – Dividends

The Shareholders set total net income after tax for the fiscal year ending December 31, 2013 at 185,282,676.11 euros and decide to allocate this amount in the following manner (in euros):

Net income for 2013	185,282,676.11
To add:	
• Retained earnings before appropriation of earnings	273,261,740.01
TOTAL OF DISTRIBUTABLE INCOME	458,544,416.12
Appropriation of earnings:	
• Dividends (except the shares held by the Company)	121,834,354.20
• Retained earnings after appropriation of earnings	336,710,061.92
TOTAL EQUAL TO DISTRIBUTABLE INCOME	458,544,416.12

The amount of the dividends for the fiscal year ending December 31, 2013 will be 121,834,354.20 euros corresponding to a dividend per share of 2.60 euros. This is a gross amount excluding social charges. It will be paid as from May 28, 2014. If the number of shares carrying rights to the dividend is not 46,859,367, 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.

In accordance with Article 243 bis of the French Tax Code (CGI), it is hereby specified that the total dividend will be eligible for the 40% tax allowance granted, according to Article 158-3 of this Code, to the French tax resident individuals.

Paid dividends are subject to the compulsory withholding tax provided by Article 117 quarter CGI (as amended). A withholding-exemption can be claimed under some conditions by the beneficiary until the end of November of the previous year. The compulsory withholding tax is held by the Bank.

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)
2010	47,702,203	1.90	1.90
2011	47,401,064	4.00 ^(b)	4.00
2012	47,563,092	2.56	2.56

(a) French Tax Code (CGI).

(b) Including 1.80 euro of exceptional dividend.

→ PROPOSED 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 2014 to 318,000 euros, which represents an increase of 2.6% compared with the package voted by the Shareholders for fiscal year 2013 (310,000 euros).

Proposed 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 the fiscal year 2014 at 318,000 euros.

➔ **PROPOSED RESOLUTION 5 – AUTHORIZATION TO GIVE TO THE BOARD OF DIRECTORS TO UNDERTAKE OPERATIONS WITH REGARDS TO THE SHARES OF THE COMPANY**

Board of Directors' Report:

We propose you to authorize the Board of Directors to buyback by any means, once or several times, the shares of the Company in accordance with the legislation in force.

This authorization may not be used during public offers of the Company's shares, except with the prior and express authorization given by the Shareholders.

The Company would be authorized, during a period of 18 months, to buyback its own shares for a maximum price per share of 125 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buyback the shares and for a maximum amount of 600 million 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 operation mentioned below),
 - remit the shares at the moment of the exercise of rights attached to the securities giving access to the Company's share capital,
 - allocate them to employees and/or officers (in the scope of an employees' profit sharing scheme, a stock option program, free allocations of shares, etc.),
 - cancel the shares,
 - implement any market practice authorized by the Paris Stock Exchange Authority (AMF);
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buyback the shares and for a maximum global amount of 300 million euros. The shares would be bought back in order to be kept and subsequently remitted as payment or exchange within the scope of a merger, demerger or contribution operation.

Operations realized in 2013 within the framework of the previous authorizations:

During the fiscal year 2013, SOCIÉTÉ BIC:

- bought back 956,292 shares at an average price of 83.89 euros, according to the share buy-back program authorized by the Annual Shareholders' Meetings on May 10, 2012 and May 15, 2013;
- within the scope of the liquidity agreement with Natixis, bought back 324,894 shares at an average price of 87.09 euros and sold 326,692 shares at an average price of 87.08 euros.

Brokerage fees related to all sale and buy-back transactions disclosed above amounted to 287,761.25 euros.

During the last 24 months, the Board of Directors cancelled 956,292 shares, representing 0.02% of the share capital as of December 31, 2013. All this cancellation took place in 2013.

Moreover, in 2013, under the free shares plans:

- 161,010 performance shares were granted;
- 19,950 shares were granted without performance conditions to employees of the Group who are neither Corporate Officers nor members of the Leadership Team;
- 59,022 performance shares were transferred to beneficiaries following the achievement of performance conditions.

At the beginning of 2014, the Board of Directors also granted:

- 159,660 performance shares;
- 19,700 shares without performance conditions to employees of the Group who are neither Corporate Officers nor members of the Leadership Team.

Proposed resolution 5 – Authorization to give to the Board of Directors to undertake operations with regards to the shares of the Company

The Shareholders, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the Paris Stock Exchange Authority (AMF), of European Commission Regulation N° 2273/2003 of December 22, 2003, and after considering the report of the Board of Directors, authorize the

Board of Directors to buyback by any means, once or several times, 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 buyback the shares:
 - for a maximum amount of 600 million euros, under the conditions and limits provided by the laws and regulations in force;
 - for a maximum purchase price of 125 euros, exclusive of costs.

In accordance with the above-mentioned dispositions and with the market practices allowed by the Paris Stock Exchange Authority (AMF), this authorization can be used by the Board of Directors in order to:

- provide liquidity and stimulate the market of the securities of the Company through an investment service 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 Paris Stock Exchange 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 Paris Stock Exchange Authority;
 - remit them at the moment of the use of rights attached to the securities giving access to the Company's share capital by reimbursement, conversion, exchange, presentation of a bond or by any other means;
 - allocate them to employees and managers under the conditions and according to the methods prescribed by the law, notably within the scope of employees profit sharing scheme, the stock option program, the free allocation of shares plan or through an employee saving scheme;
 - cancel them entirely or partly, according to the conditions provided by the regulations in force, by reducing accordingly the share capital, within the limit of 10% of the capital existing on the cancellation date, by periods of 24 months, subject to the adoption at the Extraordinary Shareholders' Meeting of resolution 13 hereunder;
 - implement all market practices which may be authorized by the Paris Stock Exchange 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 buyback the shares:
- for a maximum amount of 300 million euros;
 - for a maximum purchase price fixed at 125 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, in once or several times, notably on the market, by mutual consent or in block and if necessary, having recourse to option mechanisms or to derivative financial instruments negotiated on a regulated market or by mutual consent, excluding the sale of sale options, according to the conditions authorized by the legal, regulatory and stock exchange rules, and at the time when the Board of Directors or its proxy shall deem appropriate, and possibly 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 Shareholders decide that the maximum purchase price per share, excluding cost, should not exceed that of the last isolated transaction or, if it is higher, that of the highest current isolated 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 case such a sale price would be necessary) shall thus be determined according to 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 Paris Stock Exchange Authority 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 negotiated on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 15, 2013 (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 not be used during public offers of the Company's shares, except with the prior and express authorization given by the Shareholders.

In compliance with the provision 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 annual management report, of the operations realized pursuant to this authorization.

The Shareholders confer all powers to the Board of Directors to implement this share buyback program and notably to:

- appreciate the appropriateness 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, according to the conditions and methods set by the general rules and regulations of the Paris Stock Exchange Authority;
- place all orders, conclude all agreements in particular regarding the up-keeping of the purchases and sales register;
- inform the market and the Paris Stock Exchange Authority of operations carried out, in compliance with the general rules and regulations of the Paris Stock Exchange Authority;
- delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-Presidents, 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.

➔ **PROPOSED RESOLUTIONS 6 TO 8 – REAPPOINTMENT OF MR. FRANÇOIS BICH, MRS. MARIE-PAULINE CHANDON-MOËT AND MR. FRÉDÉRIC ROSTAND AS DIRECTORS OF THE BOARD**

Board of Directors' Report:

It is proposed to the Shareholders to reappoint François BICH, Marie-Pauline CHANDON-MOËT and Frédéric ROSTAND as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2017 upon the approval of the accounts of the fiscal year ending December 31, 2016.

• **Mr. François BICH**

Age: 65 years old.

Nationality: French.

Independent Director: No.

Member of a committee: No.

Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013 this holding held 26.54% of the share capital of SOCIÉTÉ BIC and 36.60% of the voting rights.

In the BIC Group since March 1, 1969, Mr. François Bich has been a Director since September 30, 1977 and Executive Vice-President of SOCIÉTÉ BIC since December 15, 1988. He is also General Manager for Lighters category of the BIC Group. He has been Chairman of the company Société du Briquet Jetable 75, since its creation in 1975.

Main positions:

- Executive Vice-President of SOCIÉTÉ BIC since December 15, 1988;
- General Manager Lighters of BIC Group.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Société du Briquet Jetable 75 ("BJ 75") ^(a)	France	President
SOCIÉTÉ M.B.D.	France	Chairman of Supervisory Board

(a) BIC Group.

Expired mandate or function in the previous five years (non BIC Group companies):

Not applicable.

• **Mrs. Marie-Pauline CHANDON-MOËT (maiden name: BICH)**

Age: 47 years old.

Nationality: French.

Independent Director: No.

Member of a committee: No.

Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2013 this holding held 26.54% of the share capital of SOCIÉTÉ BIC and 36.60% of the voting rights.

Mrs. Marie-Pauline Chandon-Moët has been a Director since May 28, 2003. She was Responsible for European real estate projects of BIC Group until December 31, 2010. Before this, she had been since 1991 Administration of Sales Assistant, General Administration of Sales Manager for France and then for Europe, as well as General Supply Chain Manager for Europe.

Mrs. Marie-Pauline Chandon-Moët has a Bachelor of Science from Northeastern University in Boston (United-States).

Current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
SOCIÉTÉ M.B.D.	France	Director of Supervisory Board
Ferrand SAS	France	President
SC Ameuvi	France	Managing Director

Expired mandate or function in the previous five years (non BIC Group companies):

Not applicable.

• **Mr. Frédéric ROSTAND**

Age: 52 years old.

Nationality: French.

Director since May 28, 2003.

Independent Director within the definition of the AFEP and MEDEF's corporate governance Code of listed corporations.

Chairman of the Compensation and Nomination Committee.

Number of BIC shares held: 1,000.

Mr. Frédéric Rostand is a graduate from the Institute of Political Studies in Paris and the School of High Commercial Studies. He started his carrier in various bank establishments from 1987 to 1996. He was in particular General Manager of Worms & Cie Développement and Financial Officer of Worms & Cie.

In Saint-Louis Sucre Group between 1996 and 2007, Mr. Frédéric Rostand was first Financial Officer, and then Executive Vice-President and Chief Executive Officer. He was appointed President of the Directory Board of Saint-Louis Sucre in 2001 and Member of the Directory Board of Südzucker AG in 2002.

From 2007 to 2010, Mr. Frédéric Rostand was President of the Directory Board of Groupe Générale de Santé. Since June 22, 2011, he is Chief Executive Officer of Sodiaal Group.

Main position:

- Chief Executive Officer of SODIAAL Group (France – non listed company).

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Sodiaal Union	France	Chief Executive Officer
Groupe Sodiaal	France	Chief Executive Officer
Sodiaal International	France	Chief Executive Officer
Beuralia	France	Director of the Board
Entremont Alliance	France	Director of the Board
Candia	France	Director of the Board
Eurosérum	France	Director of the Board
Monts & Terroirs (ex-Juragruyere)	France	Director of the Board
CF&R Gestion (Compagnies des Fromages & RichesMonts)	France	Vice-Chairman and Chief Executive Officer Vice-Chairman of the Board
Nutribio	France	Director of the Board
Yoplait	France	Director of the Board Chairman of the Supervisory Board
Orlait	France	Member of the Management Board
Fondation des Foyers de Charité	France	Director of the Board

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Générale de Santé SA ^(a)	France	Chairman of the Directory Board
Compagnie Générale de Santé SAS	France	President
Générale de Santé Cliniques	France	Chairman Chief Executive Officer
GIE Générale de Santé	France	Director of the Board
GIE Générale de Santé Hospitalisation	France	Director of the Board
Conectis Santé	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Hôpital Privé Beauregard (ex-Provence Santé)	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Sam Bio	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
École Européenne de Chirurgie	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Cofindex	France	Permanent representative of Sogur, Director of the Board
Fondation d'entreprise Générale de Santé	France	Director of the Board
Financière la Providence	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Générale de Santé Domicile	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Immobilière de Santé	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Pass	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
CF&R (Compagnie des Fromages & RichesMonts)	France	Managing General Partner "Gérant commandité"
Louis Delhaize SA	Belgium	Director of the Board

(a) Listed company.

Proposed resolution 6 – Reappointment of Mr. François BICH as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. François BICH as Director of the Board.

The term of the mandate of Mr. François BICH will thus expire at the end of the Shareholders' Meeting called to vote in 2017 upon the approval of the accounts for the fiscal year ending December 31, 2016.

Proposed resolution 7 – Reappointment of Mrs. Marie-Pauline CHANDON-MOËT as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mrs. Marie-Pauline CHANDON-MOËT as Director of the Board.

The term of the mandate of Mrs. Marie-Pauline CHANDON-MOËT will thus expire at the end of the Shareholders' Meeting called to vote in 2017 upon the approval of the accounts for the fiscal year ending December 31, 2016.

Proposed resolution 8 – Reappointment of Mr. Frédéric ROSTAND as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. Frédéric ROSTAND as Director of the Board.

The term of the mandate of Mr. Frédéric ROSTAND will thus expire at the end of the Shareholders' Meeting called to vote in 2017 upon the approval of the accounts for the fiscal year ending December 31, 2016.

→ **PROPOSED RESOLUTIONS 9 TO 12 – OPINION ON THE COMPENSATION ELEMENTS DUE OR AWARDED FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013 TO THE CHAIRMAN OF THE BOARD, THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE VICE-PRESIDENTS**

Board of Directors' Report:

As requested by the Guidelines for the application of the AFEP and MEDEF's corporate governance Code of listed corporations, you will find in the table below the compensation elements due or awarded to Bruno Bich, Mario Guevara, François Bich and Marie-Aimée Bich-Dufour for the financial year 2013. These elements are described in more detail in the registration document 2013 (chapter 3, § 3.3.1.2. Individual remuneration) and are the sole compensation elements of these corporate officers.

BRUNO BICH, CHAIRMAN OF THE BOARD OF DIRECTORS

COMPENSATION DUE OR AWARDED IN RESPECT OF THE FINANCIAL YEAR 2013	AMOUNTS OR VALUATION ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS	PRESENTATION
Fixed compensation 2013	187,800 EUR	+2.3% versus 2012

MARIO GUEVARA, CHIEF EXECUTIVE OFFICER

COMPENSATION DUE OR AWARDED IN RESPECT OF THE FINANCIAL YEAR 2013	AMOUNTS OR VALUATION ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS ^(a)	PRESENTATION
Fixed compensation 2013	750,000 USD (564,802 EUR)	+4.2% versus 2012
Annual Variable compensation due in respect of 2013	The bonus paid for 2013 equals 118.95% of base salary, represents 95% of the bonus target and amounts to 891,375 U.S. dollars, or 671,267 euros.	The bonus is calculated on the basis of six criteria: Net Sales (20%), Income from Operations (20%), Net Income (10%), Inventory (10%), Customers (10%), Individual qualitative objectives (30%). Target bonus is 125% of base salary (maximum bonus is 175% of base salary, equivalent to 140% of target bonus).
Performance shares	22,500 performance shares granted in 2013. Valuation according to the method used for the consolidated financial statements: 1,979,775 euros	Shares acquisition depends on 2 performance conditions: <ul style="list-style-type: none"> • Increase net sales; • Net cash from operating activities, excluding capital outlays, as a percentage of net sales. The grant represents 0.04% of the share capital. Date of the authorization by the Shareholders' Meeting: May 12, 2010. Date of the grant by the Board of Directors: February 12, 2013.
Fringe Benefits	91,794 USD (69,127 EUR)	<ul style="list-style-type: none"> • Car allowance: 19,200 USD (14,459 EUR) • Company contributions to Company U.S. savings plan: <ul style="list-style-type: none"> • 401 K: 7,650 USD (5,761 EUR), • Executive Compensation Plan: 30,000 USD (22,592 EUR); • Other: 34,944 USD (26,315 EUR).
Pension plan	The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2013 is 9,023,513 U.S. dollars.	Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This plan provides a pension equal to 2.5% of the average remuneration of the last three years of service, by year of seniority, with a maximum of 50% (i.e. 20 years of service) including the pension granted by the U.S. Qualified Pension Plan. Mario Guevara contributes to this plan since 2001, which is significantly in advance of his appointment as a corporate officer of SOCIÉTÉ BIC.

^(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1 euro = 1.3279 U.S. dollars).

FRANÇOIS BICH, EXECUTIVE VICE-PRESIDENT

COMPENSATION DUE OR AWARDED IN RESPECT OF THE FINANCIAL YEAR 2013	AMOUNTS OR VALUATION ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS	PRESENTATION
Fixed compensation 2013	470,000 EUR	+2% versus 2012
Annual Variable compensation due in respect of 2013	The bonus paid for 2013 equals 64.98% of base salary, represents 108% of the bonus target and amounts to 305,406 euros.	The bonus is calculated on the basis of five criteria: Net Sales (20%), Income from Operations (20%), Net Income (10%), Inventory (20%), Individual qualitative objectives (30%). Target bonus is 60% of base salary (maximum bonus is 90% of base salary, equivalent to 150% of target bonus).
Performance shares	10,000 performance shares granted in 2013. Valuation according to the method used for the consolidated financial statements: 879,900 euros.	Shares acquisition depends on 2 performance conditions: <ul style="list-style-type: none"> • Increase net sales; • Net cash from operating activities, excluding capital outlays, as a percentage of net sales. The grant represents 0.02% of the share capital. Date of the authorization by the Shareholders' Meeting: May 12, 2010. Date of the grant by the Board of Directors: February 12, 2013.
Fringe Benefits	3,672 EUR	Company car
Pension plan	The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2013 is 3,827,133 euros.	François Bich contributes to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all his pension rights cannot exceed a replacement rate of 50%. The regulated agreements procedure was followed for this pension plan. Date of the Board of Directors' Meeting date: May 19, 2005. Date of the Shareholders' Meeting: May 24, 2006 (resolution 5).

MARIE-AIMÉE BICH-DUFOUR, EXECUTIVE VICE-PRESIDENT

COMPENSATION DUE OR AWARDED IN RESPECT OF THE FINANCIAL YEAR 2013	AMOUNTS OR VALUATION ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS	PRESENTATION
Fixed compensation 2013	279,000 EUR	+2% versus 2012
Annual Variable compensation due in respect of 2013	The bonus paid for 2013 equals 46.72% of base salary, represents 104% of the bonus target and is amounting to 130,349 euros.	The bonus is calculated on the basis of four criteria: Net Sales (20%), Income from Operations (30%), Net Income (10%), Individual qualitative objectives (40%). Target bonus is 45% of base salary (maximum bonus is 67.5% of base salary, equivalent to 150% of target bonus).
Performance shares	4,250 performance shares granted in 2013. Valuation according to the method used for the consolidated financial statements: 373,958 euros.	Shares acquisition depends on 2 performance conditions: <ul style="list-style-type: none"> • Increase net sales; • Net cash from operating activities, excluding capital outlays, as a percentage of net sales. The grant represents 0.008% of the share capital. Date of the authorization by the Shareholders' Meeting: May 12, 2010. Date of the grant by the Board of Directors: February 12, 2013.
Fringe Benefits	1,860 EUR	Company car
Pension plan	The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2013 is 1,302,075 euros.	Marie-Aimée Bich-Dufour contributes to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all his pension rights cannot exceed a replacement rate of 50%. The regulated agreements procedure was followed for this pension plan. Date of the Board of Directors' Meeting date: May 19, 2005. Date of the Shareholders' Meeting: May 24, 2006 (resolution 5).

Proposed resolution 9 – Opinion on the compensation elements due or awarded to Bruno BICH, Chairman of the Board of Directors, for the fiscal year ended December 31, 2013

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issues a favourable opinion on the compensation elements due or awarded to Bruno BICH, Chairman of the Board of Directors, for the fiscal year ended December 31, 2013, as described in the Board of Directors' Report and in the registration document 2013 (chapter 3, § 3.3.1.2. Individual remuneration).

Proposed resolution 10 – Opinion on the compensation elements due or awarded to Mario GUEVARA, Chief Executive Officer, for the fiscal year ended December 31, 2013

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issues a favourable opinion on the compensation elements due or awarded to Mario GUEVARA, Chief Executive Officer, for the fiscal year ended December 31, 2013, as described in the Board of Directors' Report and in the registration document 2013 (chapter 3, § 3.3.1.2. Individual remuneration).

Proposed resolution 11 – Opinion on the compensation elements due or awarded to François BICH, Executive Vice-President, for the fiscal year ended December 31, 2013

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issues a favourable opinion on the compensation elements due or awarded to François BICH, Executive Vice-President, for the fiscal year ended December 31, 2013, as described in the Board of Directors' Report and in the registration document 2013 (chapter 3, § 3.3.1.2. Individual remuneration).

Proposed resolution 12 – Opinion on the compensation elements due or awarded to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2013

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issues a favourable opinion on the compensation elements due or awarded to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2013, as described in the Board of Directors' Report and in the registration document 2013 (chapter 3, § 3.3.1.2. Individual remuneration).

7.2. Extraordinary Shareholders' Meeting

→ PROPOSED RESOLUTION 13 – AUTHORIZATION TO GIVE TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF SHARES ACQUIRED IN COMPLIANCE WITH ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

Board of Directors' Report:

We propose you to 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 by period of 24 months, all or part of the shares held in the framework of the share buyback program authorized by the fifth resolution and to decrease the share capital accordingly;
- to charge the difference between the buyback price of the cancelled shares and their nominal value on available premiums and reserves.

Proposed resolution 13 – Authorization to give to the Board of Directors to reduce the share capital by cancellation of shares acquired in compliance with Article L 225-209 of the French Commercial Code

The Shareholders, after having considered the Board of Directors' Report and the Statutory Auditor's Report, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code authorize the Board of Directors:

- on its sole deliberations, at the time it deems it necessary, to cancel once or in several times, by a reduction of said share capital accordingly, all or part of the shares of the Company that the Company holds or may hold within the scope of the buyback of shares authorized by previous Shareholders' Meetings or by the fifth resolution above, within the limit of 10% of the share capital existing on the day of the Shareholders' Meeting, by period of 24 months;

- to charge the difference between the buyback price of the cancelled shares and their nominal value on available premiums and reserves.

The Shareholders delegate to the Board of Directors the authority to proceed with the cancellation(s) of these shares, to take note of the corresponding reduction(s) of share capital, to charge the difference between the booked value of cancelled shares and their nominal value on all reserve accounts or others, to proceed with the modification of the by-laws accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, take all other action that may be necessary to carry out the foregoing authorization.

This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting and replaces the one given at the Shareholders' Meeting held on May 15, 2013 (Resolution 10).

➔ **PROPOSED RESOLUTION 14 – DELEGATION OF AUTHORITY 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, to 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 warrants, bonds convertible into shares, bonds exchangeable for shares, 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 Compound Investment Securities, such an amount including the nominal value of shares to which these securities will give right.

To these amounts, shall be added, if necessary, the extra/surplus nominal amount of shares to be issued in order to preserve, in compliance 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 prevail over renunciation by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued would give right.

We propose you to decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, did not absorb all the ordinary shares and/or securities issued, the Board may make an offer to the public of 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 the Shareholders' Meeting and would replace any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Shareholders' Meeting of May 10, 2012 (resolution 11).

It is reminded that, in compliance with Article L. 233-32 III of the French Commercial Code, any delegation given at the Shareholders' Meeting and whose implementation could cause a public offer to fail, is suspended during the period of the takeover bid.

If necessary, the Board of Directors will keep you informed about the use of this delegation of authority under the conditions provided by law.

Proposed resolution 14 – Delegation of authority 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 Shareholders after having noted that the share capital of the Company is entirely paid up and after having considered the Board of Directors' Report and the statutory Auditor's special Report, deliberating in compliance with Articles L. 225-129 and subsequent, L. 228-91 and L. 228-92 of the French Commercial Code, delegate authority to the Board of Directors to decide immediately or when due, 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 of new ordinary shares of the Company; and/or
- one or several issues of securities (hereinafter the "Compound Investment Securities" "*Valeurs Mobilières Composées*") giving access by any means to the Company's share capital.

The Shareholders decide 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 Compound Investment Securities, such amount including the nominal value of shares to which these Investment Securities will give right;

having specified that to these amounts, shall be added, if necessary, the extra/surplus nominal amount of shares to be issued in order to preserve, in compliance with the law, the rights of the bearers of already issued investment securities giving right to shares.

Consequently, the Shareholders delegate authority to the Board of Directors to, notably and without this list being considered as restrictive:

- appreciate the timeliness of deciding or not one or several increase(s) of the share capital by issuing new ordinary shares of the Company and/or one or several issuance of Compound Investment Securities;
- decide the nature and characteristics of the Compound Investment Securities;

- fix the amount of the increase(s) of the share capital by issuing new ordinary shares and/or issuance of Compound Investment Securities;
 - determine the conditions and methods of realization of the share capital increase(s) and/or of the issuance of Compound Investment Securities, notably to set the issuance price of the new ordinary shares and/or of the Compound Investment Securities (and the shares to which the latter shall give right), with or without premium, in compliance with the rules and regulations in force;
 - fix the opening dates 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 Compound Investment Securities, and/or the capital increases resulting from the exercise of Compound Investment Securities; proceed with the modification of the by-laws accordingly, do all that is necessary and carry out all legal formalities;
 - conclude with any investment service provider of its choice, any guaranty agreement of the realization of the issuance;
 - determine the conditions and methods of exercising rights attached to the issued Compound Investment Securities;
 - take all necessary measures for the proper management of the issuing of Compound Investment Securities and draft an issuance contract for each category and issuance of Compound Investment Securities;
 - decide the issuance of shares to which the Compound Investment Securities shall give right and fix the date of possession of said shares;
 - prepare all the documents necessary to inform the public, Shareholders and holders of previously issued compound investment securities;
 - take all measures to ensure, if necessary, the preservation of the rights of holders of already issued Compound Investment Securities giving right to the allocation of share capital, in compliance 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 Compound Investment 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 Compound Investment Securities, as well as the authority to suspend it, under the conditions and according to the methods set by the Board of Directors.
- The Shareholders take note that, in compliance with Article L. 225-132 of the French Commercial Code, the decision to issue securities giving right to the capital also prevails over renunciation by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued give right.
- The Shareholders decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, did not absorb all the ordinary shares and/or securities issued, the Board may make an offer to the public of all or part of the unsubscribed shares.
- This delegation of authority is given for a period of 26 months starting from the date of the Shareholders' Meeting.
- The Shareholders take note that this delegation replaces any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Shareholders' Meeting of May 10, 2012 (resolution 11).
- 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 complementary report from the Board of Directors and issued when the Board exercises the delegation of authority given at this Shareholders' Meeting.
- The Board of Directors shall, each year, inform the Shareholders' Meeting of operations realized within the scope of this resolution.

➔ **PROPOSED RESOLUTION 15 – DELEGATION OF AUTHORITY GIVEN TO THE BOARD TO INCREASE THE NUMBER OF SECURITIES TO BE ISSUED IN THE EVENT OF A SHARE CAPITAL INCREASE DECIDED BY THE BOARD OF DIRECTORS ACCORDING TO RESOLUTION 14**

Board of Directors' Report:

We propose that you authorize the Board of Directors, in case the Board would proceed to a capital increase in compliance with the delegation given under resolution 14 above, to increase, where appropriate, the number of securities to be issued, within the limit of 15% of the initial issuance.

Proposed resolution 15 – Delegation of authority given to the Board to increase the number of securities to be issued in the event of a share capital increase decided by the Board of Directors according to resolution 14

The Shareholders, deliberating under the conditions of quorum and majority required by the Extraordinary Shareholders' Meetings, after having considered the Board of Directors' Report and the Statutory Auditor's special Report, in accordance with Article L. 225-135-1 of the French Commercial Code:

- delegate authority to the Board of Directors – including the power to sub-delegate to the Chief Executive Officer or, in accordance with

the latter, to one or several Executive Vice-President(s) – to decide, for each issue of shares decided in accordance with resolution 14 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 (e.g. say within thirty days of the close of the subscription period), within the limit of 15% of the amount of the initial issue and at the same price as the price provided for the initial issue. This delegation of authority is subject to compliance with the global upper limits of amount set forth in resolution 14 below;

- decide that this delegation will be valid for a period of 26 months.

→ PROPOSED RESOLUTION 16 – DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO DECIDE TO INCREASE THE SHARE CAPITAL ONCE OR SEVERAL TIMES BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS OR OTHER SUMS OF MONEY WHICH 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, in once or several times, in the proportion and at the period/time the Board will deem necessary, by incorporation of all or part of the reserves, profits and/or premium or other sums which 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.

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, could not be higher than the entire amount of reserves, profits and/or premium or other sums that may be incorporated into the share capital.

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 10, 2012 (resolution 13).

Proposed resolution 16 – Delegation of authority given to the Board of Directors in order to decide to increase the share capital once or several times by incorporation of reserves, profits or premiums or other sums of money which capitalization shall be accepted

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, and after having considered the Board of Directors' Report, making use of the option referred to in Article L. 225-129 of the French Commercial Code, decide:

- to delegate to the Board of Directors, for a period of 26 months, the authority to decide a share capital increase, once or several times, in the proportion and at the period/time the Board will deem necessary, by incorporation of all or part of the reserves, profits and/or premium or other sums which 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 entire amount of reserves, profits and/or premium or other sums that may be incorporated into the share capital and which will exist at the moment of the decision to increase the share capital of the Company, not taking into account 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.

Consequently, the Shareholders delegate to the Board of Directors the authority, notably, and without this list being considered as restrictive 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 or the amount of existing shares which nominal value shall be increased;
- determine the date, possibly retroactively, from which the Company's new shares shall be available for use or that at which the increase

of 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 and that the corresponding shares shall be sold, the proceeds from such sale being allocated to owners of rights at the latest thirty (30) calendar days after the registration date on their account of the entire number of shares reallocated back to them;
- deduct from one or several items of the available reserves the sums necessary to bring the legal reserves amount to one tenth of the share capital after each share capital increase;
- take all measures to ensure good implementation of each share capital increase and to acknowledge the realization of each share capital increase, proceed to the modification of the by-laws accordingly and to carry out all relevant legal formalities;

- take all measures as to allow holders of securities giving right to the capital, to obtain new shares of the Company;

- 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 capital increase(s), as well as that which is suspended, under the conditions and according to the methods set by the Board of Directors.

The Shareholders take 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 at the Shareholders' Meeting of May 10, 2012 (resolution 13).

→ **PROPOSED RESOLUTION 17 – DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO PROCEED TO ONE OR SEVERAL SHARE CAPITAL INCREASE(S) RESERVED TO EMPLOYEES**

Board of Directors' Report:

We request that you delegate to the Board of Directors the authority to increase the share capital, in once or several times, to the benefit of employees of the Company and/or of its connected companies within the meaning of Article L. 225-180 of the French Commercial Code (represented eventually by a mutual fund (FCPE) to be created and/or subscribing to an employee savings scheme, at the Board of Directors' choice).

This delegation would be valid for 26 months.

The maximal 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 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 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 case the vesting period provided by the plan to be created is equal to or longer than 10 years).

Proposed resolution 17 – Delegation of authority given to the Board of Directors in order to proceed to one or several share capital increase(s) reserved to employees

The Shareholders after having considered the Board of Directors' Report and the Statutory Auditor's special Report decide, in compliance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

- for a period of 26 months, to delegate to the Board of Directors the authority to increase the share capital, in once or several times, to the benefit of employees of the Company and/or of its French or foreign connected companies within the meaning of Article L. 225-180 of the French Commercial Code (represented eventually by a mutual fund (FCPE) to be created and/or subscribing to an employee savings scheme, 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 and subsequent of the Labor Code, of an amount representing, at the maximum, 3% of the share capital on this day, by issuing new shares of the Company, giving to 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 compliance with Article L 3332-19 of the Labor Code;

- to give all rights to the Board of Directors, with power to subdelegate, in order:

- to implement this delegation, decide and possibly realize the share capital increase in compliance with this resolution, set the final amount of said share capital increase(s), determine their dates and modalities, set the 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,
- prepare the complementary report describing the final conditions of the operation as provided by Articles L. 225-129-5 and L. 225-138 of the French Commercial Code,
- to put in place, if the Board deems it necessary, an employee saving scheme to be created, which shall be financed voluntarily by employees and possibly by contributions made by the Company, if it so decides,

- more generally, set the modalities and conditions which 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 by-laws accordingly, take all measures and execute acts and carry out all necessary formalities.

The Shareholders take 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 in accordance with resolution 14 adopted at the Shareholders' Meeting of May 10, 2012.

➔ **PROPOSED RESOLUTION 18 – CANCELLATION OF PREFERENTIAL RIGHTS OF SUBSCRIPTION REGARDING THE SHARE CAPITAL INCREASE(S) RESERVED TO EMPLOYEES AND MENTIONED IN RESOLUTION 17**

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 which shall be issued within the scope of the share capital increase(s) which shall be decided in compliance with the previous resolution and to reserve the issuing to employees of the Company and/or of companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months (and who are not on a prior notice period), represented eventually by a mutual fund (FCPE) to be created and/or subscribed to an employee savings scheme to be created, which shall be financed voluntarily by employees and eventually by contribution 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 complementary report to be established by the Board of Directors, if the Board used the delegation mentioned in resolution 17, would be certified by the Auditors.

Proposed resolution 18 – Cancellation of preferential rights of subscription regarding the share capital increase(s) reserved to employees and mentioned in resolution 17

The Shareholders, after having considered the Board of Directors' Report, decide 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 which shall be issued within the scope of the share capital increase(s) which shall be decided

in compliance with the previous resolution and to reserve the issuing to employees of the Company and/or of companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months (and who are not on a prior notice period), represented eventually by a mutual fund (FCPE) to be created and/or subscribed to an employee savings scheme to be created, which shall be financed voluntarily by employees and eventually by contribution by the Company should the Board of Directors so decide.

➔ **PROPOSED RESOLUTION 19 – MODIFICATION OF ARTICLE 8 BIS “CROSSING THRESHOLDS” OF THE ARTICLES OF INCORPORATION**

Board of Directors' Report:

We propose that you modify the articles of incorporation in order to clarify the conditions and the regime applicable to the declaration of the statutory crossing of thresholds and to align them with the rules governing crossing of legal thresholds. The scope of persons being required to declare crossings would be expanded, in particular to persons acting in concert. Moreover, the information provided to the Company when a threshold is crossed would include in particular the number of securities giving access to the share capital. At last, the sanction for non-compliance with the articles of incorporation would be increased and would consist in the deprivation of the voting rights attached to the non-declared shares until the expiry of a two-year period following the date at which the declaration is properly made.

Article 8 Bis of the articles of incorporation is currently as follows:

“Any individual or legal entity who(which) comes to hold a fraction of the capital and/or of the voting rights which is equal to or exceeds 2% and, thereafter any entire multiple of 1%, must inform the Company, by registered letter with acknowledgement of receipt, of the total number of shares it(he/she) owns. This information must be provided within two weeks following the date on which this fraction has been reached.

This obligation applies under the same conditions and within the same deadline, when the holding in the share capital falls below the foregoing threshold.

This limit is calculated by taking account of the shares owned by companies who own, directly or indirectly, 50% or more of the reporting company.

In the event that this provision were not respected and at the request, as recorded in the minutes of the Shareholders' Meeting, of one or several Shareholders owning at least 2% of the Company's capital and/or voting rights, the shares exceeding the fraction which should have been reported are deprived of the voting rights for all Shareholders' meetings held until the date on which this notice is made.”

We propose that you adopt the following article 8 Bis:

“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, a number of titles 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 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 threshold.

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 in the present article is deprived of the voting right 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.”

Proposed resolution 19 – Modification of article 8 Bis “Crossing thresholds” of the articles of incorporation

The Shareholders, after having considered the report of the Board of Directors, decide to modify article 8 Bis of the articles of incorporation, which will read as follows:

“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, a number of titles 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 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 threshold.

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 in the present article is deprived of the voting right 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.”

7.3. Ordinary and Extraordinary Shareholders' Meeting

➔ PROPOSED RESOLUTION 20 – AUTHORIZATION TO PERFORM FORMALITIES

Board of Directors' Report:

This resolution allows the performance of the legal formalities following the present Meeting.

Proposed resolution 20 – Authorization to perform formalities

The Shareholders grant full power to the bearer of a copy or of an excerpt of the present document to carry out any and all required legal formalities.

7.4. Statutory Auditors' report on the decrease in capital by cancellation of shares acquired

→ COMBINED SHAREHOLDERS' MEETING OF MAY 14, 2014 (13TH RESOLUTION)

This is a free translation of the original French text for information purposes only.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (*Code de commerce*) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 18 months starting from the day of this meeting, to cancel, on one or several occasions, up to a maximum of 10% of its share capital existing as of the date of the meeting, by 24-month periods, the shares purchased by the Company pursuant to the authorization to purchase its own shares in connection with the aforementioned article; this purchase authorization, for up to a maximum of 10% of the share capital as of the date of the decision to purchase shares, is submitted for approval to your Shareholders' Meeting (5th resolution) and will be granted for a period of 18 months.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of Shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital. We remind you that the capital decrease may only be completed if the Shareholders' Meeting previously approves, the purchase by your Company of its own shares.

Paris and Neuilly-sur-Seine, February 26, 2014

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
Jean-François VIAT

7.5. Statutory Auditors' report on the issuance of new ordinary shares and/or securities with maintenance of preferential subscription rights

→ COMBINED SHAREHOLDERS' MEETING OF MAY 14, 2014 (14TH AND 15TH RESOLUTION)

This is a free translation of the original French text for information purposes only.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the terms provided for in Article L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to the Board of Directors to decide the issue, on one or more occasions, of new ordinary shares and/or securities giving, immediately or in the future, access to capital, with maintenance of preferential subscription rights, a transaction upon which you are being called to vote.

The par value amount of capital increases likely to be performed immediately or in the future may not exceed 50 million euros for issues of ordinary shares and 650 million euros for issues of hybrid securities, this amount includes the par value amount of the shares to which these securities will be eligible. These caps reflect the additional number of shares or securities to be created in accordance with Article L. 225-135-1 of the *Code de commerce*, should you adopt the 15th resolution.

Based on its report, the Board of Directors asks you to delegate it the power, for a period of 26 months, to decide and set the terms and conditions of this issuance. If necessary, the Board will be responsible for determining the final issuance terms and conditions of this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Article R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements and on certain other information pertaining to the issuance as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the methods used to determine the issue price of the equity securities to be issued.

As this report does not specify the methods for determining the issue price of shares to be issued, we cannot express our opinion on the procedures used for determining the issue price.

As the final terms and conditions under which the issuance will be performed have not been determined, we cannot express our opinion on them.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, if applicable, when this delegation is used by the Board of Directors in the event of issuance of securities giving access to capital.

Paris and Neuilly-sur-Seine, February 26, 2014

The Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Vincent PAPAIZIAN

Deloitte & Associés

Jean-François VIAT

7.6. Statutory Auditors' report on the capital increase reserved for employees

→ COMBINED SHAREHOLDERS' MEETING OF MAY 14, 2013 (17TH AND 18TH RESOLUTIONS)

This is a free translation of the original French text for information purposes only.

To the Shareholders,

As Statutory Auditors of your Company and pursuant to Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report on the proposed delegation of powers to the Board of Directors to decide a capital increase via the issue of ordinary shares with cancellation of preferential subscription rights reserved for employees of the Company and or French and foreign companies that are affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and L. 3344-1 of the Labor Code (represented eventually by a mutual fund (FCPE) to be created and/or subscribing to an employee savings scheme, at the Board of Directors' choice) for an amount not exceeding more than 3% of share capital at the date of issuance, a transaction upon which you are being called to vote.

This capital increase is submitted to your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code (*Code du Travail*). Based on its report, the Board of Directors asks you to delegate it the power, with power to subdelegate, for a period of 26 months, to decide a capital increase and cancel your preferential subscription rights to the shares to be issued. If necessary, the Board will be responsible for determining the final issuance terms and conditions of this transaction.

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 fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the transaction, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of this transaction and the terms and conditions governing the determination of the issue price of shares.

Subject to a subsequent review of the proposed capital increase, we have no comments on the terms and conditions governing the determination of the issue price presented in the Board of Directors' report.

As the terms and conditions of the capital increase have not yet been set, we cannot express an opinion on them and, as such, on the proposed cancellation of preferential subscription rights presented for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report when your Board of Directors uses this delegation.

Paris and Neuilly-sur-Seine, February 26, 2014

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
Jean-François VIAT

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8.1. Documents on display

→ **MEMORANDUM AND ARTICLES OF INCORPORATION**

See Chapter 6. Information on the Company.

→ **2013 ANNUAL INFORMATION REPORT**

See Annual Information report.

→ **FINANCIAL HISTORIC INFORMATION**

2011 and 2012 registration documents are available on SOCIÉTÉ BIC website (www.bicworld.com).

8.2. Annual information report

List of the information published or made public over the past twelve months related to the quotation of the shares on Euronext Paris.

→ **PRESS RELEASES AVAILABLE ON WWW.INFO-FINANCIERE.FR
AND ON THE COMPANY'S WEBSITE: WWW.BICWORLD.COM**

Date	HEADING
February 13, 2013	Full Year 2012 Results
April 25, 2013	1st Quarter 2013 Results
May 6, 2013	Cello – Implementation of the arbitral
August 1, 2013	2nd Quarter and 1st Half 2013 Results
September 17, 2013	Cello: Call Option exercise
September 27, 2013	Cello: Call Option Closing
October 23, 2013	9 months 2013 Results

8.3. Person responsible

→ NAME AND FUNCTION

Mario Guevara

Chief Executive Officer

→ DECLARATION BY RESPONSIBLE PERSON OF THE REGISTRATION DOCUMENT

"I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this registration document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report, referenced in the cross reference table, presents a fair review of the development and performance of the business and financial position of the Company and the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this registration document about the financial position and statements and that they have read this document in its entirety.

The consolidated financial statements for the year ended December 31, 2013 included in this document were subject to a Statutory Auditors' report, on pages 201-202, which contains one remark."

On March 25, 2014,

Mario Guevara

Chief Executive Officer

8.4. Statutory Auditors

→ NAMES AND ADDRESSES

Statutory Auditors

The Statutory Auditors issue reports on statutory and consolidated accounts of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. Jean-François Viat

185, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

Tel.: +33 1/40.88.28.00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Extraordinary 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 Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Grant Thornton

Represented by Mr. Vincent Papazian

100, rue de Courcelles

75017 Paris

Tel.: +33 1/56.21.03.03

The Company Grant Thornton was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Ordinary General Shareholders' Meeting on May 23, 2007, in replacement of 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 Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Substitute Auditors

Société BEAS was appointed as Substitute Auditor for the first time at the Annual Shareholders' Meeting on May 19, 2005. The mandate was renewed at the Annual Shareholders' Meeting on May 11, 2011 for the same period as that of Deloitte & Associés.

The Company *Institut de Gestion et d'Expertise Comptable* – IGEC – was appointed as Substitute Auditor for the first time at the Annual Shareholders' Meeting on May 23, 2007, in replacement of Mr. Patrick Giffaux, outgoing. The mandate was renewed at the Annual Shareholders' Meeting on May 11, 2011 for the same period as that of Grant Thornton.

→ CHANGE OF STATUTORY AUDITORS

There was no change of Statutory Auditors at the Annual Shareholders' Meeting held on May 11, 2011.

→ FEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

Joint audit firms' yearly audit fees included in the Group income statement 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' report for financial years 2011 and 2012, as well as the review of the financial position and the results related to it, have been presented in previous registration documents, which have been duly filed with the *Autorité des Marchés Financiers* (Paris Stock Exchange Authority) (respectively No. D. 12-0218 and No. D. 13-0223) and available on the website of the BIC Group. In application of Article 28 of 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 have been audited.

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 2003/71/EC of the European Parliament and of the Council.

IN ACCORDANCE WITH THE COMMISSION REGULATION (CE) N 809/2004		PAGES
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Name and function		259
Declaration by responsible person		259
2. STATUTORY AUDITORS		
Names and addresses		260
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Fees of the Auditors and the members of their networks		200; 260
3. SELECTED FINANCIAL INFORMATION		
Selected historical financial information over the past three financial years		6-10; 116-124; 126; 131-200; 203-221; 260
Selected financial information for interim periods		N/A
4. RISK FACTORS		
Market risks		20; 125; 182-186; 190-193
Legal risks		21
Environment-related risks		21
Insurance – Coverage of any risks to which the issuer may be exposed		23
Other special risks		23
5. INFORMATION ABOUT THE ISSUER		
History and development of the issuer		10-11; 226
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6. BUSINESS OVERVIEW		
Principal activities		4-5; 10-11; 116-120
Principal markets		12-16
Exceptional factors		N/A
Dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes		N/A
Basis of statements made by the issuer regarding its competitive position		12-16; 116-123
7. ORGANISATIONAL STRUCTURE		
Description of the Group		10-16
Significant subsidiaries		195-199; 219
8. PROPERTY, PLANT AND EQUIPMENT		
Existing material tangible fixed assets, including leased properties, and any major encumbrances thereon		18-19; 158-159; 37-43
Environmental issues that may affect the issuer's utilization of the tangible fixed assets		37-43

8 - Additional information

Cross reference table required under European Commission Regulation n°809/2004

IN ACCORDANCE WITH THE COMMISSION REGULATION (CE) N 809/2004		PAGES
9. OPERATING AND FINANCIAL REVIEW		
Financial condition		6-10; 124; 134-141
Operating results		118-120; 134; 152-155
10. CAPITAL RESOURCES		
Information on capital resources		136-137
Sources, amounts and narrative description of cash flows		138-140
Borrowings requirements and funding structure		167
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 fulfil commitments referred to in items 5.2.3. (future investments) and 8.1. (encumbrances on tangible fixed assets)		N/A
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES		17; 146-147; 154; 162-163
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		129
Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects		129
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)		107-114
Administrative, management and supervisory bodies and Senior Management conflicts of interests		114
15. REMUNERATION AND BENEFITS		
Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries		95-106
Amount set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits		95-106; 168-181
16. BOARD PRACTICES		
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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		85-86
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17. EMPLOYEES		
Number of employees and breakdown by main category of activity		54-55
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18. MAJOR SHAREHOLDERS		
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		230-231
Major Shareholders with different voting rights		230-231
Measures in place to ensure that control is not abused		N/A
Arrangement which may at subsequent date result in a change in control of the issuer		N/A

IN ACCORDANCE WITH THE COMMISSION REGULATION (CE) N 809/2004	PAGES
19. RELATED PARTIES TRANSACTIONS	
Nature and extent of any transaction	193; 223
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	
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Significant change in the issuer's financial or trading position	226
21. ADDITIONAL INFORMATION	
Share capital	166; 228-231
Amount of issued capital and number of shares	230-231
Shares not representing capital	N/A
Shares in the issuer held by or on behalf of the issuer itself	166; 232
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	229-230
Memorandum and articles of incorporation	226-227
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23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST	N/A
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25. INFORMATION ON HOLDINGS	195-199; 219-220

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.	Statutory accounts	203-221
2.	Consolidated financial statements	133-200
3.	Statutory Auditors' report on the financial statements	222-223
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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 alinea 2 of the French Commercial Code	265
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8.	Chairman's report on the Board of Directors functioning and on the internal control procedures implemented by the Company	82-93
9.	Statutory Auditors' report on the report prepared by the Chairman of the Board of Directors	94
10.	List of the information published or made public over the past twelve months related to the quotation of the shares on Euronext Paris	258

8.7. Cross reference table with the management report of the Board

This registration document includes all of the information in the management report of the Board of the BIC Group, as provided for in Articles L. 225-100 and L. 25-100-2 of the French Commercial Code.

The following table cross-refers each section of the management report of the Board to the corresponding pages of the registration document.

N°	INFORMATION	PAGES
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10.	Trading in the Company's shares by management	105
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12.	Arrangements which may have a bearing in the event of a takeover bid	231
13.	Ownership structure	230
14.	Adjustments to the rights of holders of share equivalents	N/A
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20.	Report of the Chairman of the Board of Directors	82-93

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 and principles of the United Nations Global Compact and the general policies from the OECD Guidelines. ⁽²⁾

CONTENT OF THE REGISTRATION DOCUMENT	ARTICLE 225 AL.5 OF THE COMMERCIAL CODE	GRI ⁽³⁾	PRINCIPLES OF THE GLOBAL COMPACT	OECD ⁽²⁾ general policies	PAGE
1. Group presentation		2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8		6, 10	3
2.1 The BIC Sustainable Development Program	3.b, c	1.2, 4.9, 4.8, 4.12, 4.14, 4.16, 4.17, PR5, EC1, 2.7, 4.17, PR5, 4.13, S05	1 to 10	1, 5	26
2.2 Environmental responsibility concerning our products	3.d	PR1, EN26	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	37
2.3 Environmental responsibility concerning our operations	2.a, b, c, d, e	EC2, EN1, EN3, EN4, EN6, EN7, EN8, EN12, EN14, EN16, EN18, EN22, EN28, EN29, EN30	7, 8 and 9	12	44
2.4 Our social responsibility to the employees	1.a, b, c, d, e, f, g	LA1, LA2, LA7, LA8, LA9, LA10, LA11, LA12, LA13	1, 3 and 6	2, 10	54
2.5 Our societal responsibility	3.a, c, d, e	SO2, HR2, HR6, HR7, EC9	1, 2, 4, 5, 10	4, 8, 14	66
2.6. Milestones		2.9, 2.10, 3.1, 3.3, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13		1, 2, 3, 7, 9, 13	73
3. Corporate governance		4.1, 4.2, 4.3, 4.5, 4.6, 4.10			81

(1) GRI: Global Reporting Initiative GRI 3.1 version.

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

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